

## Recipe Unlimited reports Q2 2019 results - strong Operating EBITDA and Free Cash Flow

VAUGHAN, ON, Aug. 8, 2019 /CNW/ - Recipe Unlimited Corporation (formerly Cara Operations) reported financial results today for the 13 and 26 weeks ending June 30, 2019.

"In the second quarter, Operating EBITDA increased by \$2.0 million and Operating EBITDA Margin improved to 6.4% compared to 6.2% last year. Total System Sales decreased \$2.9 million to \$871.3 million compared to \$874.2 million in Q2 of last year. System Sales were impacted by SRS performance, which decreased 1.7% both in the quarter and year to date and by the timing of restaurant closures compared to last year. EBITDA growth in the quarter was primarily the result of improvements in the contribution from the Franchise, Central and Retail & Catering segments of our business," commented Frank Hennessey, Chief Executive Officer.

"Our focus remains on network health and franchisee profitability. Despite a disappointing sales quarter, impacted by the late start to the patio season and the heightened activity of competitor deep discount programs, we believe that the resilience of our multi-brand earnings model and our disciplined 4-Pillar operating strategy, focused on improvements in the areas of Quality of Food, Quality of Service, Value for Experience and Ambience is a more sustainable model for the long term health of our brands and our franchisees," added Mr. Hennessey.

### Highlights for the 13 and 26 weeks ended June 30, 2019:

- The Company generates significant Free Cash Flow which provides the Company the ability to fund growth and enhance shareholder returns. Free Cash Flow before growth capex, dividends, and share repurchases under the Company's normal course issuer bid ("NCIB") for the 13 and 26 weeks ended June 30, 2019 was \$40.0 million and \$75.5 million, respectively.

Free Cash Flow per share before growth capex, dividends, and NCIB on a diluted basis was \$0.63 and \$1.18 for the 13 and 26 weeks ended June 30, 2019.

At Q2 2019, the Company's Debt to EBITDA ratio was 1.7x compared to 2.1x at the end of Q2 2018, illustrating how quickly the Company's leverage has reduced from Free Cash Flow being used to reduce debt on the Company's revolving credit facilities leaving capacity for growth investments and enhanced shareholder returns.

