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# SMALL CAP GROWTH

VIRTUAL INVESTOR CONFERENCE

**MERITAGE HOSPITALITY**

**Robert Schermer, CEO**

**at 11:00AM ET**

[www.virtualinvestorconferences.com](http://www.virtualinvestorconferences.com)

Consumer | Restaurants

OTCQX  
Virtual Investor  
Conference

June 4, 2026



# Business Update

Wendy's Reset Changes Everything





## SAFE HARBOR STATEMENT

### Forward Looking Statements

Certain statements contained in this release and the reports we submit to the OTC, including this release, that are not historical facts constitute forward-looking statements. These statements may be identified by words such as “estimates,” “anticipates,” “hopes,” “projects,” “plans,” “expects,” “believes,” “should,” “would,” “optimistic,” “endeavor,” and similar expressions (including the negative versions), and by the context in which they are used. Such statements are based only upon Meritage’s current expectations. Any forward-looking statement speaks only as of the date made. Reliance should not be placed on forward-looking statements because they involve known and unknown risks, uncertainties and other factors which may cause actual results, performance, or achievements to differ materially from those expressed or implied. Meritage undertakes no obligation to update any forward-looking statements to reflect events or circumstances after the date on which they are made. Statements concerning expected financial performance, business strategies and actions which Meritage intends to pursue to achieve its strategic objectives, constitute forward-looking statements. Implementation of strategies and achievement of financial performance are subject to numerous conditions, uncertainties, and risk factors, which could cause actual performance to differ materially from the forward-looking statements. These include, without limitation: risks associated with the level of our indebtedness and our ability to meet covenants in our debt and franchise agreements, including modifications and, as necessary, to refinance or seek further modification of such agreements; competition; changes in the national or local economy; trends involving a general decline in consumer transactions across the QSR industry due to economic uncertainty or otherwise; changes in consumer preferences, tastes and eating habits; concerns about the nutritional quality of our restaurant menu items; concerns about the nutritional quality of our restaurant menu items; economic uncertainty, recessions, disruptions to or reductions in business operations, liquidity, prospects or supply chains due to pandemics, epidemics, widespread health emergencies, or outbreaks of infectious diseases, its variants and developments related to these types of events; concerns about the consumption of beef or other menu items due to diseases or other food safety issues, including, without limitation, E. coli bacteria; promotions and price discounting by competitors; atypical or severe weather and natural disasters including, without limitation, tropical storms, hurricanes, or tornadoes; changes in travel patterns; road construction; demographic trends; failure to manage social media trends; inflation, including related increases in the cost of food, labor and energy; supply chain interruptions; the availability and cost of suitable restaurant sites; the ability to finance expansion; interest rates; insurance costs; the availability of adequate managers and hourly-paid employees; risks associated with leasing real property; directives issued by the franchisor regarding operations, menu pricing, advertised pricing, national marketing, advertising, digital programs, and capital commitments; the general reputation of Meritage’s and its franchisors’ restaurants; the relationships between Meritage and its franchisors; legal claims and proceedings, including claims that may result in judgments against the Company requiring the payment of damages or other financial obligations; security, including cyber security and information technology security; credit card fraud; Meritage’s ability to consummate acquisitions or, if consummated, to successfully integrate acquired businesses into Meritage’s operations; Meritage’s execution of growth initiatives; the recurring need for restaurant renovation and capital improvements; government regulations relating to, among other things, zoning, public health, sanitation, alcoholic beverage control, environment, food preparation, minimum and overtime wages and tips, employment of minors, citizenship requirements, working conditions, other labor and employment matters, and the operation of its restaurants; economic changes in the state and local economies where our restaurants are located including, without limitation, Arkansas, Connecticut, Florida, Georgia, Indiana, Massachusetts, Michigan, Mississippi, Missouri, North Carolina, Ohio, Oklahoma, Tennessee, Texas and Virginia. Please review the Company’s Safe Harbor Statement at <http://www.meritagehospitality.com>.

###  
<http://www.meritagehospitality.com>

# Consumer Backdrop: War, Tariffs and Inflation

Indicators

## US Consumer Sentiment Slides to Record Low on Price Concerns

### Inflation Soared to 3.8% in April, Driven by Gas Prices

Consumer-price index, 12-month change



Measured monthly, energy costs accounted for over 40% of the increase in consumer prices

Inflation & Prices

### US Inflation Accelerates as Gas, Rent and Food Prices Climb

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### For 70 Years, Whirlpool Paid a Dividend. Suddenly It Can't Afford One.

