



The Nations Premier
Franchise Operator.



MHGU
LISTED
OTCQX

Transformative
GROWTH
CEO's Report 2022

SAFE HARBOR STATEMENT

Certain information in this Meritage presentation, particularly information regarding future economic performance and finances, targets and plans, expectations and objectives of management, constitutes forward-looking statements. Factors set forth in our Safe Harbor Statement, in addition to other possible factors not listed, could affect the Company's actual results and cause such results to differ materially from those expressed in forward-looking statements. Please review the Company's Safe Harbor Statement at <http://www.meritagehospitality.com>



Bob Schermer
CEO



Tracey Smith
CFO



Gary Rose
President & COO

U.S. Restaurant Locations



NEW Restaurant – Memphis, TN
Congratulations to Meritage!

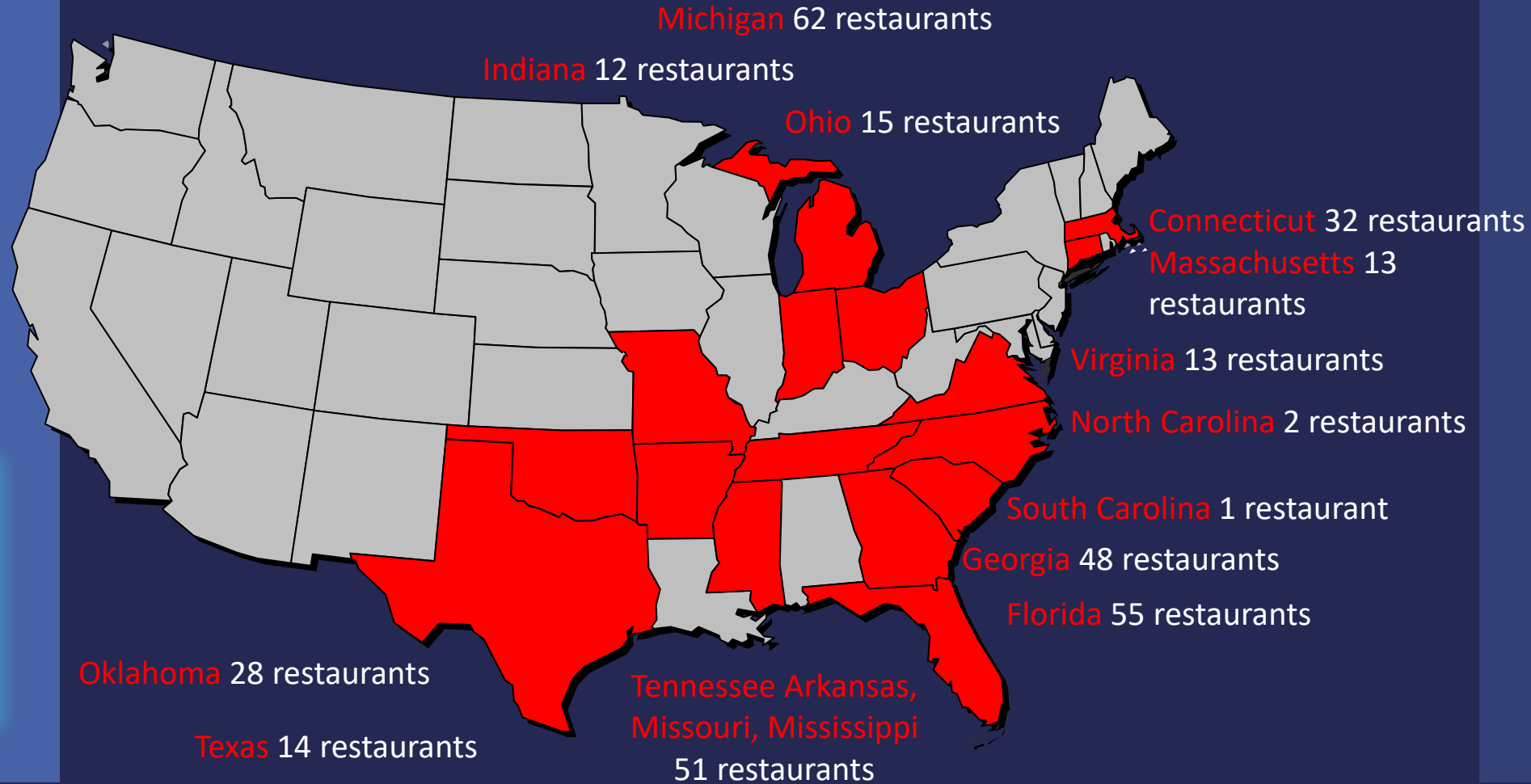
2022

Geographically
Diverse and Expanding
U.S. Operations.