- System Sales decreased \$2.9 million to \$871.3 million for the 13 weeks ended June 30, 2019 compared to \$874.2 million in 2018, representing a decrease of 0.3%. The decrease is related to the SRS decreases. Year to date, System Sales grew \$91.9 million to \$1,722.0 million compared to \$1,630.1 million in 2018, representing an increase of 5.6%. The increase in System Sales is primarily related to the addition The Keg in February 2018 and increases in the retail and catering segment from the Swiss Chalet branded products at grocery, increases in frozen pot pie sales from the addition of the new pie production line, and the addition of Marigolds and Onions in December 2018.
- Same Restaurant Sales ("SRS") Growth for the 13 and 26 weeks ended June 30, 2019 was a decrease of 1.7% compared to the same 13 and 26 weeks in 2018. Contributing factors to our SRS results include mixed performance between our brands; early progress on our new 4-pillar operating model (Quality of Food, Quality of Service, Ambiance and Value for the Experience), with much work still to be done; and challenging winter and spring weather conditions across the country during the first and second quarters.
- Operating EBITDA increased to \$56.0 million for the 13 weeks ended June 30, 2019 compared to \$54.0 million in 2018, an improvement of \$2.0 million or 3.7% for the quarter. Year to date, Operating EBITDA increased to \$106.1 million for the 26 weeks ended June 30, 2019 compared to \$100.2 million in 2018, an improvement of \$5.9 million or 5.9%. The increases were primarily driven by the improved contribution from the franchise and central segments that more than offset a decrease in corporate contribution.
- Operating EBITDA Margin on System Sales before The Keg royalty expense, was 6.8% for the quarter compared to 6.6% in 2018. Year to date, Operating EBITDA Margin on System Sales before The Keg royalty expense, was 6.6% compared to 6.4% in 2018. Operating EBITDA Margin on System Sales after The Keg royalty expense was 6.4% for the quarter and 6.2% year to date as compared to 6.2% and 6.1% in 2018, respectively. The improvements in margin rate were primarily driven by improved franchise contribution margin and better central segment results that offset lower corporate contribution margin. While The Keg adds EBITDA dollars, because of higher net central overhead costs and the royalty payments to The Keg Royalty Income Fund, in the medium term, The Keg merger will reduce Recipe's Operating EBITDA margin on System Sales below the target 7% to 8% range. Management's focus will continue to be on improving the earnings efficiency of our assets and our increased sales base to grow Operating EBITDA as a percentage of System Sales back to within our 7% to 8% target range by 2020-2022.
- Contribution from retail and catering for the 13 and 26 weeks ended June 30, 2019 was \$3.2 million and \$7.7 million compared to \$2.8 million and \$6.0 million for the 13 and 26 weeks ended July 1, 2018, an increase of \$0.4 million or 14.3% for the quarter and an increase of \$1.7 million or 28.3% year to date. The increases are primarily driven by sales increases of Swiss Chalet branded products at grocery, increases in frozen pot pie sales from the addition of the new pie production line, the addition of The Keg retail business in February 2018 and the addition of Marigolds and Onions in December 2018.
- Earnings before income taxes for the 13 weeks ended June 30, 2019 was \$23.8 million compared to \$28.4 million in 2018, a net decrease of \$4.6 million or 16.2%. The net decrease in the quarter was primarily driven by the \$2.0 million increase in Operating EBITDA and a \$2.7 million reduction in non-cash fair value changes related to the Exchangeable Keg Partnership units and non-controlling interest liability that was offset by a \$4.7 million increase in non-cash impairment and onerous contract expenses, \$2.6 million higher depreciation and amortization expense (before IFRS Lease Standard changes), a non-cash write-off of deferring financing fees of \$1.0 million, higher stock based compensation expense of \$0.4 million, and a net \$0.6 million expense impact related to the new IFRS Lease Standard.

Year to date, Earnings before income taxes was \$55.1 million compared to \$57.8 million in 2018, a net decrease of \$2.7 million or 4.7%. The net decrease was primarily driven by the \$5.9 million increase in Operating EBITDA and a \$5.3 million reduction in non-cash fair value adjustments related to the Exchangeable Keg Partnership units and non-controlling interest liability, offset by \$4.9 million higher depreciation and amortization expense (before IFRS Lease Standard changes) non-cash impairment and onerous contract expense increases of \$4.1 million, a non-cash write-off of deferring financing fees in the amount of \$1.0 million, higher stock based compensation expense of \$1.8 million, an increase in loss on disposal of assets of \$1.0 million, and a net \$0.9 million expense related to the new IFRS Lease Standard.

- Adjusted Basic Earnings per Share ("EPS") for the 13 weeks ended June 30, 2019 was \$0.38 compared to \$0.39 in 2018, while Adjusted Diluted EPS for the 13 weeks ended June 30, 2019 was \$0.37 compared to \$0.38 in 2018. Year to date, Adjusted Basic EPS was \$0.67 compared to \$0.74 in 2018, while Adjusted Diluted EPS for the 26 weeks ended June 30, 2019 was \$0.65 compared to \$0.71 in 2018.
- On May 24, 2019, the Company purchased the assets of Anejo and Blanco Cantina, 2 Mexican themed restaurants, and related brand intellectual property for \$5.0 million, which was settled by drawing on the Company's existing credit facility on the date of acquisition. The Company intends to franchise and increase the number of Anejo and Blanco Cantina restaurants in Canada and we are excited to add these new brands to our emerging brand category along with Burger's Priest and Fresh that are both in early stages with high growth potential.
- Under the Company's NCIB, the Company purchased and cancelled 437,727 and 703,924 Subordinate Voting Shares for \$11.7 million and \$18.8 million during the 13 and 26 weeks ended June 30, 2019. Subsequent to June 30, 2019 until August 8, 2019, the Company has repurchased 564,956 Recipe subordinate voting shares for \$15.1 million under the NCIB. During the period from June 22, 2018 to June 21, 2019, the Company purchased

1,281,972 Subordinate Voting Shares for \$33.5 million compared to a total of 1,907,816 Subordinate Voting shares that were eligible to be purchased under the NCIB.