Investors question the company's recovery plan and decision to halt quarterly payout

The stock has dropped more than 80% over the past five years as the company's cash flow has shrunk, leaving it without enough to both pay out investors and pay down its debts.

### Affordability Brainstorms, Good and Bad

Cutting the beef tariff is a good idea, but pausing the federal gas tax isn't.

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### Kraft Heinz CEO Pushes Value: 'Consumers Are Literally Running Out of Money'

Steve Cahillane says consumers' wallets are strained by month's end; food maker looks to hold down prices while navigating Iran war fallout

# but....People Are Still Eating!

## Q1 2026

U.S. Same Restaurant Sales



McDonalds

+3.9%



Burger King

+5.5%



Taco Bell

+8.0%



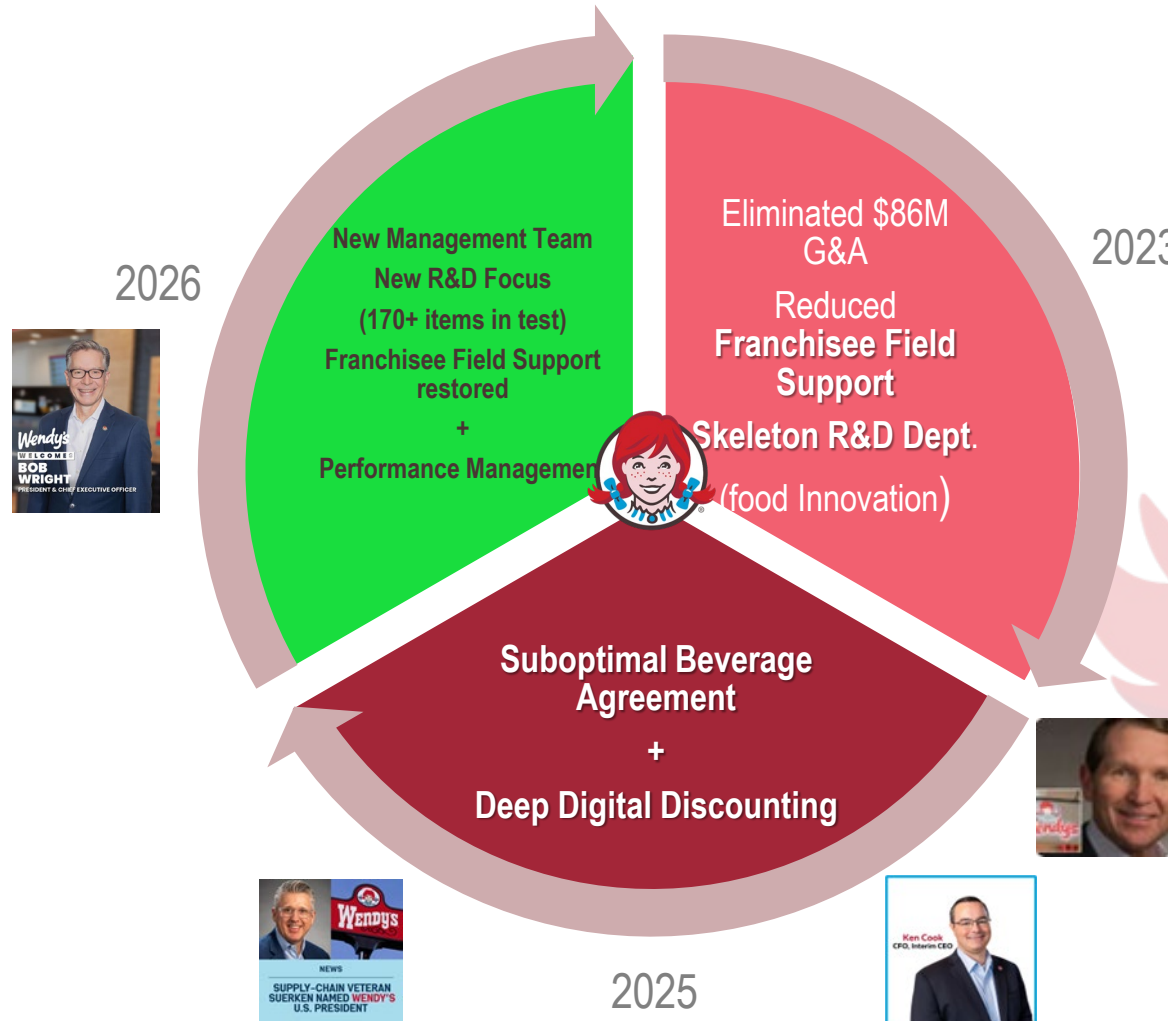
Wendy's

-7.8%



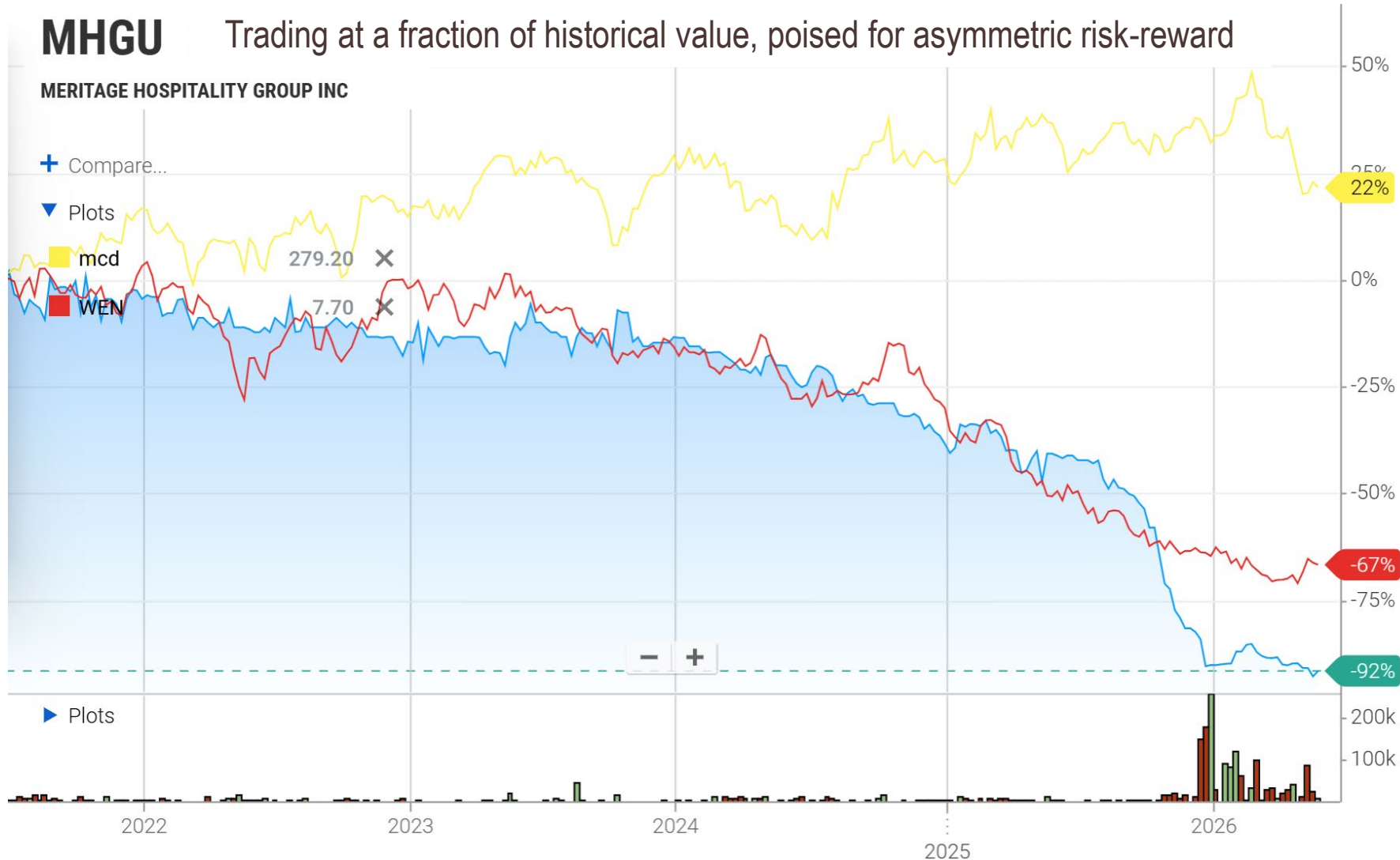
# The Wendy's Brand

Where are we in the Cycle and how did we get here?