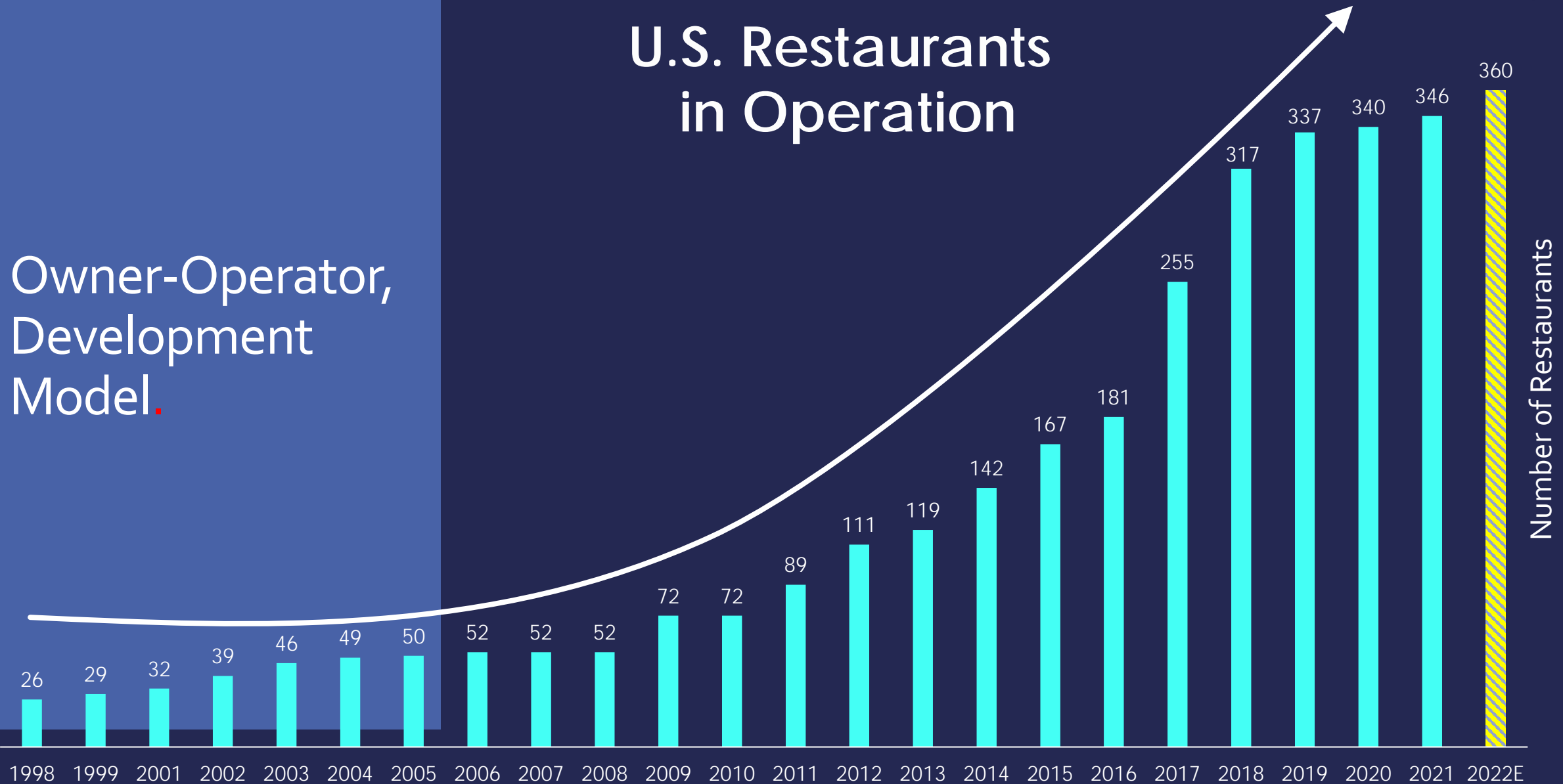
NEW Restaurant – Atoka, TN
Congratulations to Meritage!

2022



U.S. Restaurants in Operation

Owner-Operator,
Development
Model.

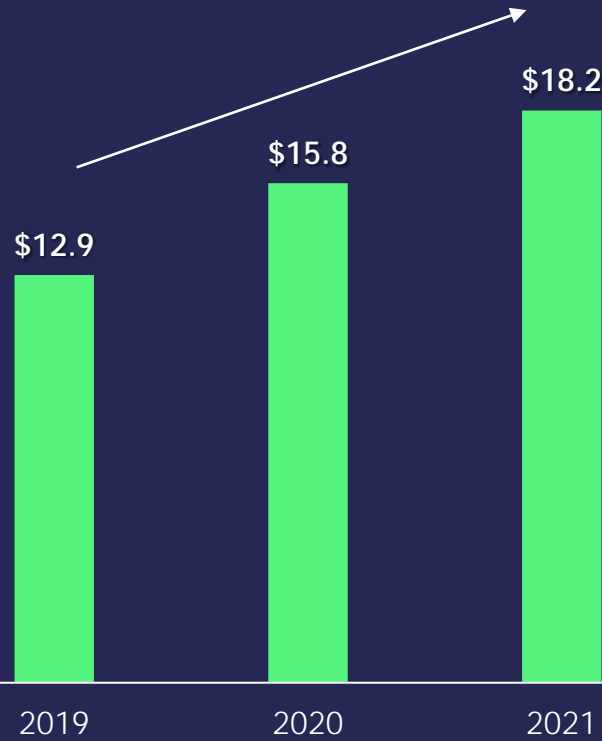


Number of Restaurants

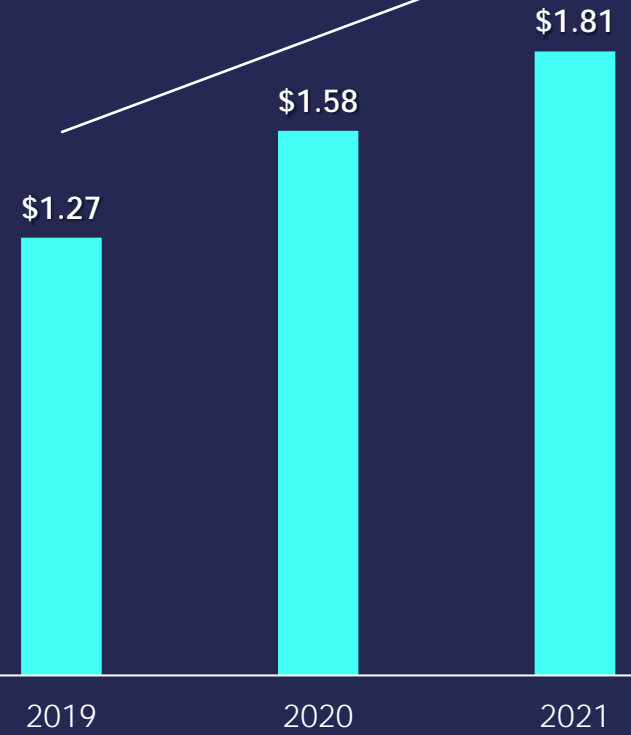
Target



Net Income (\$ in millions)



Diluted EPS (GAAP)



Resilient Operating Business.