- On August 8, 2019, the Company's Board of Directors declared a dividend of \$0.1121 per share of subordinate and multiple voting common stock, representing a 5% increase over the 2018 quarterly dividend rate, or approximately \$6.8 million in aggregate. Payment of the dividend will be made on September 13, 2019 to shareholders of record at the close of business on August 30, 2019. With the Company's strong balance sheet and growing cash flows, management will continue to pursue strategic acquisitions and will explore alternatives to return more capital to its shareholders including continuation of its NCIB and increases to the Company's dividend rate.

(\$ millions unless otherwise stated) <sup>1</sup>	13 weeks ended		26 weeks ended	
	June 30, 2019	July 1, 2018	June 30, 2019	July 1, 2018
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Total System Sales from continuing operations	\$871.3	\$874.2	\$1,722.0	\$1,630.1
Total System Sales Growth <sup>2</sup>	-0.3%	32.3%	5.6%	23.5%
SRS Growth <sup>3</sup>	-1.7%	1.9%	-1.7%	1.9%
Number of restaurants (at period end)	1,384	1,379	1,384	1,379
Operating EBITDA before Keg royalty	\$59.4	\$57.5	\$113.4	\$105.1
Operating EBITDA Margin on Total System Sales before Keg royalty	19.0%	18.6%	18.4%	19.0%
Operating EBITDA	\$56.0	\$54.0	\$106.1	\$100.2
Operating EBITDA Margin on System Sales	6.4%	6.2%	6.2%	6.1%
Corporate restaurant sales	\$196.2	\$203.6	\$388.8	\$349.7
Number of corporate restaurants	209	212	209	212
Contribution from Corporate segment	\$20.5	\$24.3	\$39.0	\$37.4
Contribution as a % of corporate sales	10.5%	12.0%	10.0%	10.7%
Franchise restaurant System Sales	\$595.9	\$596.8	\$1,177.2	\$1,139.9
Number of franchised & JV restaurants	1,175	1,167	1,175	1,167
Contribution from Franchise segment	\$26.9	\$24.7	\$52.4	\$47.1
Contribution as a % of Franchise sales	4.5%	4.1%	4.4%	4.10%
Contribution from retail and catering	\$3.2	\$2.8	\$7.7	\$6.00
Contribution from Central segment (excluding net royalty expense)	\$8.8	\$5.7	\$14.3	\$14.6
Contribution as a % of total System Sales	1.0%	0.6%	0.8%	0.9%
Total gross revenue	\$311.9	\$309.5	\$616.5	\$553.7
Operating EBITDA Margin on gross revenue	18.0%	17.4%	17.2%	18.1%
Earnings before income taxes	\$23.8	\$28.4	\$55.1	\$57.8
Net earnings	\$16.6	\$19.5	\$39.3	\$41.0
Adjusted Net Earnings	\$23.5	\$24.4	\$41.3	\$45.1
EPS attributable to common shareholders of the Company (in dollars)	\$16.6	\$19.5	\$39.3	\$41.0
Basic EPS	\$0.27	\$0.31	\$0.64	\$0.67
Diluted EPS	\$0.26	\$0.30	\$0.61	\$0.65
Adjusted Basic EPS	\$0.38	\$0.39	\$0.67	\$0.74
Adjusted Diluted EPS	\$0.37	\$0.38	\$0.65	\$0.71
Free Cash Flow before growth capex, dividends and NCIB	\$40.0	\$41.0	\$75.5	\$74.1
Free Cash Flow per share - basic (in dollars)	\$0.65	\$0.66	\$1.23	\$1.21
Free Cash Flow per share - diluted (in dollars)	\$0.63	\$0.63	\$1.18	\$1.16
Quarterly Dividend declared per share (in dollars)	\$0.1121	\$0.1068	\$0.2242	\$0.2136

(1) See "Non-IFRS Measures" for definitions of System Sales, System Sales Growth, SRS Growth, Operating EBITDA, Adjusted Net Earnings, Adjusted Basic EPS and Adjusted Diluted EPS.