# 5-Year Stock Performance Compare

## McDonald's, Wendy's, Meritage



Franchisor

meritage Franchisee  
HOSPITALITY GROUP

# Wendy's Announces New CEO May 20<sup>th</sup>, 2026



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## The price is Wright

**Job #1 will be to fix franchisee profitability.** We believe Bob Wright has the operational experience to help Wendy's franchisees address profitability challenges. Wendy's food costs and "breakeven" AUV are both higher than peers, yet the brand is not being appropriately recognized in its value or quality scores, nor rewarded with competitively superior SSS trends. We suspect there is an opportunity to reengineer the menu (e.g., reduce complexity), improve marketing, and enforce more consistent operations. In addition, the company may help franchisee profitability by discontinuing breakfast (estimated 5% of US franchisee system sales and representing ~\$21M royalty income to Wendy's).

May 20, 2026

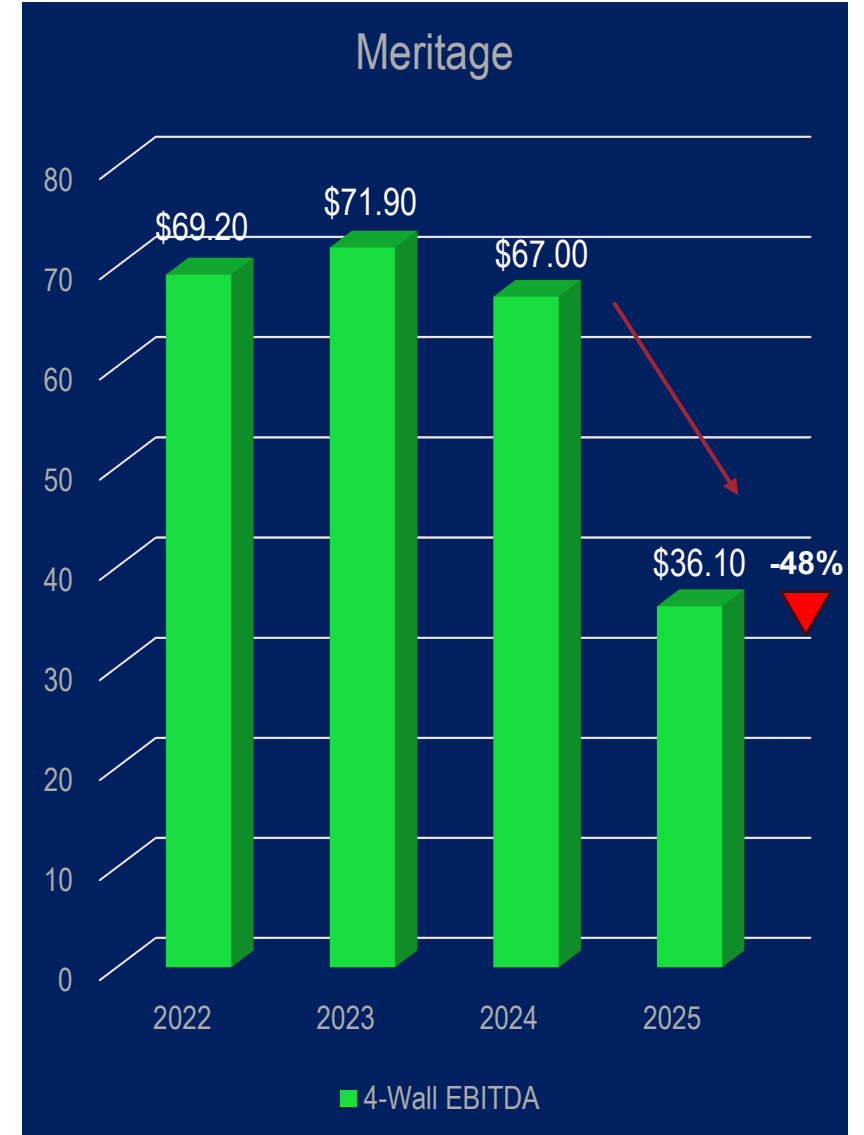
# Wendy's Brand Analysis



## WEN: Steps for a New Day at Wendy's

May 27, 2026  
The Wendy's Company

\* One challenge that Wendy's faces is that — from what we're hearing — **as many as nine of its ten largest U.S. franchisees have defaulted on their financial covenants.** The franchisees' business models have been stressed by weak sales, rising costs, and in all too many cases, an inferior physical plant. More importantly as regards the future, these franchisees may not be in a position to deploy the capital truly needed to get the system on a much-improved path.