Tina Snipes, GM
Meritage Hospitality Group
Kennett, MO



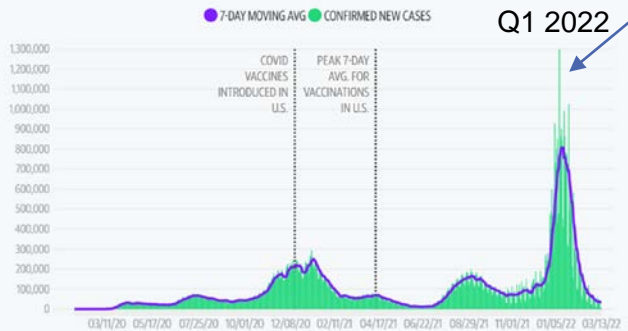
- 33% SRS growth year over year
- OSAT 88.4%
- ZOD 3.2%
- Breakfast is 13.47% of business
- 18 years with Wendy's

First Quarter Financial Compare

Strong Sales Recovery Following Omicron Impact

Omicron U.S. Super Spike

CONFIRMED COVID-19 CASES IN U.S. ROLLING OVER



Source: CDC

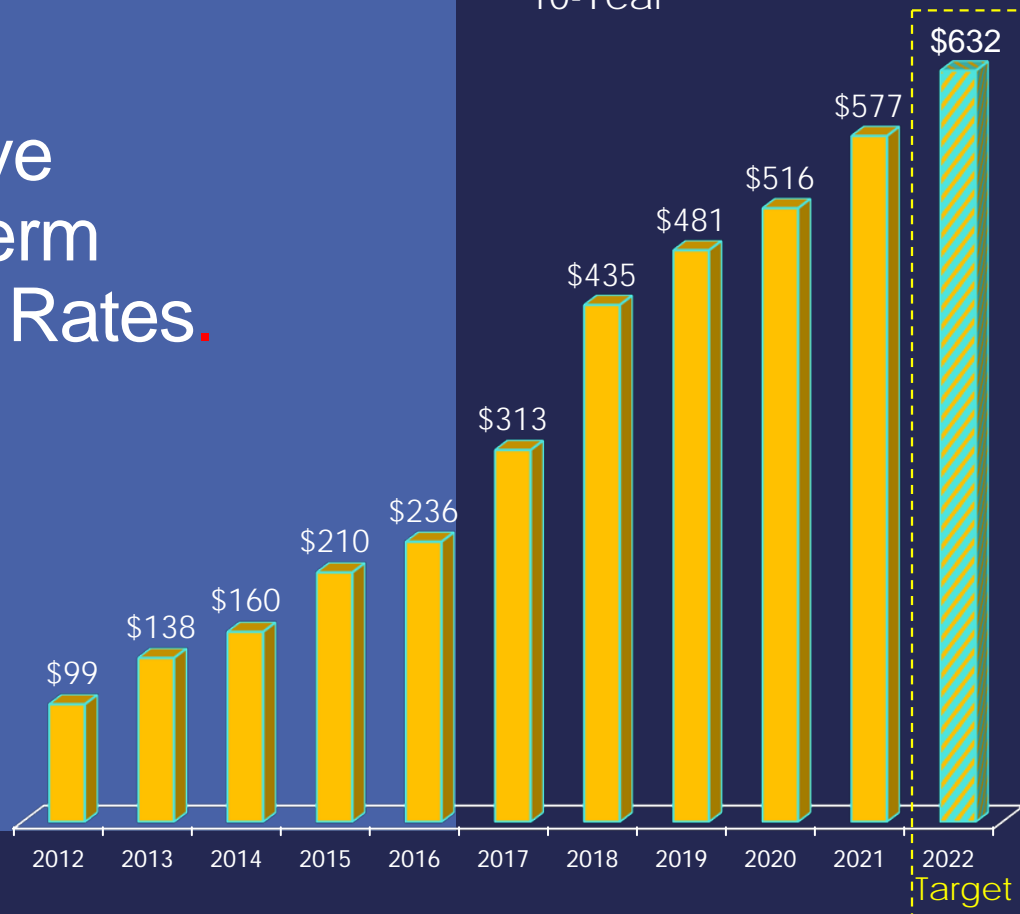
Item	2021 (\$ in millions)	2022 (\$ in millions)	% Change
Sales	\$133.8	\$145.1	+8.4%
Earnings from Operations	\$6.3	\$2.2	-61.3%
Net Earnings	\$4.9	\$1.7	-59.9%
EBITDA	\$12.4	\$8.2	-32.0%
Number of Restaurants	343	345	+0.01%

10-Year Compounded Annual Growth Rates

(2012 - 2021)

