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**MERITAGE REPORTS 2021 FULL-YEAR PRELIMINARY RESULTS;
2022 OUTLOOK: TRANSFORMATIVE GROWTH AHEAD**

GRAND RAPIDS, Michigan, February 18, 2022. Meritage Hospitality Group Inc. (OTCQX: MHGU), the nation's premier franchise restaurant operator, today reported preliminary financial results for the fiscal year ended January 2, 2022.

2021 Full-Year Highlights:

- **Sales increased 11.8% to a record \$577.1 million compared to \$516.2 million last year.**
- **Earnings from Operations were \$18.1 million compared to \$25.8 million last year.**
- **Net Earnings increased 15.5% to \$18.2 million compared to \$15.8 million last year.**
- **Consolidated EBITDA (a non-GAAP measure) increased 1.6% to \$47.5 million compared to \$46.7 million last year.**
- **Diluted Earnings Per Share increased 14.6% to \$1.81 per share compared to \$1.58 last year.**
- **Common stock dividends increased to \$0.32 per share compared to \$0.14 per share prior year.**
- **The Company entered a new \$302.8 million credit facility and \$120.0 million SWAP agreement with a rate of .998%, both of which mature in 2027.**
- **The Company signed an exclusive 50 store development agreement with Taco John's that includes additional exclusive rights to develop more than 200 restaurants.**

“We experienced solid sales during 2021, despite a challenging and evolving operating environment for the U.S. restaurant industry. The year was characterized by waves of labor shortages, record wage inflation and high-cost volatility in supply chain and support services. Our restaurant operating and real estate development teams continued to execute exceptionally well throughout the year, supported by a highly resilient Wendy's restaurant brand. The balance provided by our unique operating and real estate development model allowed the Company to increase diluted EPS by 14.6% year over year.

“Looking ahead for 2022, we anticipate slow earnings start to the year given the Omicron outbreak impacting staffing and food costs. Predictions indicate this will be followed by sequential improvements and easing of pandemic related cost pressures in the second half of the year. We have started to see the restaurant staffing environment improve. We anticipate a record number of new restaurant development projects in 2022, with the Company's first Taco John's restaurants scheduled to open later this year. We are very optimistic about where we are headed over the next couple of years.” stated Meritage CEO, Robert E. Schermer, Jr.



Fourth Quarter 2021 Highlights:

- **Sales increased 6.1% to \$148.5 million compared to sales of \$140.0 million for the same period last year.**
- **Earnings from Operations were \$1.4 million compared to \$7.1 million for the same period last year.**
- **Net Income was \$3.0 million compared to \$8.8 million for the same period last year.**
- **Consolidated EBITDA (a non-GAAP measure) was \$9.8 million compared to \$13.5 million for the same period last year.**

While 2021 provided its fair share of challenges, including a significant decrease in Earnings from Operations when compared to the prior year, most of the earnings fall-off occurred in the fourth quarter. Brand initiatives taken during the year resulted in increased technology fees, cyber insurance and in-app digital discounts, coupled with the inflationary impact on labor, supply chain interruptions and food cost increases allowed for the perfect storm. While the Company swiftly responded with initial price increases to mitigate inflationary pressures on labor and product cost, such increases did not immediately mitigate increased costs. Meritage's unique structure allows the Company to resource earnings not only from Operations, but Real Estate development initiatives as well. This combination provided the Company the ability to balance operational earnings with significant real estate gains to end the year with a 15.5% increase in Net Earnings, despite economic challenges.

2022 Full-Year Outlook:

With sales growth predicted between 10% and 15% and the easing of pandemic related cost pressures in the second half of the year, the outlook ahead is significantly more positive. The Company will continue to leverage its operating platform and unique restaurant development expertise to support the best-of-class QSR brands focused on quality, convenience, and affordability.

About the Company:

Meritage Hospitality Group is one of the nation's premier restaurant operators, currently with 346 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 11,000 employees. At fiscal year-end 2021, the Company had total weighted average fully diluted common shares outstanding of 9,630,804.

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>.

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