# Wendy's Major Structural Changes



## PROJECT FRESH

1

BRAND  
REVITALIZATION

2

OPERATIONAL  
EXCELLENCE

3

SYSTEM  
OPTIMIZATION

4

CAPITAL  
ALLOCATION

# Brand Revitalization | Wendy's Engages CreedUnCo



GREG CREED



ED DE FERRANTE



BOB FULMER



JENNIFER HENRY



CHRIS ARMBRUSTER \*

Note: \* Meritage Hospitality Board Member

## UNOBTRUSIVE

### WHY DO BRANDS OR PRODUCTS FAIL?

Our group has seen products fall short of getting to market or expanding their opportunity because of the fear of failure. By finding the right insights, execution plans, and your leadership, we can help you find the products or services that are **Relevant** to the marketplace...**Easy** to access for your customers...and **Distinctive** to stand out from competition.



# Wendy's "Project Fresh" | Structural Benefits

1

## NEW STORE CLOSURES POLICY

Meritage has closed 60 (+/-) suboptimal stores, greatly strengthening our restaurant-level EBITDA base going forward

2

## NEW BREAKFAST - RESET

Meritage has exited or altered breakfast daypart in underperforming locations, immediate EBITDA margin benefit

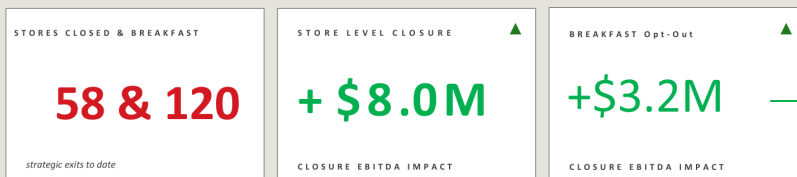


**+18.5M**

Annual EBITDA benefits 2027 forward

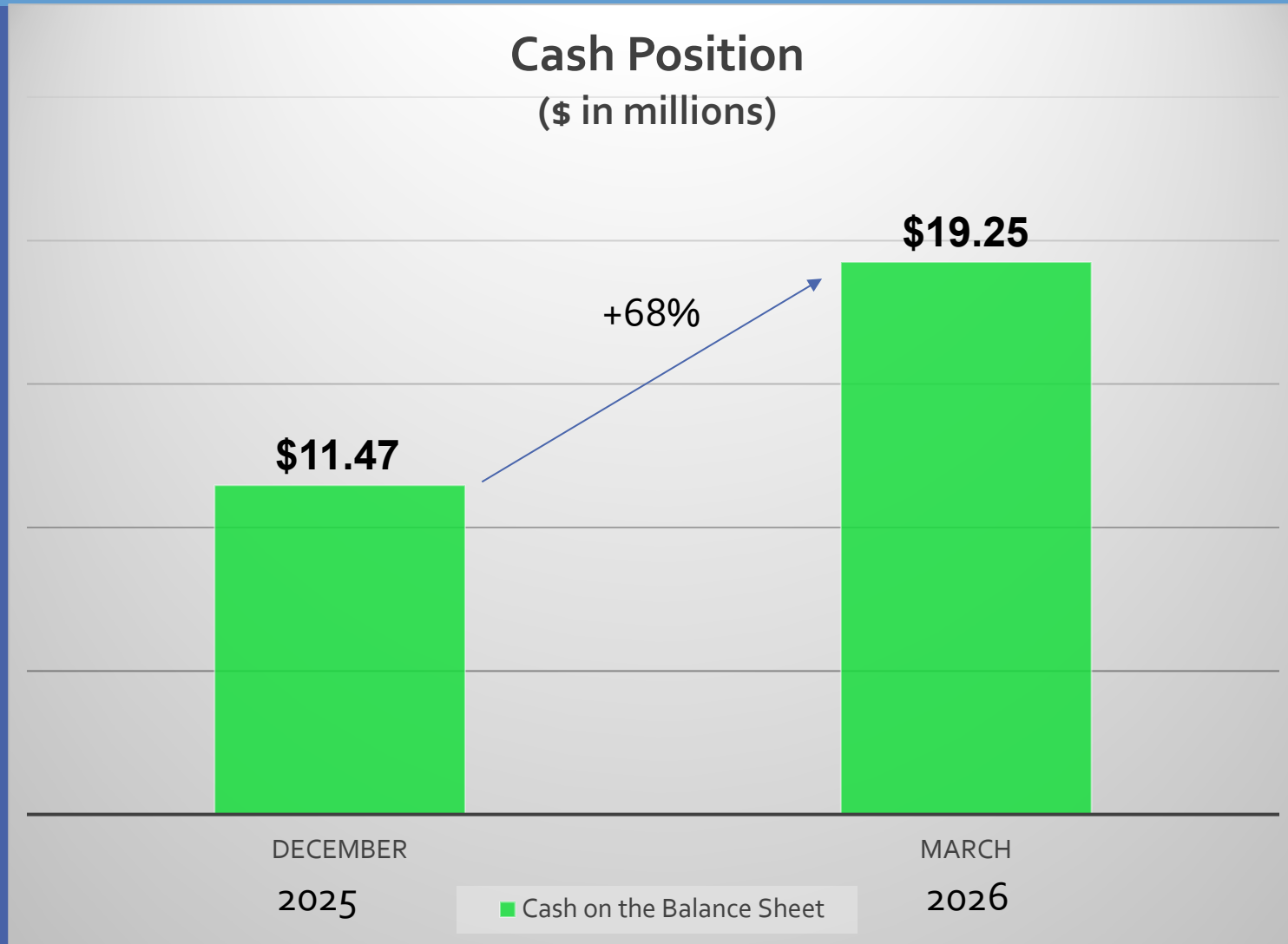
### WHERE WE STAND

Closing the gap. Not done yet.



