

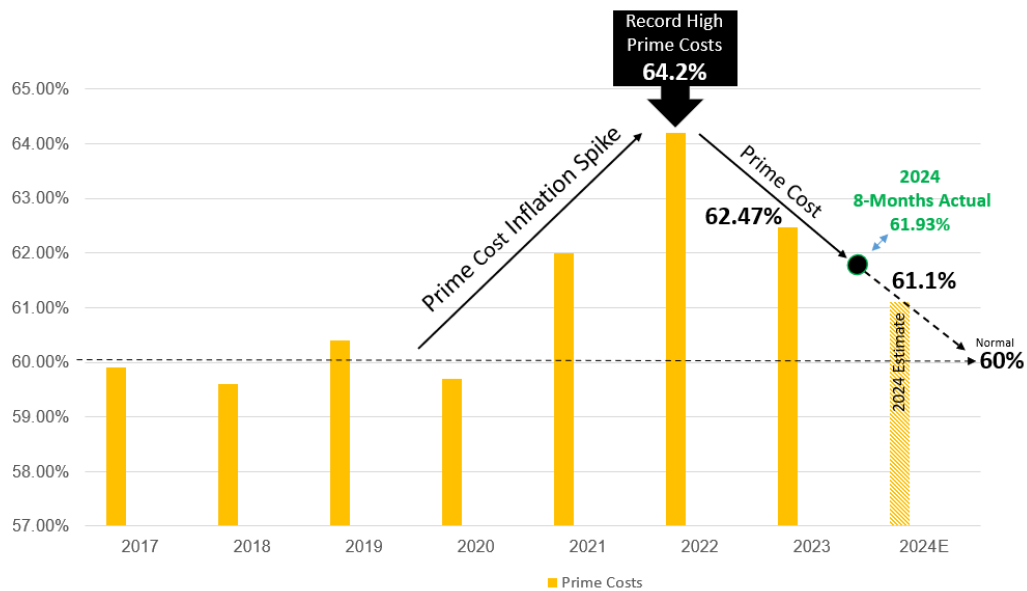


October 10, 2024

Q3 Business Review: Looking Ahead to 2025

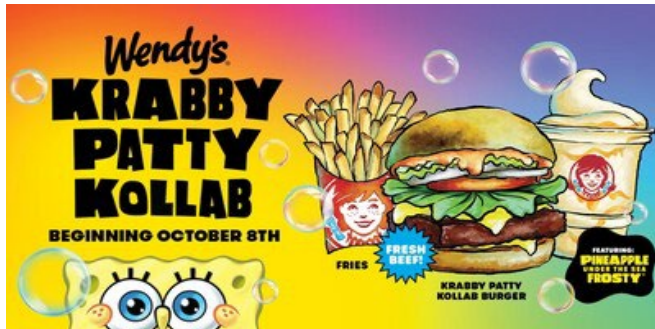
Dear Fellow Shareholders,

The Company’s year-to-date sales as of the third quarter were \$500.1 million, running slightly behind last year. Current year sales have been compressed by the lower income consumer, where inflation has had the greatest impact on their discretionary spending. We estimate 2024 full-year sales will be approximately \$660.7 million. Our prime costs (food, paper, and labor) remain inflated over pre-covid costs levels, impacting year-to-date store profit margins (costs illustrated below). The good news is operating margins are slowly recovering as prime costs and sales continue to improve. In the short term, we remain focused on managing controllable costs and building only contractually obligated new stores.



Wendy’s Business & Outlook

In February 2024, Wendy’s corporate replaced its CEO with Kirk Tanner, formerly of Pepsi North America. Kirk stated his areas of focus were driving positive same restaurant sales, new restaurant growth, an emphasis on **franchisee profits, improving marketing effectiveness**, and creating a more consumer focused system of operations. A promotion that showcases improved marketing effectiveness is the current Krabby Patty Kollab that just launched (marketing illustration following).



Ahoy! In celebration of the 25th anniversary of "SpongeBob SquarePants," Wendy's® and Paramount are partnering to launch Wendy's Krabby Patty Kollab,* which includes a Krabby Patty Kollab Burger and Pineapple Under the Sea Frosty®. Available nationwide in the U.S., Canada and Guam beginning Tuesday, October 8, the Krabby Patty Kollab menu items are worth the wait for both "SpongeBob SquarePants" fans and Wendy's customers alike.

Wendy's Development Update

Meritage has been a leader in the Wendy's franchise system for new restaurant builds over the past nine years, developing 104 new restaurants from the ground up and averaging a new restaurant opening once every 32 days. Within this, we have also had success with our scrapes & rebuilds where we demolish an existing building, typically 30- to 40-years old, and build a new restaurant or re-locate it within the same trade area. We have completed 26 of these in the past several years for which average sales have increased 63% from \$1.2 million to over \$2.0 million, and average store-level EBITDA increased 317%. The development process is a skill set and value add that has continued to benefit us greatly as guests continue to reward us for upgraded restaurant facilities and improved overall customer experience.

Other good news is that our development costs have come down approximately 20% from their peak high in 2023. Additionally, interest rates have also started to come down, causing sale and leaseback transactions to become more favorable for the company.





Taco John's

Recently, the Company made the difficult decision to exit the Taco John's franchise system. We felt it was prudent and in the Company's best long term financial interest to exit the underperforming locations. We intend to reopen as a different concept and look forward to once again serving those local communities.

Morning Belle

Morning Belle is a breakfast, brunch, lunch brand owned and operated by the Company. This concept hosts an employee-friendly labor model consisting of one, eight-hour shift running from 7:00am to 3:00pm daily. Morning Belle has been popular with consumers, winning Grand Rapids Magazine's Best Brunch in 2024. We currently have three locations open and are actively searching for new locations to add to our development pipeline.



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

Thank you for the opportunity to serve,

A handwritten signature in black ink, appearing to read "R. Schermer".

Robert E. Schermer, Jr
CEO