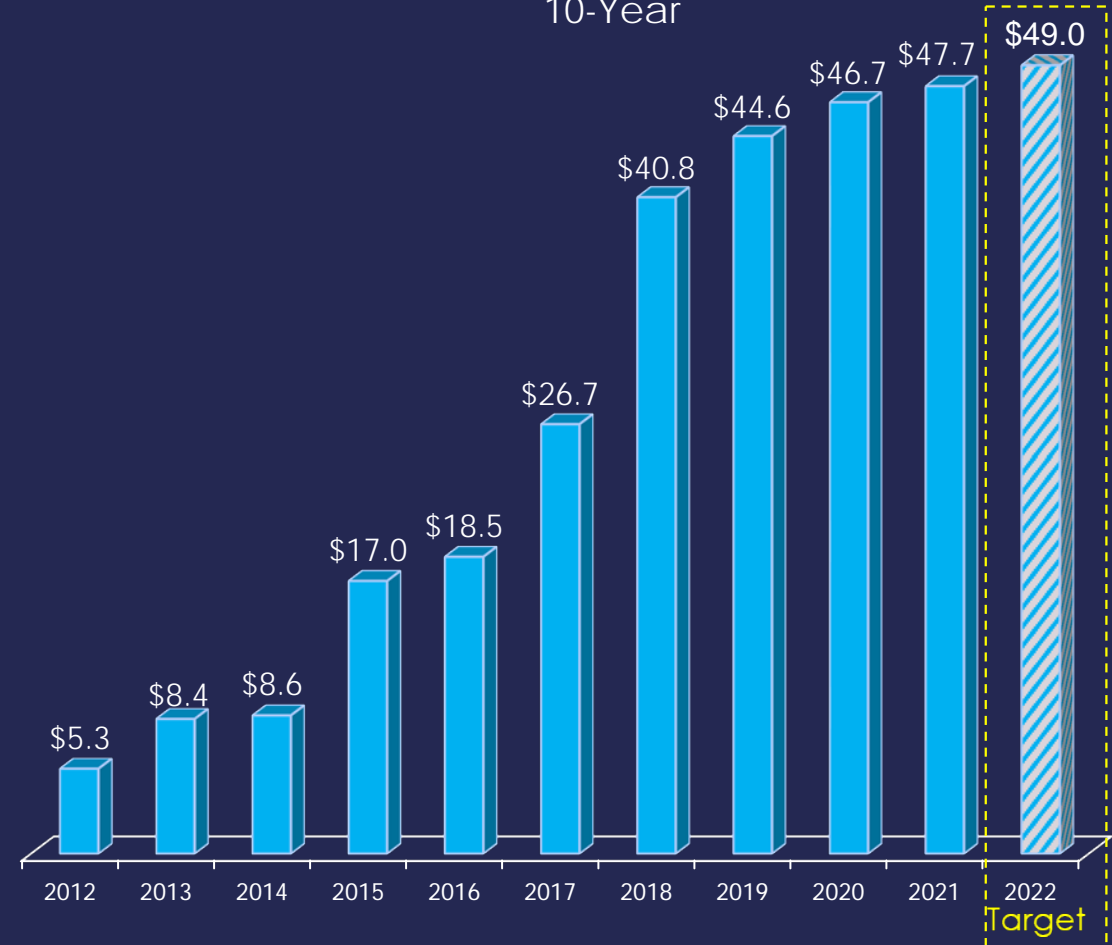
Sales

(\$ in millions)
+19.3% CAGR
10-Year



Consolidated EBITDA

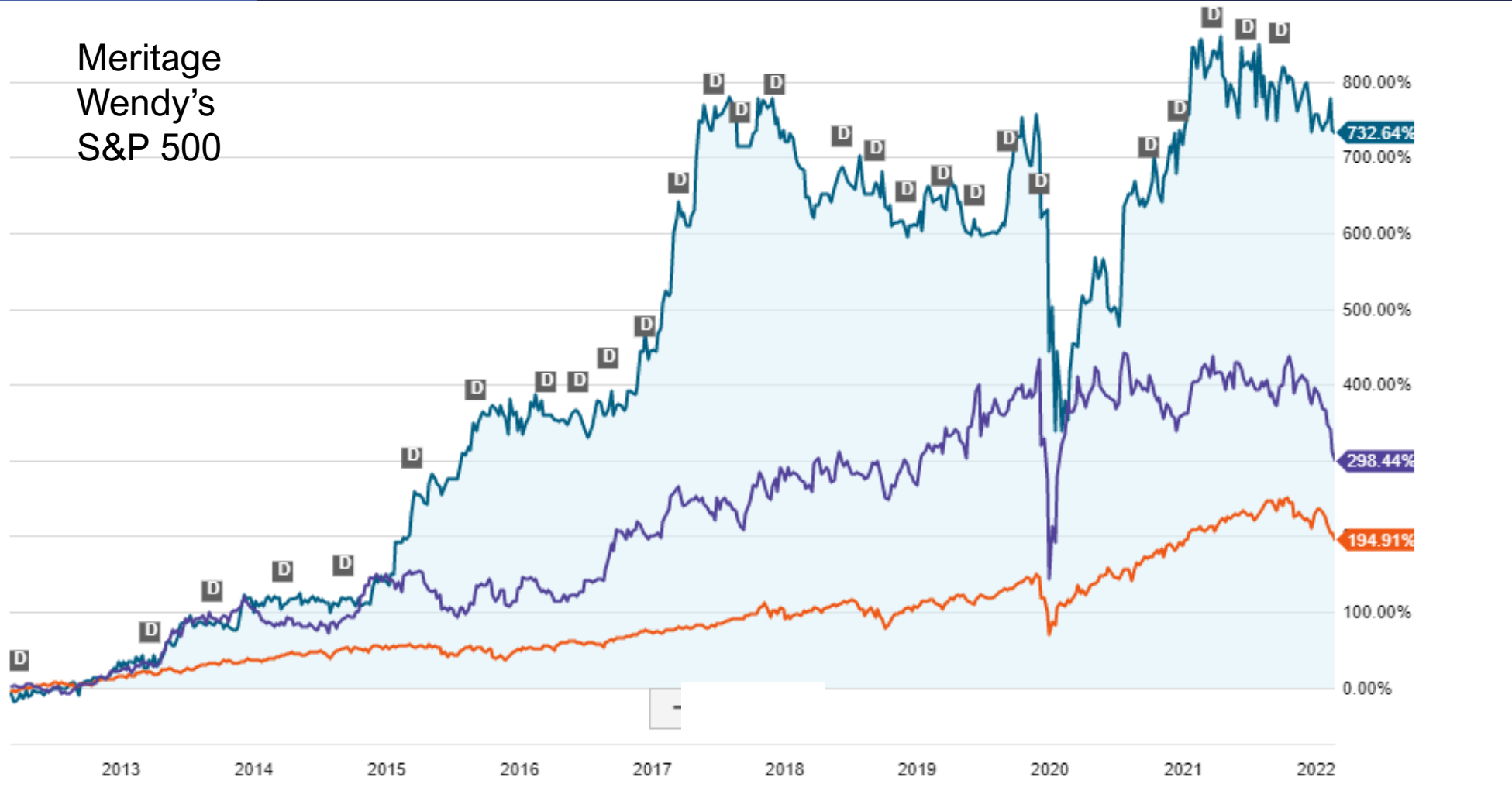
(\$ in millions)
+24.6% CAGR
10-Year



Attractive
Long-Term
Growth Rates.