**\$11.2M + 7.3M = \$18.5M** ▲  
Structural Changes      Internal Changes      EBITDA Increase

# Meritage Cash Position Q1 2026



# Company Outlook

Fewer Locations, Higher Profitability

**2026**

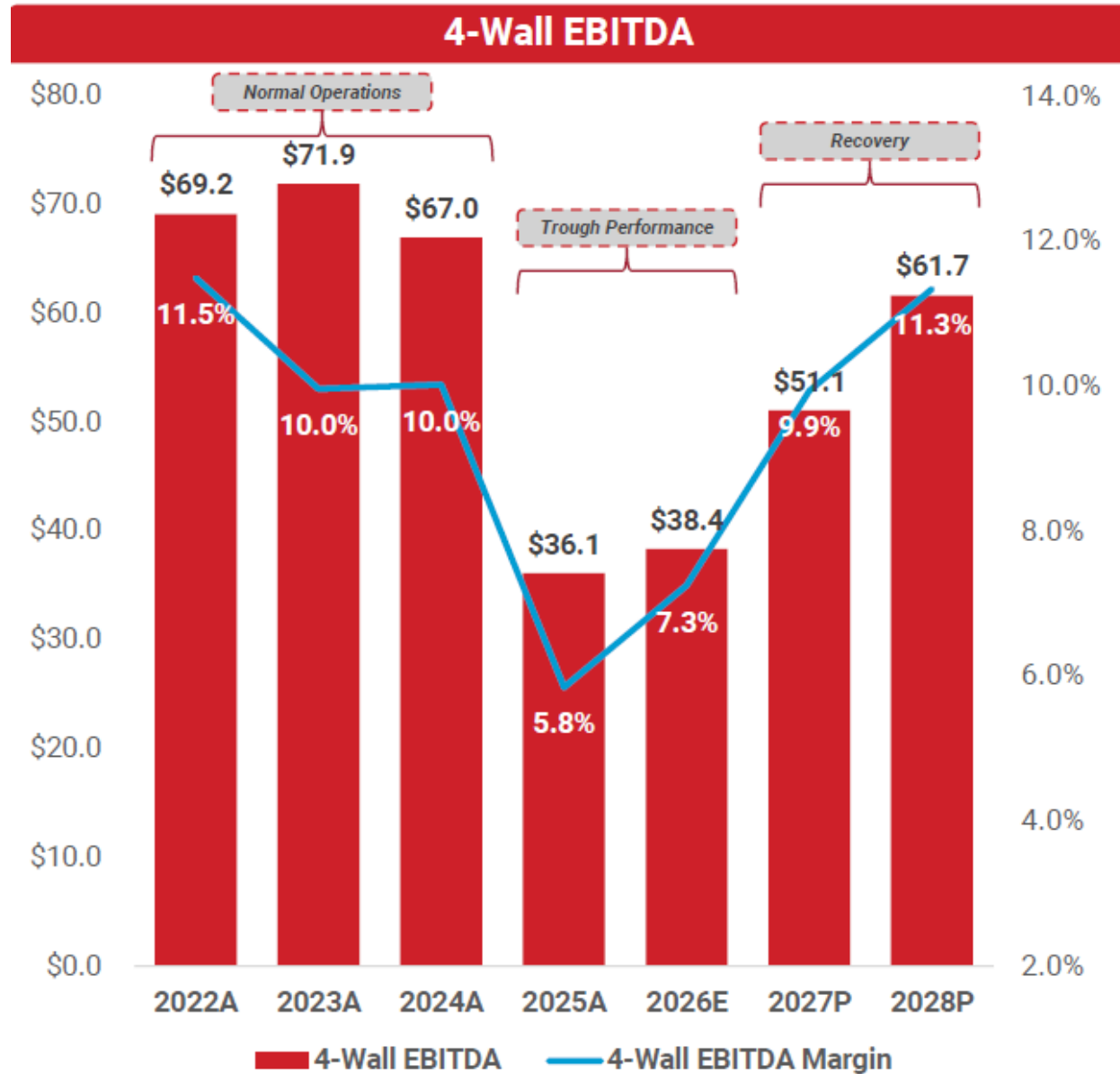
**Sales: \$520 million to \$530 million**