(2) East Side Mario restaurants in the United States are excluded from System Sales and number of restaurants.

(3) Results from New York Fries located outside of Canada, East Side Mario restaurants in the United States and Casey's restaurants are excluded from SRS Growth.

The Company's unaudited interim consolidated financial statements for the 13 and 26 weeks ended June 30, 2019 and Management's Discussion and Analysis are available under the Company's profile on SEDAR at [www.sedar.com](http://www.sedar.com).

## Outlook

Despite the declines in sales, the Company saw improvements with Operating EBITDA and Operating EBITDA Margin for the quarter. Operating EBITDA before the net royalty expense increased \$1.9 million or 3.3% to \$59.4 million with a contribution margin of 6.8% as a percentage of Total System Sales compared to 6.6% in the second quarter of 2018.

Management provides the following comments regarding its strategies and initiatives:

- Free Cash Flow** — The Company generates significant Free Cash Flow which provides the Company the ability to fund growth and enhance shareholder returns. Free Cash Flow before growth capex, dividends, and share repurchases under the Company's normal course issuer bid ("NCIB") for the 13 weeks ended June 30, 2019 was \$40.0 million compared to \$41.0 million for the 13 weeks ended July 1, 2018, a decrease of \$1.0 million or 2.4%.

Free Cash Flow per share before growth capex, dividends, and NCIB on a diluted basis was \$0.63 for the 13 weeks ended June 30, 2019 compared to \$0.63 for 2018.

At Q2 2019, the Company's Debt to EBITDA ratio was 1.7x compared to 2.1x at the end of Q2 2018, illustrating how quickly the Company's leverage has reduced from Free Cash Flow being used to reduce debt on the Company's revolving credit facility.

Management and the Board of Directors will continue to evaluate alternatives for capital deployment including growth investments, strategic acquisitions and enhanced shareholder returns through dividends and share buybacks.

- *System Sales and SRS Growth* — Management is not satisfied with the decline in System Sales and SRS of negative 1.7%. Contributing factors to our SRS results include mixed performance between our brands; early progress on our new 4-pillar operating model, with much work still to be done; and challenging weather conditions across the country during the first and second quarters. Despite negative SRS, our disciplined operating model, and our focus on long-term network health, franchisee profitability and cost control enabled us to increase Operating EBITDA by \$2.0 million and improve Operating EBITDA Margin to 6.4%.

Management continues to review its portfolio of restaurants to maximize site potential and profitability to the Company and our franchisee partners. Management's focus will continue to be on the quality of sales from its portfolio of restaurants as we improve site selection, renovate to improve guest experience, continually enhance our food and service pillars while maintaining our practice to open new franchise restaurants at the standard royalty rate while closing or taking back under-performing previously subsidized locations. On a year to date basis, the Company has renovated 52 locations and has opened 23 new locations and closed 23 under-performing restaurants.

- *Total Operating EBITDA* — Before the impact from the net royalty to The Keg Royalties Income Fund, Total Operating EBITDA margin was 6.8% for the quarter compared to 6.6% in 2018. The combined contributions from Corporate, Franchise, Retail and Catering, and Central segments resulted in Total Operating EBITDA margin of 6.4% for the quarter compared to 6.2% in 2018. While The Keg adds EBITDA dollars, because of net central overhead costs and royalty payments to The Keg Royalties Income Fund in the medium term, The Keg merger will reduce Recipe's Operating EBITDA margin on System Sales below the target 7% to 8% range. Management's focus will continue to be on improving the earnings efficiency of our assets and our increased sales base to grow Operating EBITDA as a percentage of System Sales back to within our 7% to 8% target range by 2020-2022.
- *Corporate restaurant profitability* — Corporate restaurant profitability for the 13 weeks ended June 30, 2019 was 10.5% compared to 9.6% in the first quarter of fiscal 2019 and 12.0% in the second quarter of 2018. The decline in the quarter was mostly from the reduction in sales, higher wage rates and taking back under-performing restaurants. Management believes that corporate restaurant profitability will improve as the 4-pillar strategy focus on Food, Service, Ambiance, and Value for the Experience progresses and we continue to improve the quality of our portfolio and sales while we respond to increased competition and a cautious consumer.