10-Year Performance Comparison

Meritage
Wendy's
S&P 500



MHGU
+732.6%

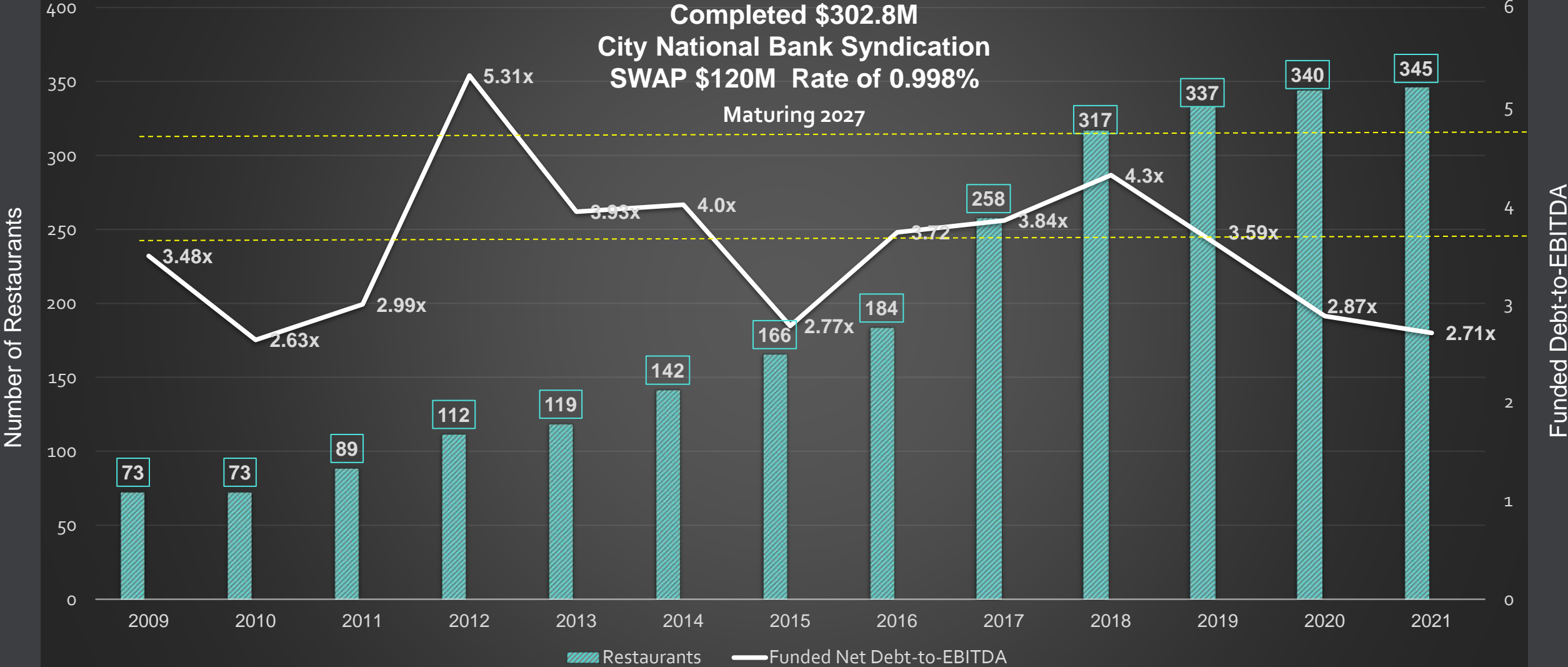
WEN
+298.4%

S&P 500
+194.9%

Meaningful
Shareholder
Value
Creation.

Substantial Deleveraging of Balance Sheet

Completed \$302.8M
 City National Bank Syndication
 SWAP \$120M Rate of 0.998%
 Maturing 2027



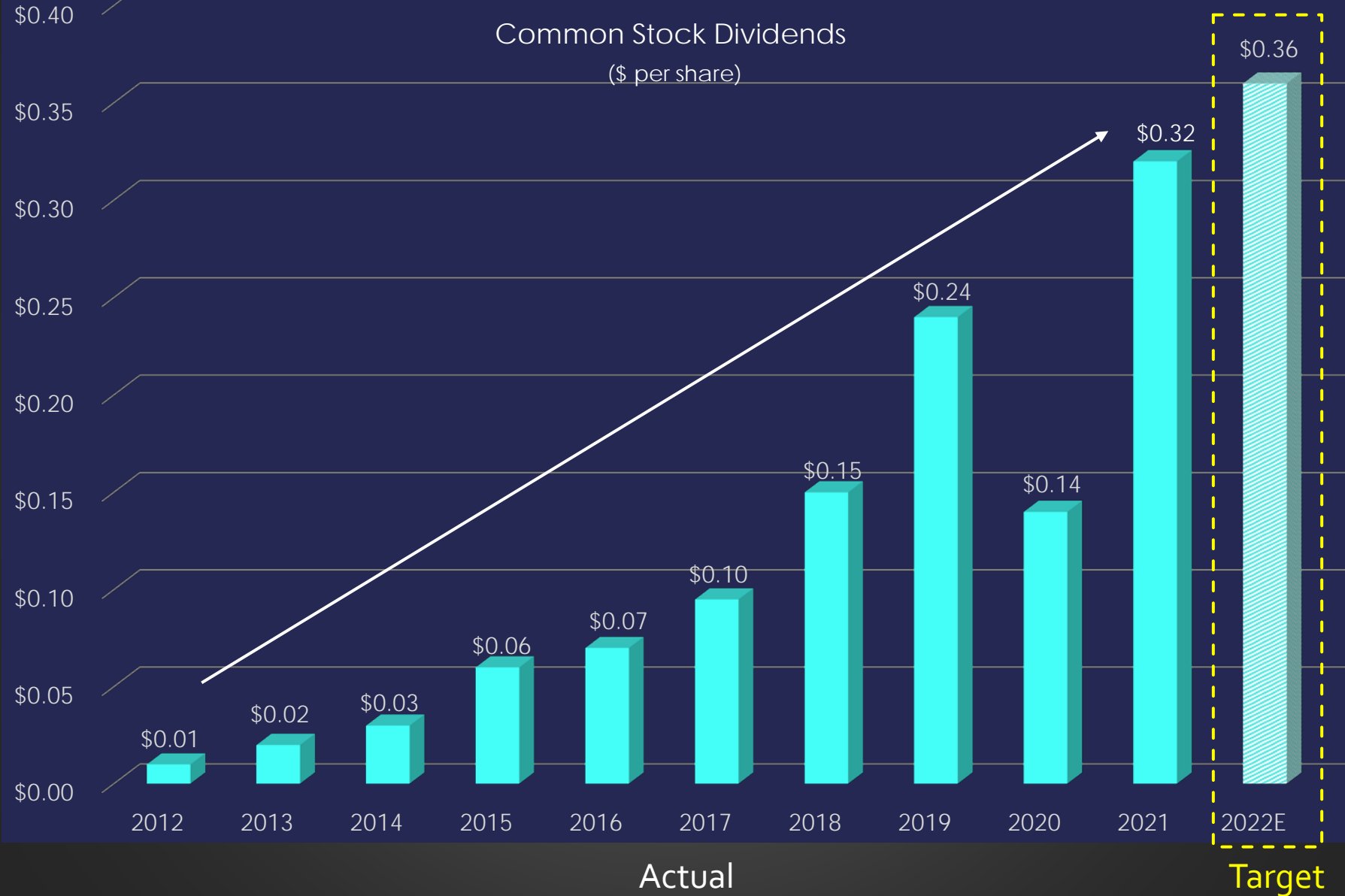
Methodology: Net Debt = Long Term Bank Debt + Current Portion LTD minus cash/ Consolidated EBITDA





Dividend History

Common Stock Dividends
(\$ per share)



Common Stock Dividends

Forward Dividend Rate Indicated \$0.36

Forward Dividend Yield Indicated +1.8%

Dividends Paid (2021) \$0.32

10-Year Dividend Growth Rate +42.4%
2012 - 2021

Actual

Target

5-Year Plan.