**Restaurant Operating Income: \$35 million to \$40 million**

**Adjusted EBITDA growth: +45% to +55%**

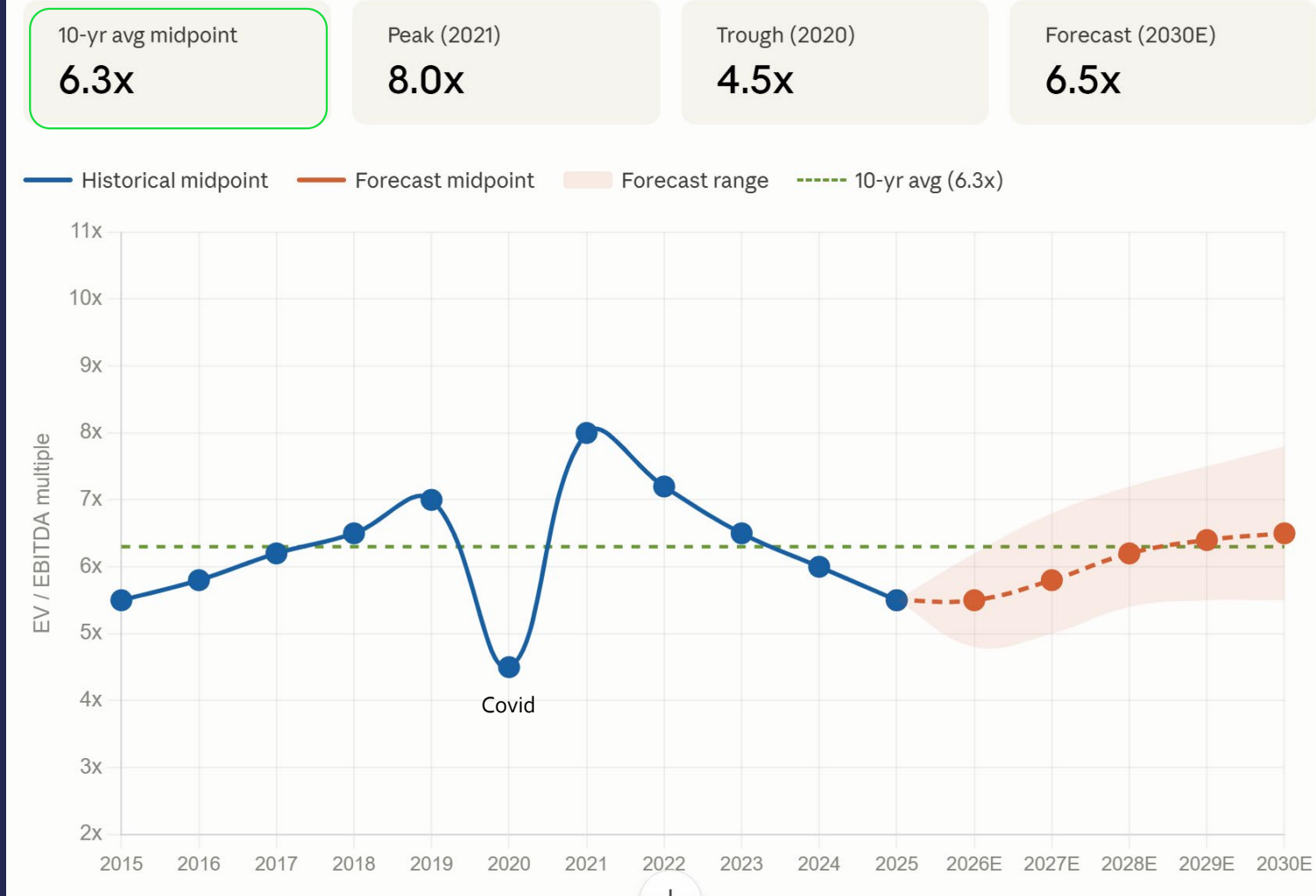


# Consolidated 4-Wall EBITDA



# QSR Franchisees

## EV/EBITDA Multiple History and Forecast



Sources: Aaron Allen & Associates, IFA Franchising Economic Outlook 2026, FRAN data, Sofer Advisors, Auxo Capital Advisors. Historical data represents middle-market multi-unit operators (10–100 units), top-50 QSR brands..



# Enterprise Value

2026 Store Closures & Breakfast Adjustments,  
Market Sale

Forward Multiple 6x  
5-Year Plan

# Enterprise Value



# Key Takeaways

## Wendy's Reset Changes Everything

### ❑ Clear Path to EBITDA Growth and Value-Recapture

Multiple levers across operations, portfolio optimization, brand product innovation and marketing support near-term recovery and long-term EBITDA growth