Management will continue to pursue the sale of certain corporate restaurants in its franchise banners to franchisees and will pursue the sale of its share in joint venture locations to the Company's joint venture partners to convert joint venture locations to franchise to improve the corporate-franchise portfolio mix.

- *Franchise segment* — Franchise contribution as a percentage of franchise sales has improved to 4.5% in the quarter compared to 4.1% in 2018. The increase is primarily related to improvement to quality of sales due to the ongoing practice to open new franchise restaurants at the standard royalty rate while closing or taking back under-performing previously subsidized locations. Management believes the effective royalty recovery rate will gradually increase over time closer to 5% as the Company adds new franchisees, renews existing locations at the standard royalty rate, and exits under-performing locations. In addition, The Keg will also increase Recipe's overall net royalty rate as new and renewed Keg franchisees pay 6% royalty while others pay 5% until their franchise agreement is renewed.
- *Retail and catering* — Contribution dollars from retail and catering was \$3.2 million in the quarter compared to \$2.8 million in 2018. A new pie production line was added in the third quarter of 2018 which has increased production capacity and enabled the Company to meet the increased demand for its St-Hubert and Swiss Chalet frozen pie products with less reliance on higher cost third party producers. Since the acquisition of St-Hubert in 2016, the Company has successfully launched a number of products, including Swiss Chalet ribs and pot pies, across the country in grocery chains. The Company will be adding a new rib line in Q4 2019 to increase its rib production capacity to meet the increased demand. Management is also pursuing the launch of several more Recipe branded retail products to expand its retail presence in national grocery chains. The Company has also identified catering sales and contribution as a significant opportunity for growth with the acquisitions of Pickle Barrel catering in December 2017, Rose Reisman catering in December 2017, and Marigolds and Onions in December 2018.
- *Central segment* — The addition of The Keg has added net central overhead costs, including the royalty payments to The Keg Royalties Income Fund, thus reducing central contribution as a percentage of System Sales. Management will work towards realizing synergy opportunities with the companies acquired as we continue to improve on our model for growing sales faster than head office expenses, and realizing earnings efficiency on higher system sales.
- *Restaurant Count* — In the 26 weeks ended June 30, 2019, the Company opened 23 new restaurant locations as compared to 27 in the first half of 2018 and closed 23 locations as compared to 26 in 2018. The Company has also renovated 52 locations. Included in the closures were under-performing locations where the closure will benefit the overall system performance and the Company's corporate and franchise contribution models going forward. Closures also included locations that no longer fit the long term strategy of certain brands. Management will continue to review its portfolio of restaurants and will opportunistically close under-performing or non-strategic locations that will benefit the Company long term.
- *Growth, acquisitions and share buy-backs* — The Company currently has a net debt to EBITDA ratio of approximately 1.7x compared to 2.1x at the end of Q2 2018. At this debt level, and with strong cash flow from operations, the Company has the ability to consider more growth opportunities, including acquisitions, while continuing to reduce its debt, and by opportunistically repurchasing its subordinate voting shares for cancellation under the NCIB. During the 26 weeks ended June 30, 2019, the Company purchased and cancelled 703,924 subordinate voting shares for \$18.8 million under the Company's NCIB program. Subsequent to June 30, 2019 until August 8, 2019, the Company has repurchased 564,956 Recipe subordinate voting shares for \$15.1 million under the NCIB. In addition, the Company's new financing structure positions Recipe for strategic and opportunistic growth at long-term favourable borrowing rates and credit terms. Management believes that locking in long-term fixed rate capital before interest rates increase is prudent and will enable future accretive growth.