Accelerating Growth



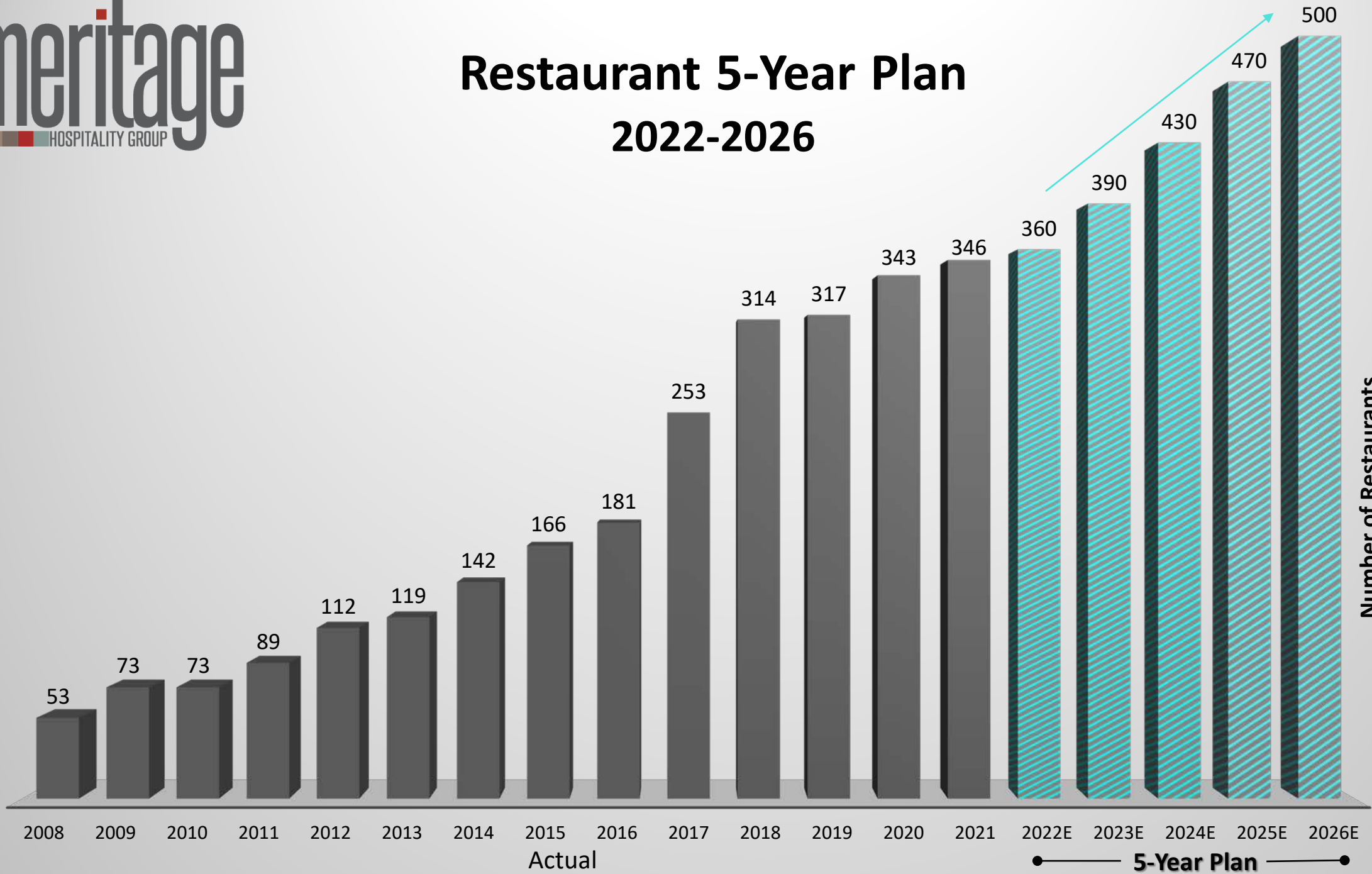
Wendy's 
**SUMMER
STRAW
BERRY** SALAD



show hunger
who's boss.



Restaurant 5-Year Plan 2022-2026



Number of Restaurants



400

● — 5-Year Plan — ●

Transformative QSR Brand Addition



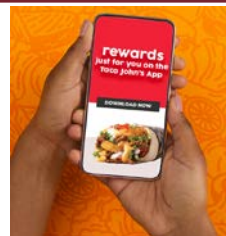
Everything we do is
Bigger. Bolder. Better.

Like using premium ingredients, or frying our taco shells in-house daily so you get 'em fresh. See for yourself with items like the Boss Burrito, Six-Pack And A Pound®, or the fan fave Meat & Potato Burrito.





taco john's®



our numbers
are big and
bold, too!

