



FOR IMMEDIATE RELEASE

CONTACT:

Robert E. Schermer, Jr., CEO
Meritage Hospitality Group Inc.
(616) 776-2600

**MERITAGE REPORTS THIRD QUARTER 2024 RESULTS
SALES & OPERATING MARGIN GROWTH AHEAD**

GRAND RAPIDS, Michigan, October 10, 2024. Meritage Hospitality Group Inc. (OTCQX: MHGU), the nation's premier franchise operator, today reported financial results for the third quarter and nine months ended September 29, 2024.

2024 Third Quarter Highlights:

- Sales were \$164.8 million compared to \$170.3 million for the same period last year.
- Earnings from Operations were \$0.4 million compared to \$3.2 million for the same period last year. Of note, third quarter 2024 results included a one-time, non-cash expense of \$1.8 million related to closure and dispositions.
- Net Loss was \$1.8 million compared to \$0.0 million for the same period last year.
- Consolidated EBITDA (a non-GAAP measure) was \$6.3 million compared to \$8.1 million for the same period last year.

“Company restaurant sales exceeded half a billion dollars for the first nine months, and earnings were equal to last year when adjusted for the one-time, non-cash expense of \$1.8 million for closure and dispositions. We anticipate operating margins to improve as the rate of inflation in our prime costs (food, paper, and labor) continues to subside, and our restaurants introduce new products and promotions.” stated Meritage CEO, Robert E. Schermer, Jr.

The Wendy's brand continues to demonstrate resiliency in a high inflationary period for consumers by offering speed, convenience, and affordability. Sales in our newly developed Wendy's locations remain robust. Additionally, development costs have improved from their peak high in 2023, and interest rates have started to come down.

2024 Year-To-Date Highlights:

- Sales for the nine months were \$500.1 million compared to \$504.6 million for the same period last year.
- Earnings from Operations were \$11.0 million compared to \$13.0 million for the same period last year.
- Net Earnings were \$2.8 million compared to \$4.4 million for the same period last.
- Consolidated EBITDA (a non-GAAP measure) was \$28.7 million compared to \$29.1 million for the same period last year.
- The Company finished the third quarter with 381 restaurants in operation.
- Year-to-date results included a one-time, non-cash expense of \$1.8 million related to closure and dispositions.

Outlook: Accelerating Sales & Margin Expansion Ahead

Looking ahead, Meritage is forecasting accelerated sales and operating margin expansion driven by newly developed Wendy's and Morning Belle restaurants, reimaged restaurants, and future acquisitions.

The Company is committed to delivering on its capital allocation strategy of reinvesting in the business to drive profitable growth, and the proportionate return of free cash flow to shareholders through a combination of dividend growth and share repurchases as free cash flow and liquidity events permit.

Meritage continues to distinguish itself as an operations leader and platform innovator, striving for best-in-class results through a performance-based culture committed to operational excellence, strategic acquisitions, and real estate development.

About Meritage:

Meritage Hospitality Group is the nation's premier restaurant operating platform, currently with 381 restaurants in operation located in Arkansas, Connecticut, Florida, Georgia, Indiana, Massachusetts, Michigan, Missouri, Mississippi, North Carolina, South Carolina, Ohio, Oklahoma, Tennessee, Texas and Virginia. Meritage is headquartered in Grand Rapids, Michigan, operating with a workforce of approximately 12,000 employees. As of the third quarter in 2024, the Company had total weighted average fully diluted common shares outstanding of approximately 6,797,000 shares.

The Company's current and publicly available information pursuant to amended SEC Rule 15c2-11 and FINRA Rule 6432 can be found at www.otcmarkets.com, under the stock symbol MHGU/Disclosures or the Company's website, www.meritagehospitality.com.

SAFE HARBOR STATEMENT

Certain information in this new release, particularly information regarding future economic performance and finances, 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>.

#