

Recipe Unlimited reports 2022 second quarter results

VAUGHAN, ON, Aug. 2, 2022 /CNW/ - Recipe Unlimited Corporation today reported fiscal 2022 second quarter financial results for the 13 weeks ended June 26, 2022.

- **Total System Sales⁽¹⁾ increased 55.4% to \$873.1 million, including \$151.8 million in E-Commerce System Sales⁽¹⁾**
- **Same Restaurant Sales (SRS) Growth⁽¹⁾ of 61%**
- **Operating Income increased to \$25.7 million from \$20.5 million in Q2 2021**
- **Adjusted EBITDA⁽²⁾ increased 25% or \$7.5 million to \$37.9 million from Q2 2021**
- **Completed the divestiture of the Prime Pubs brand**
- **Long term debt repayments of \$20.0 million**

⁽¹⁾ This is a supplementary financial measure. Please refer to "Non-GAAP Measures - Supplementary Financial Measures" section of this press release for a definition of this measure.

⁽²⁾ This is a non-GAAP financial measure. Please refer to the "Non-GAAP Measures - Non-GAAP Financial Measures" section of this press release for a definition of this measure.

"We had a strong quarter as Guests returned to our restaurants. This strong demand has been maintained as we progress through the summer. Our System Sales was higher than Q2 2019 which included Milestones, and our SRS Growth was 4% vs. the same period in 2019.

Our operating teams and franchise partners have performed magnificently in an extremely difficult operating environment with unprecedented food inflation and labour availability challenges. We have been deliberate in our menu strategies and will continue to adapt by providing choice and value to our Guests while preserving margins for our partners.

During the quarter, we continued to execute on our portfolio strategy by divesting the Prime Pubs brand. More broadly, the portfolio improvement has helped to generate Corporate contribution (without government subsidies) of 9.5% and Franchise contribution of 4.7% in the second quarter. We were also able to repay \$20 million in debt during the quarter which has reduced our leverage to 2.3x. As a result, we are well-positioned to be flexible to the changing conditions while still executing on our new restaurant plans."

— Frank Hennessey, CEO

Highlights for the 13 weeks ended June 26, 2022:

- Total System Sales⁽¹⁾ for the 13 weeks ended June 26, 2022 was \$873.1 million, compared to \$561.8 million in 2021, representing an increase from 2021 of 55.4%. The increases from 2021 were largely driven by the return to in-restaurant dining with minimal complete and partial dining room closures for the second quarter and 30.6% of operating weeks with complete and partial dining room closures for the year-to-date period (mostly from first quarter closures), compared to 96.5% of impacted operating weeks in the second quarter of 2021.
- Gross revenue for the 13 weeks ended June 26, 2022 was \$336.6 million, compared to \$207.6 million in 2021, representing an increase from 2021 of 62.1% driven by significantly higher System Sales⁽¹⁾ in both our corporate and franchise segments.
- E-Commerce System Sales⁽¹⁾ for the 13 weeks ended June 26, 2022 was \$151.8 million, compared to \$167.1 million in 2021, representing a decrease of 9.2% due to the return to in-restaurant dining in the second quarter of 2022.
- Sales for Retail and Catering for the 13 weeks ended June 26, 2022 was \$101.7 million compared to \$87.3 million in 2021, representing an increase from 2021 of 16.5%. The increases were driven by Recipe's catering of the RBC Canadian Open in June 2022 and increased sales to retail grocery customers.
- Same Restaurant Sales ("SRS") Growth⁽¹⁾ for the 13 weeks ended June 26, 2022 was an increase of 60.9% compared to 2021. Contributing factors to our SRS Growth⁽¹⁾ include fewer dining restrictions, consumers returning to pre-pandemic behaviors and continued strength in E-Commerce System Sales⁽¹⁾.
- Operating Income for the 13 weeks ended June 26, 2022 was \$25.7 million compared to \$20.5 million in 2021, an increase of \$5.2 million and Adjusted EBITDA⁽²⁾ for the 13 weeks ended June 26, 2022 was \$37.9 million compared to \$30.4 million in 2021, an increase of \$7.5 million. The increase was driven by higher Corporate restaurant sales due to fewer dining room restrictions and higher franchise revenues from both increased System Sales⁽¹⁾ and improved realized royalty rates due to a stronger franchise portfolio and less royalty assistance programs, partially offset by an increase in food and wage costs, a decrease in government subsidies, lower contributions from the Retail and Catering segment and call centre, and higher SG&A costs, which includes higher administrative labour costs driven by hiring that was deferred during the pandemic, and the impact of government subsidies received in the prior year periods. In total, the Company received \$26.4 million fewer subsidies in the quarter than in 2021.
- Through prudent cash management and strategic measures, the Company generated cash flows from operations for the 13 weeks ended June 26, 2022 of \$54.5 million, which enabled the Company to repay \$20.0 million of long-term debt in the quarter and further strengthen its balance sheet.