\$1,697,169*

top 25% of restaurants per
item in the FDD*



**Highest
Quality**
made from
scratch quality
food

\$59.6B
Mexican restaurant
industry

4.8% Growth**
of Mexican
restaurants per
year/last 5 years

**3 Strong
Dayparts**
9.47% breakfast,
36.98% lunch,
26.17% dinner

**Real
Ingredients**
and bold flavors
favored by Gen X
and Millennials

60%
drive thru
business helps
drive down costs

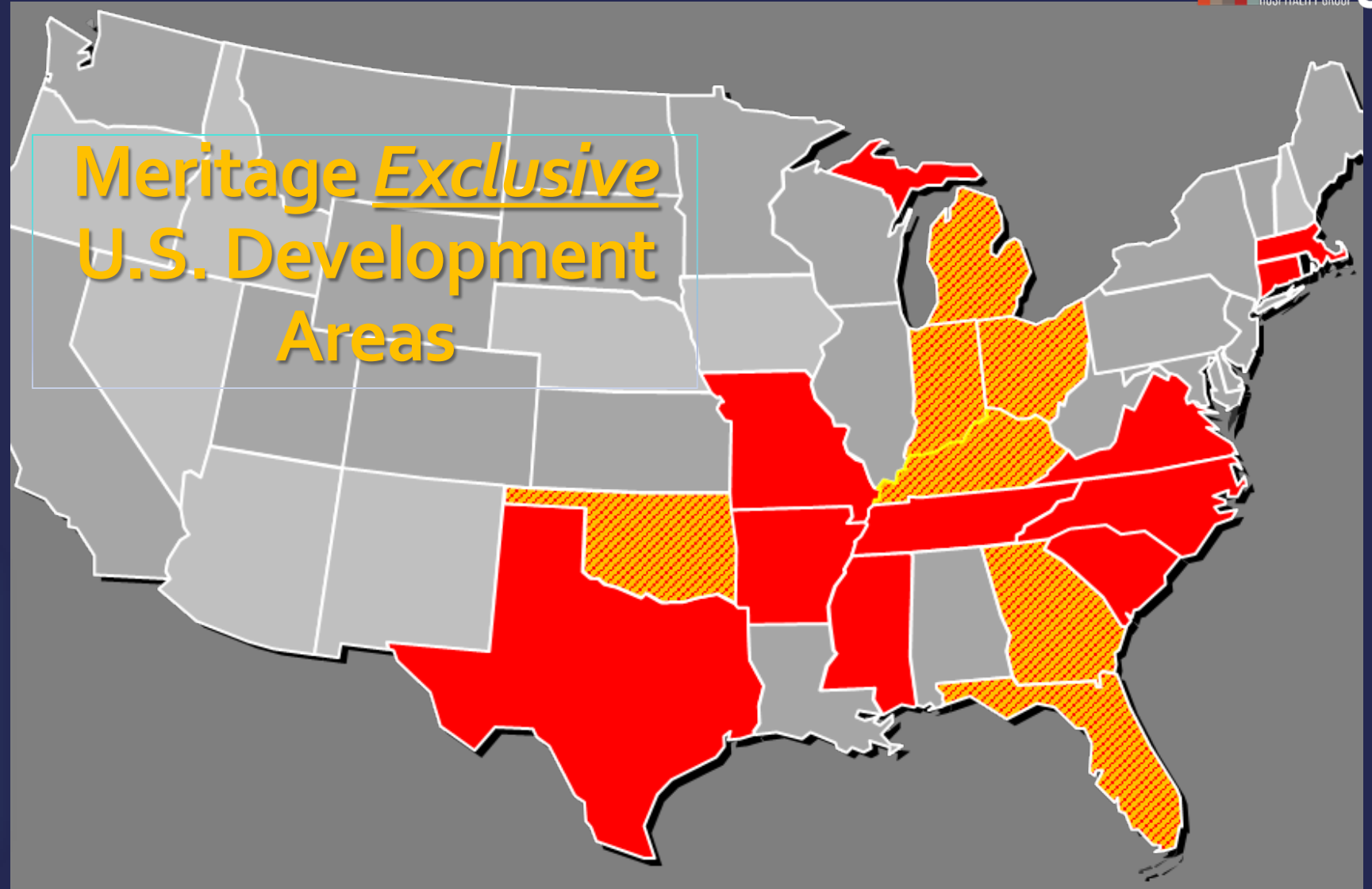


MANGO SHRIMP STREET TACOS COMBO

*Average revenue of out top 25% locations per the FDD

**Source IBISWorld.com

Supercharging
Brands we love,
through new unit
development.





large. and in charge.



The image shows a large burrito wrapped in aluminum foil, filled with rice, beans, cheese, and meat. Next to it is a bowl of food, possibly a salad or a rice bowl, with various toppings. The background is a solid red color.

The **BOSS**

Normalized Store-Level Economic Model Compare



Land	\$850,000
Building	\$1,700,000
Equipment	\$500,000
Total	\$3,050,000

Store EBITDA \$170,000
 Cash Equity \$500,000

+34%

Annual Cash on Cash Return



Land	\$850,000
Building	\$1,360,000
Equipment	\$400,000
Total	\$2,610,000

Store EBITDA \$175,000
 Cash Equity \$400,000

+44%

Annual Cash on Cash Return

(after Sale/Leaseback)