The foregoing description of Recipe's outlook is based on management's current strategies and its assessment of the outlook for the business and the Canadian Restaurant Industry as a whole and may constitute "forward-looking" statements within the meaning of applicable Canadian securities legislation, which involve known and unknown risks, uncertainties and other factors that may cause actual results to vary. A description of the risks and uncertainties that impact the Company's business are discussed in detail under the heading "Risk Factors" in the Company's Annual Information Form dated March 29, 2019, available on SEDAR. See "Forward Looking Information."

## Non-IFRS Measures

These measures are not recognized measures under IFRS, do not have a standardized meaning prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other companies. Rather, these measures are provided as additional information to complement those IFRS measures by providing further understanding of the Company's results of operations from management's perspective. Accordingly, they should not be considered in isolation nor as a substitute for analysis of the Company's financial information reported under IFRS. The Company uses non IFRS measures including "System Sales", "SRS Growth", "EBITDA", "Operating EBITDA", "Operating EBITDA Margin", "Operating EBITDA Margin on System Sales", "Adjusted Net Earnings", "Adjusted Basic EPS", "Adjusted Diluted EPS", and "Free Cash Flow" to provide investors with supplemental measures of its operating performance and thus highlight trends in its core business that may not otherwise be apparent when relying solely on IFRS financial measures. The Company also believes that securities analysts, investors and other interested parties frequently use non IFRS measures in the evaluation of issuers. The Company's management also uses non IFRS measures in order to facilitate operating performance comparisons from period to period, to prepare annual operating budgets, and to determine components of management compensation.

"System Sales" represents top-line sales from restaurant guests at both corporate and franchise restaurants including take-out and delivery customer orders. System Sales includes sales from both established restaurants as well as new restaurants. System sales also includes sales received from its

food processing and distribution division. Management believes System Sales provides meaningful information to investors regarding the size of Recipe's restaurant network, the total market share of the Company's brands sold in restaurant and grocery and the overall financial performance of its brands and restaurant owner base, which ultimately impacts Recipe's consolidated financial performance.

"System Sales Growth" is a metric used in the restaurant industry to compare System Sales over a certain period of time, such as a fiscal quarter, for the current period against System Sales in the same period in the previous year.

"SRS Growth" is a metric used in the restaurant industry to compare sales earned in established locations over a certain period of time, such as a fiscal quarter, for the current period against sales in the same period in the previous year. SRS Growth helps explain what portion of sales growth can be attributed to growth in established locations and what portion can be attributed to the opening of net new restaurants. Recipe defines SRS Growth as the percentage increase or decrease in sales during a period of restaurants open for at least 24 complete fiscal months relative to the sales of those restaurants during the same period in the prior year. Recipe's SRS Growth results excludes Casey's restaurants as the Company is in the process of winding down its operations; and sales from international operations from 44 New York Fries and 3 East Side Mario's.

"EBITDA" is defined as net earnings before: (i) net interest expense and other financing charges; (ii) income taxes; (iii) depreciation of property, plant and equipment; (iv) amortization of other assets and deferred gain.

"Operating EBITDA" is defined as net earnings before: (i) net interest expense and other financing charges; (ii) income taxes; (iii) depreciation of property, plant and equipment; (iv) amortization of other assets and deferred gain; (v) impairment of assets, net of reversals; (vi) losses on early buyout / cancellation of equipment rental contracts; (vii) restructuring and other; (viii) conversion fees; (ix) net (gain) / loss on disposal of property, plant and equipment; \* stock based compensation and costs related to its restricted share units; (xi) changes in onerous contract provision; (xii) expense impact from fair value inventory adjustment resulting from the St-Hubert purchase relating to inventory sold during the period; (xiii) acquisition related transaction costs; (xiv) change in fair value of non-controlling interest liability; (xv) change in fair value of Exchangeable Partnership units; (xvi) the Company's proportionate share of equity accounted investment in joint ventures; (xvii) interest income from the Partnership units; and the rent expense impact related to the implementation of IFRS 16, "Leases".

"Operating EBITDA Margin" is defined as Operating EBITDA divided by total gross revenue.

"Operating EBITDA Margin on System Sales" is defined as Operating EBITDA divided by System Sales.