- Cash flows from operating activities for the 13 weeks ended June 26, 2022 was \$54.5 million, compared to \$32.2 million in 2021, representing an increase of \$22.3 million. The increase was primarily related to a reduction in working capital, notably in lower accounts receivable and higher accounts payable and accrued liabilities.
- Free Cash Flow⁽²⁾ for the 13 weeks ended June 26, 2022 was \$23.9 million, compared to \$4.1 million in 2021 representing an increase of \$19.8 million mainly due to the increase in cash flows from operating activities.
- Net earnings for the 13 weeks ended June 26, 2022 were \$16.6 million, compared to net earnings of \$19.4 million in 2021, representing a decrease of \$2.8 million for the quarter. The decrease in earnings for the quarter was due primarily to the increase in deferred income taxes, the gain in 2021 on the remeasurement of fair value of pre-existing interest in Burger's Priest and Fresh, and the reduction in the fair value of Partnership and KRIF units, partially offset by an increase in Operating Income and the gain on the divestiture of the Prime Pubs brand.
- Basic EPS for the 13 weeks ended June 26, 2022 was \$0.28 compared to \$0.34 in 2021, representing a decrease of \$0.06 and diluted EPS for the same period was \$0.28 compared to \$0.33 in 2021, representing a decrease of \$0.05.
- Basic EPS for the 26 weeks ended June 26, 2022 was \$0.64 compared to \$0.57 in 2021, representing an increase of \$0.07 and diluted EPS for the same period was \$0.64 compared to \$0.56 in 2021, representing an increase of \$0.08.
- The Company continues to execute its restaurant network improvement strategy plan, which included the planned closures of restaurants that no longer fit its long-term strategic plan and the addition of new locations with high growth potential. For the 13 weeks ended June 26, 2022, the Company successfully divested 3 corporate and 26 franchised locations as part of the Prime Pubs divestiture, and added 2 corporate and 4 franchised locations while exiting 5 restaurants.

(1) This is a supplementary financial measure. Please refer to "Non-GAAP Measures - Supplementary Financial Measures" section of this press release for a definition of this measure.

(2) This is a non-GAAP financial measure. Please refer to the "Non-GAAP Measures - Non-GAAP Financial Measures" section of this press release for a definition of this measure.

Financial Summary

(C\$ millions unless otherwise stated)	For the 13 weeks ended	
	June 26, 2022	June 27, 2021
	(unaudited)	(unaudited)
Total System Sales ⁽¹⁾⁽²⁾	\$ 873.1	\$ 561.8
System Sales Growth ⁽¹⁾⁽²⁾	55.4 %	44.1 %
SRS Growth ⁽¹⁾⁽²⁾⁽⁵⁾	60.9 %	n/a
	\$	\$
Total gross revenue	336.6	207.6
Total number of restaurants (at period end)	1,223	1,330
	\$	\$
Operating Income	25.7	20.5
	\$	\$
Adjusted EBITDA ⁽³⁾	37.9	30.4
Adjusted EBITDA Margin on System Sales ⁽⁴⁾	4.3 %	5.4 %
	\$	\$
Corporate restaurant sales	186.6	87.8
Number of corporate restaurants (at period end)	219	215
	\$	\$
Operating Income from Corporate segment	17.8	2.8
Operating Income as a % of corporate sales	9.5 %	3.2 %
	\$	\$
Franchise restaurant System Sales	584.8	381.7
Number of franchised & JV restaurants (at period end)	1,004	1,115
	\$	\$
Operating Income from Franchise segment	27.4	17.3
Operating Income as a % of Franchise sales	4.7 %	4.5 %
	\$	\$
Retail and Catering sales	101.7	87.3
	\$	\$
Operating Income from Retail and Catering	4.3	6.4
Operating Income as a % of Retail & Catering sales	4.2 %	7.3 %