2022 New Unit Plan

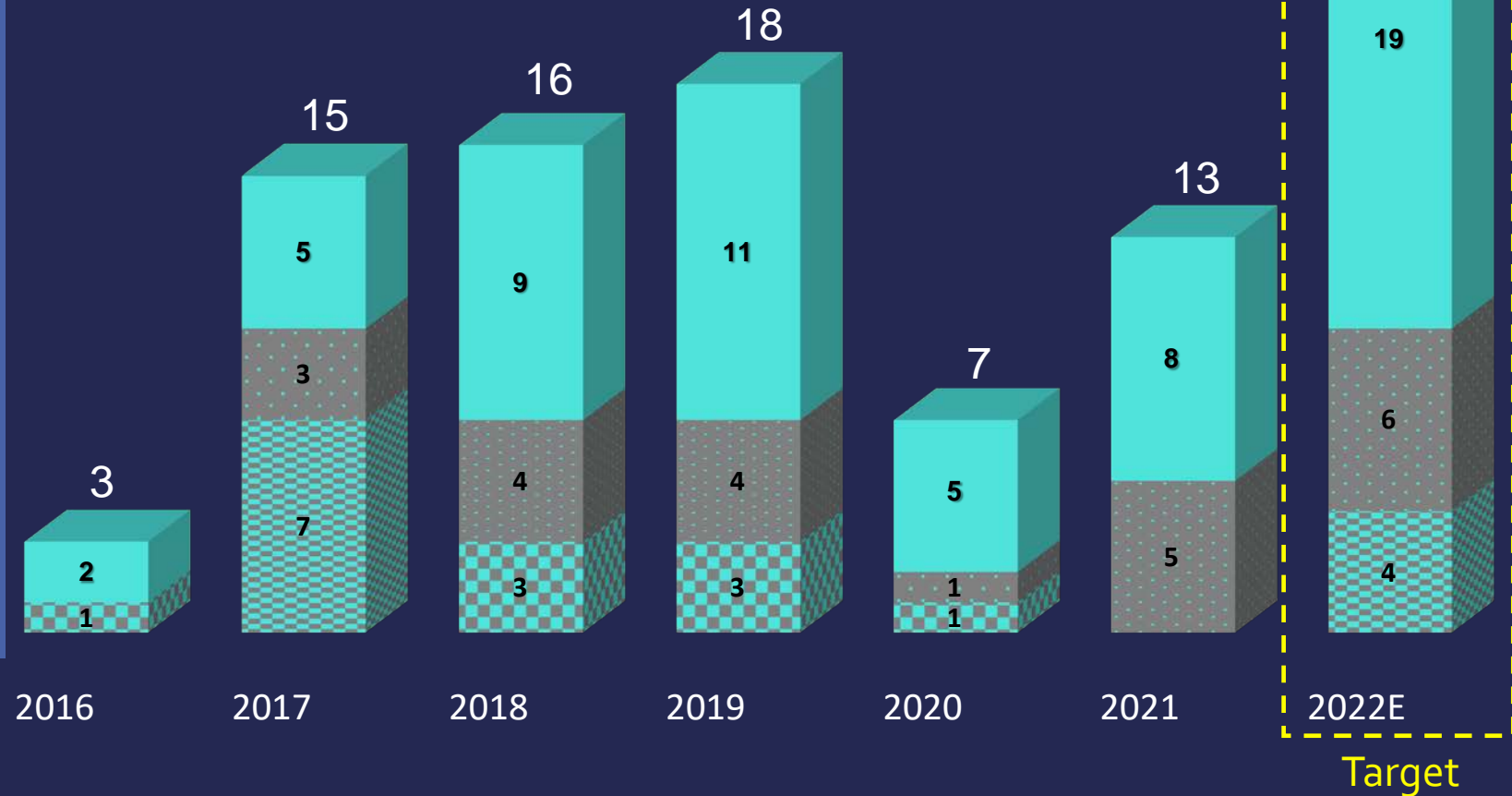


Accelerating
New-Unit
Growth.



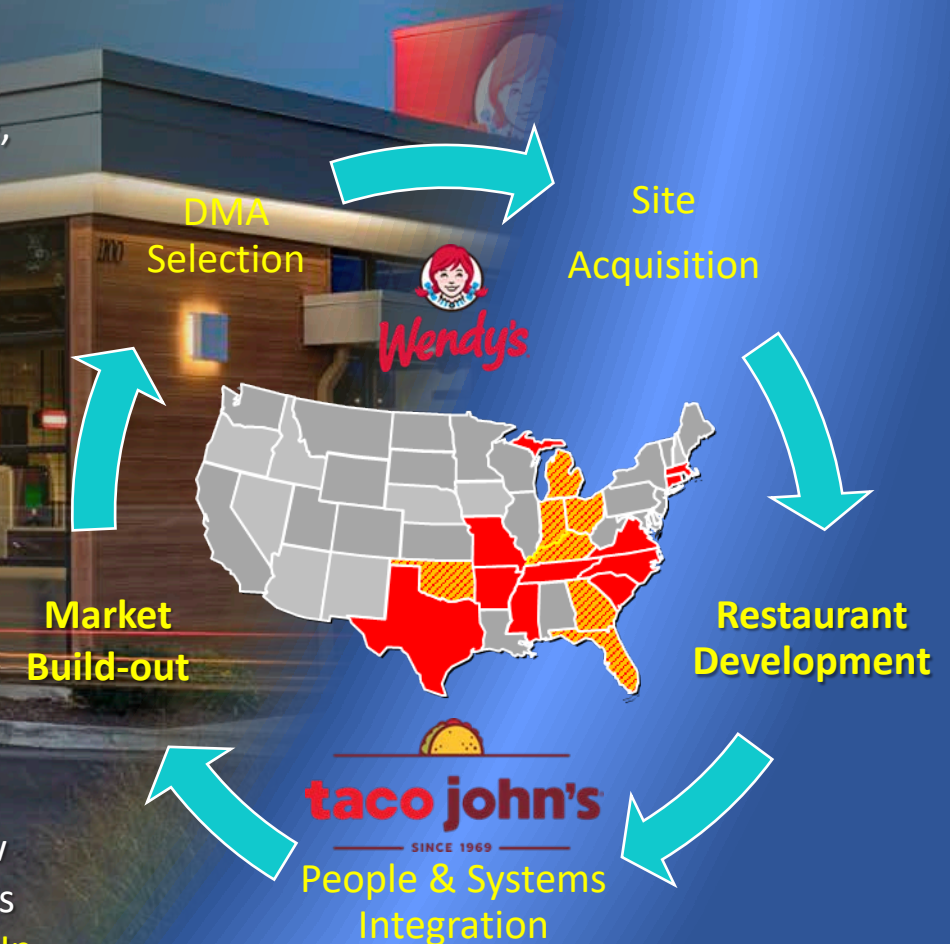
■ Scrape
 ■ Relocation
 ■ New Location

Strong momentum in new-unit development
and real estate pipeline



Investment Summary

- **Best-in-Class U.S. Operator & Developer.** History of success achieving long-term profitable growth and restaurant expansion targets.
- **Unique Operating Platform.** cloud-based information technology and architecture constantly evolving around HR, restaurant-level operations, real estate, accounting, data security and consumer analytics.
- **Catalysts: Supercharging Brands we Love.**
 - **Wendy's** - new builds, renovations and acquisitions.
 - **Taco John's** – multi-state exclusive development areas, Meritage only public investment opportunity in the Taco John's Brand.
 - **In-House Brand Research & Development**
 - Morning Belle
 - Stan's Taco
- **Shareholder Centric.** Highly effective, proven **Owner-Operator/Development** model, unique performance-based compensation structure, dividend growth commensurate with earnings growth, brand growth and scale providing new **EV/EBITDA multiple expansion** opportunities, prospective opportunities for investors include **dividend growth, share buy-backs, future dividend re-capitalization** and/or **Up List**.





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Franchise Operator.



Questions?

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