"Free Cash Flow before capex, dividends and NCIB" is defined as Operating EBITDA less (i) cash interest paid; (ii) maintenance capex; and (iii) cash taxes paid.

"Free Cash Flow after capex, dividends and NCIB" is defined as Operating EBITDA less (i) cash interest paid; (ii) maintenance capex; (iii) cash taxes paid; (iv) growth capex; (vi) dividends paid; (vi) shares repurchased under the NCIB; and (vii) proceeds from sale of assets.

"Adjusted Net Earnings" is defined as net earnings plus (i) change in fair value of non-controlling interest liability; (ii) change in fair value of Exchangeable Partnership units; (iii) one-time transaction costs; (iv) non-cash impairment charges; (v) restructuring and other; and (vi) write-off of deferred financing fees.

"Adjusted Basic EPS" is defined as Adjusted Net Earnings divided by the weighted average number of shares outstanding.

"Adjusted Diluted EPS" is defined as Adjusted Net Earnings divided by the weighted average number of shares outstanding plus the dilutive effect of stock options and RSUs.

## Forward-Looking Information

Certain statements in this press release may constitute "forward-looking" statements within the meaning of applicable Canadian securities legislation which involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company or the industry in which they operate, to be materially different from any future results, performance or achievements expressed or implied by such forward looking statements. When used in this press release, such statements use words such as "may", "will", "expect", "believe", "plan" and other similar terminology. These statements reflect management's current expectations regarding future events and operating performance and speak only as of the date of this news release. These forward-looking statements involve a number of risks and uncertainties, including those related to: (a) the Company's ability to maintain profitability and manage its growth including SRS Growth, System Sales Growth, increases in net income, Operating EBITDA and Operating EBITDA Margin on System Sales, and Adjusted net earnings (b) competition in the industry in which the Company operates; (c) the general state of the economy; (d) integration of acquisitions by the Company; (e) risk of future legal proceedings against the Company. These risk factors and others are discussed in detail under the heading "Risk Factors" in the Company's Annual Information Form dated March 29, 2019. New risk factors may arise from time to time and it is not possible for management of the Company to predict all of those risk factors or the extent to which any factor or combination of factors may cause actual results, performance or achievements of the Company to be materially different from those contained in forward-looking statements. Given these risks and uncertainties, investors should not place undue reliance on forward-looking statements as a prediction of actual results. Although the forward-looking statements contained in this press release are based upon what management believes to be reasonable assumptions, the Company cannot assure investors that actual results will be consistent with these forward-looking statements. These forward-looking statements are made as of the date of this press release.

## Related Communications

Frank Hennessey, Chief Executive Officer and Ken Grondin, Chief Financial Officer, will hold an investor conference call to discuss 2019 second quarter results at 9:00 am Eastern Time on Friday, August 9, 2019.

To access the call, please call (647) 427-7450 or 1-888-231-8191, five to ten minutes prior to the start time. The Conference ID is 5067639. A telephone replay of the call will be available until midnight on August 30, 2019. To access the replay, please dial (416) 849-0833 or 1-855-859-2056 and enter passcode 5067639.

## About Recipe

Founded in 1883, RECIPE Unlimited Corporation (formerly Cara Operations) is Canada's oldest and largest full-service restaurant company. The Company franchises and/or operates some of the most recognized brands in the country including Swiss Chalet, Harvey's, St-Hubert, The Keg, Milestones, Montana's, Kelsey's, East Side Mario's, New York Fries, Prime Pubs, Bier Markt, Landing, Original Joe's, State & Main, Elephant & Castle, The Burger's Priest, The Pickle Barrel, Marigolds & Onions, and 1909 Taverne Moderne.

RECIPE's iconic brands have established the organization as a nationally recognized franchisor of choice. As at June 30, 2019, Recipe had 22 brands and 1,384 restaurants, 85% of which are operated by franchisees and joint venture partners. RECIPE's shares trade on the Toronto Stock Exchange under the ticker symbol RECP. More information about the Company is available at [www.recipeunlimited.com](http://www.recipeunlimited.com).

SOURCE Recipe Unlimited Corp.

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