Adjusted EBITDA⁽³⁾ from Central segment	\$ (11.6)	\$ 4.0
Cash flows from operations	\$ 54.5	\$ 32.2
Free Cash Flow⁽³⁾	\$ 23.9	\$ 4.1
Earnings before income taxes	\$ 23.1	\$ 23.6
Net earnings	\$ 16.6	\$ 19.4
Basic EPS (in dollars)	\$ 0.28	\$ 0.34
Diluted EPS (in dollars)	\$ 0.28	\$ 0.33

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

(2) This is a supplementary financial measure. Please refer to "Non-GAAP Measures - Supplementary Financial Measures" section of this press release for a definition of this measure.

(3) This is a non-GAAP financial measure. Please refer to the "Non-GAAP Measures - Non-GAAP Financial Measures" section of this press release for a definition of this measure.

(4) This is a non-GAAP ratio. Please refer to the "Non-GAAP Measures - Non-GAAP Ratios" section of this press release for a definition of this measure.

(5) SRS Growth was reintroduced as a non-GAAP financial measure in Q1 2022.

Outlook

The restaurant and food services industry continues to experience disruptions caused by the COVID-19 pandemic, particularly on supply chains and staffing levels and this will take time to stabilize. Also impacting supply chains is the current conflict in Europe, as Ukraine and Russia are key global suppliers of wheat, corn and vegetable oil. Multiple economic sectors have all opened at once which has created a significant labour shortage in North America. Management expects that this labour shortage, combined with increases to minimum wage rates, may lead to short term higher labour costs due to increased overtime hours, retention pay programs and higher training costs as new employees are brought onboard. The recovery and industry wide labour shortages are also negatively impacting commodity food prices and other input and support costs until supply and demand dynamics normalize.

The actions we have taken to strengthen our overall business during the COVID-19 pandemic (including streamlining menus, improving our digital platform, testing and introducing higher efficiency kitchen equipment, investing in our people and franchisees, as well as the strategic changes made to our brand portfolio mix and restaurant network) will also allow us to continue to recover from the effects of the pandemic.

We have and always will be committed to the health and safety of our Guests, associates and franchise partners, and with the continuation of the Company's Social Safely program, we will continue to focus on delivering best in class experiences while operating safe and clean restaurants across all of our locations.

Management believes that Recipe is well positioned to continue to increase its market share through its omni-channel customer relationships and the continuation of its off-premise sales growth, as well as expanded and enhanced patios (including many that will operate for three seasons). The actions taken throughout the COVID-19 disruption period have allowed the Company to generate positive Adjusted EBITDA⁽²⁾, positive operating cash flows and enhanced the strength of its balance sheet, which will enable the Company to pursue strategic acquisitions and accelerate growth.

Focus on the short to medium term will include:

- Focus on our four pillar operating strategy to deliver great **food**, great **service**, give our Guests **value** for the experience and in an **ambiance** that makes them want to return. Further, we will continue our efforts to be an employer of choice in Canada;
- Continue to practice amplified "Social Safely" safety protocols across all of our corporate and franchise locations to protect the health of our Guests, teammates and franchise partners;
- Continue to execute on our plans to support the expansion of our multi-channel offerings. This includes the introduction of new restaurant layouts and designs with separate entrances to facilitate delivery, takeout and curb-side pick-up orders, tailored menus for dine-in and off-premise experiences, as well as the investments in our restaurants to comfortably extend outdoor patio season to three seasons;
- Actively implement price adjustments in the retail and catering segment to improve margins to historical levels;
- Prepare Recipe's portfolio to accelerate the growth of brands like Burger's Priest, Fresh, Añejo and Blanco Cantina, pursuing complementary brand acquisitions and expanding New York Fries international franchising; and