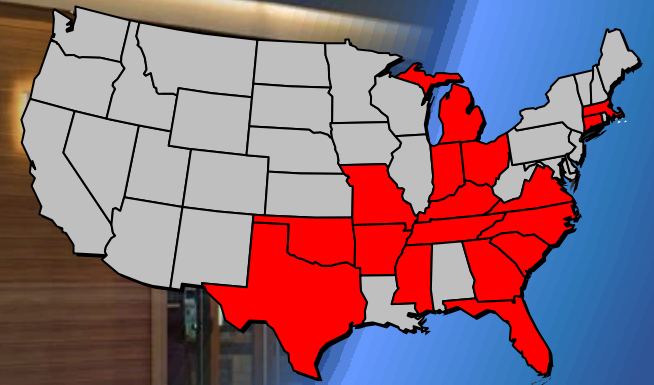
❑ **Proven Turnaround Levers** cost restructuring and structural changes implemented, **\$18.5M** annual EBITDA benefit 2027 forward

❑ **New Strong Wendy's Brand Leadership Team with Bob Wright** - proven turnaround expertise, deep Wendy's DNA

❑ **Long Term Debt refinancing** process next 3-9 months

❑ **Reinstatement of preferred stock dividends** high priority post financing.

**Highly Opportunistic Situation** unit level economic improvements drive meaningful equity value and system multiple expansion





### Stock Data: MHGU

52-Week Range \$1.34 / \$13.49  
Avg. Daily Volume 5,400  
Market Cap. (MM) \$12.8  
Shares Out. 6,704,000  
Cash Per Share \$2.87  
Lender Debt-to-Equity 56.7%  
Book Value Per Share \$8.52  
Dividend Yield 0.00%  
FY End December  
Source: OTCQX / Company

# Q & A

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