- Mitigate cost increases for food and other inputs, as well as supply chain disruptions caused by the COVID-19 pandemic or the war in Europe, through the Company's ability to leverage its significant sourcing capabilities. Plan for increased labour costs due to minimum wage rate increases that have been announced by provincial governments. Further menu price increases could be required if food costs remain high. However any additional menu price increases will be positioned to ensure that our restaurants continue to offer exceptional service, food, ambience and value to our Guests.

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 be considered to be forward-looking information for purposes of applicable Canadian securities legislation. Readers are cautioned that actual results may vary. See "Forward-Looking Information" and "Risks & Uncertainties" for a description of the risks and uncertainties that impact the Company's business and that could cause actual results to vary.

⁽²⁾ This is a supplementary financial measure. Please refer to "Non-GAAP Measures - Supplementary Financial Measures" section of this press release for a definition of this measure.

Non-GAAP Measures

This press release makes reference to certain measures that are not calculated in accordance with IFRS. These measures are provided as additional information to complement 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 the following non-GAAP measures to provide investors with supplemental measures on its operating performance and thus highlight trends in its core business that may not otherwise be apparent when relying solely on IFRS financial measures: "System Sales", "System Sales Growth", "E-Commerce System Sales", "SRS Growth", "Adjusted EBITDA", "Adjusted EBITDA Margin on System Sales" and "Free Cash Flow". The Company also believes that securities analysts, investors and other interested parties frequently use non-GAAP 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. In addition, the Company believes that securities analysts, investors and other parties frequently use non-GAAP measures in the evaluation of issuers, including the Company.

National Instrument 52-112 *Non-GAAP and Other Financial Measures Disclosure* ("NI 52-112") prescribes disclosure requirements that apply to certain non-IFRS measures known as "specified financial measures". This section of this Press Release provides a description and classification of the specified financial measures as contemplated by NI 52-112 that the Company uses in this press release.

Non-GAAP Financial Measures

A non-GAAP financial measure is a financial measure not disclosed in the Company's financial statements that depicts the Company's historical or expected future financial performance, financial positions or cash flow and, with respect to its composition, either excludes an amount that is included in, or includes an amount that is excluded from, the composition of the most directly comparable financial measures disclosed in the Company's interim financial statements.

"**Adjusted EBITDA**" is a non-GAAP financial measure and is defined as Operating Income adjusted to remove (i) depreciation and amortization; (ii) amortization of deferred gain; (iii) impairment, net of reversals, of restaurant assets and lease receivables; (iv) restructuring and other; (v) net loss (gain) on early buyout/cancellation of equipment rental contracts; (vi) amortization of unearned conversion fees; (vii) net loss (gain) on disposal of property, plant and equipment and other assets; (viii) net loss (gain) on settlement of lease liabilities; (ix) stock-based compensation; * transaction costs; (xi) the Company's proportionate share of equity accounted investment in joint ventures; (xii) interest income on Partnership units and KRIF units; and (xiii) adjustment for the impact of IFRS16 on lease expenses.

Adjusted EBITDA is used by management as a key measure to assess the performance of its Corporate, Franchise, Retail and Catering and Central segments and to make decisions on the allocation of resources. Management believes that investors use this measure to evaluate the health and profitability of each segment. This measure is not a standardized measure prescribed by IFRS and therefore is unlikely to be comparable to similar measures presented by other companies. The most directly comparable IFRS financial measure is Operating Income.

The following table provides reconciliations of Operating Income to Adjusted EBITDA:

	13 weeks ended	
	June 26, 2022	June 27, 2021
	\$	\$
Operating Income	25.7	20.5
Adjustments		
Depreciation and amortization	23.3	24.1
Amortization of deferred gain	(0.5)	(0.5)
Transaction costs ⁽¹⁾	0.1	0.2
Impairment reversals	(1.4)	(0.9)
Restructuring and other	0.1	1.2
Net gain on disposal of property, plant and equipment and other assets	(0.1)	(1.2)
Net gain on settlement of lease liabilities	0.5	(0.1)
Stock based compensation	0.3	—
Proportionate share of joint venture results ⁽²⁾	—	0.4
Interest income on Partnership units and KRIF	3.3	1.8
Lease expenses for corporate restaurants and head office locations ⁽³⁾	(13.5)	(15.0)
	\$ 12.1	\$ 9.9
Total adjustments		

Adjusted EBITDA⁽⁴⁾

\$ 37.9 \$ 30.4

(1) Transaction costs represent acquisition-related expenses.

(2) The Company has equity investments in certain restaurants at varying ownership interests. This adjustment represents the increase or decrease of the proportionate share of the income (loss) earned on the Company's investment in these joint ventures.

(3) In connection with the adoption of IFRS 16 Leases, lease expenses are now recorded in depreciation and interest expense. This adjustment includes lease expenses in Adjusted EBITDA as management views lease expense as an important component when evaluating the profitability of the business.

(4) Figures may not total due to rounding.

"Free Cash Flow" is a non-GAAP financial measure and is defined as Cash flows from operating activities less amounts incurred for (i) purchases of property, plant and equipment; (ii) interest paid on long-term debt and notes payable; (iii) net lease payments; (iv) proceeds on disposal of property, plant and equipment; (v) dividends paid on subordinate and multiple voting common shares; and (vi) shares repurchased under the Normal Course Issuer Bid ("NCIB").

Free Cash Flow is used by management to determine the Company's cash available for debt repayments, investments in new restaurant development and major renovations, other capital projects, to pay and increase dividends to shareholders and to repurchase the Company's subordinate voting shares. This measure is useful to investors to determine the Company's cash available for discretionary spending. This measure is not a standardized measure prescribed by IFRS and therefore is unlikely to be comparable to similar measures presented by other companies. The most directly comparable IFRS financial measure is Cash flows from operating activities.

The following table provides reconciliations from Cash flows from operating activities to Free Cash Flow:

(C\$ millions unless otherwise stated)	13 weeks ended	
	June 26, 2022	June 27, 2021
	\$	\$
Cash flows from operating activities	54.5	32.2
Purchases of property, plant and equipment	(9.6)	(7.2)
Interest paid on long-term debt and notes payable	(8.8)	(9.8)
Net lease payments ⁽¹⁾	(12.3)	(13.0)
Proceeds on disposal of property, plant and equipment	—	1.8
	\$	
Free Cash Flow⁽²⁾	23.8	\$ 4.0

(1) Net lease payments consist of lease liabilities paid, net of lease payments received.

(2) Figures may not total due to rounding.

Non-GAAP Ratios

A non-GAAP ratio is a financial measure disclosed in the form of a ratio, fraction, percentage or similar representation that is not disclosed in the Company's financial statements and that has a non-GAAP financial measure as one or more of its components.

"Adjusted EBITDA Margin on System Sales" is a non-GAAP ratio and is defined as Adjusted EBITDA divided by System Sales. Adjusted EBITDA Margin on System Sales is used by management to determine profitability. This measure is used by investors to determine the operating efficiency of the Company. This measure is not a standardized measure prescribed by IFRS and therefore is unlikely to be comparable to similar measures presented by other companies.

Supplementary Financial Measures

A supplementary financial measure is a financial measure that is not disclosed in the Company's consolidated financial statements, and is, or is intended to be, disclosed on a periodic basis to depict the historical or expected future financial performance, financial position or cash flows.

The following are the supplementary financial measures used in this press release:

"System Sales" represents top-line sales from restaurant guests at both corporate owned 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. System Sales is not the same as sales under IFRS as it includes the sales from franchise restaurants which are not recorded in the financial statements of the Company. 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 Milestone's restaurants which were sold in 2021, and sales from international operations of New York Fries.

"**E-commerce System Sales**" represent System Sales made through the Company's web and mobile ordering platforms for its brands or aggregators for delivery and pick up.

"**Net Debt**" is composed of current and long-term portions of long-term debt (excluding deferred financing fees) net of cash.

Forward-Looking Information

Certain statements in this press release may constitute "forward-looking information" or "forward-looking statements" within the meaning of applicable Canadian securities legislation. Such statements 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 are based on opinions, assumptions and estimates made by the Company in light of its experience and perception of historical trends, current conditions and expected future developments, as well as factors that the Company believes are appropriate and reasonable in the circumstances, but there are no assurance that such estimates and assumptions will prove to be correct. These statements also reflect management's current expectations regarding future events and operating performance and speak only as of the date of this press 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, Adjusted EBITDA, Adjusted EBITDA Margin on System Sales and Free Cash Flow; (b) competition in the industry in which the Company operates; (c) the general state of the economy; (d) integration of acquisitions by the Company; and (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 22, 2022. 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 forwarding-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. The Company does not undertake to update any forward-looking information contained herein except as required by applicable securities laws.

The financial performance of the Company is subject to a number of factors that affect the commercial food service industry generally and the full-service restaurant and limited-service restaurant segments of this industry in particular. The Canadian restaurant industry is intensely competitive with respect to price, value proposition, service, location and food quality. There are many well-established competitors, including those with greater financial and other resources than the Company. Competitors include national and regional chains, as well as numerous individually owned restaurants. Recently, competition has increased in the mid-price, full-service, casual dining segment of this industry in which many of the Company's restaurants operate. Some of the Company's competitors may have restaurant brands with longer operating histories or may be better established in markets where the Company's restaurants are located or may be located. If the Company is unable to successfully compete in the segments of the Canadian restaurant industry in which it operates, the financial condition and results of operations of the Company may be adversely affected.

The Canadian restaurant industry business is also affected by changes in demographic trends, traffic patterns, and the type, number, locations of competing restaurants and public health issues. In addition, factors such as inflation, increased food, labour and benefit costs, and the availability of experienced management and hourly employees may adversely affect the restaurant industry in general and the Company in particular. Food costs and availability are also influenced by factors and events outside of the jurisdictions the Company operates in, such as wars. Changing consumer preferences and discretionary spending patterns and factors affecting the availability of certain foodstuffs could force the Company to modify its restaurant content and menu and could result in a reduction of revenue. Even if the Company is able to successfully compete with other restaurant companies, it may be forced to make changes in one or more of its concepts in order to respond to changes in consumer tastes or dining patterns. If the Company changes a restaurant concept, it may lose additional customers who do not prefer the new concept and menu, and it may not be able to attract a sufficient new customer base to produce the revenue needed to make the restaurant profitable. Similarly, the Company may have different or additional competitors for its intended customers as a result of such a concept change and may not be able to successfully compete against such competitors. The Company's success also depends on numerous other factors affecting discretionary consumer spending, including general economic conditions, disposable consumer income, consumer confidence and consumer concerns over food safety, the genetic origin of food products, public health issues and related matters. Adverse changes in these factors could reduce guest traffic or impose practical limits on pricing, either of which could reduce revenue and operating income, which would adversely affect the Company.

The Company's unaudited condensed consolidated interim financial statements for the 13 and 26 weeks ended June 26, 2022 and Management's Discussion and Analysis are available under the Company's profile on SEDAR at www.sedar.com.

Related Communications

Frank Hennessey, Chief Executive Officer and Ken Grondin, Chief Financial Officer, will hold a teleconference with the investment community to discuss 2022 second quarter results at 9:00 am Eastern Time on Wednesday August 3, 2022.

To access the webcast, please visit https://produceredition.webcasts.com/starthere.jsp?ei=1558110&tp_key=0f977cf8ff. A replay will be available via the same URL until midnight on August 24, 2022.

To dial in by telephone, please call (416) 764-8609 or 1-888-390-0605, five to ten minutes prior to the start time. The Conference ID is 21000383. A telephone replay of the call will be available until midnight on May 26, 2022. To access the replay, please dial (416) 764-8677 or 1-888-390-0541

and enter passcode 000383#.

About Recipe

Founded in 1883, RECIPE Unlimited Corporation is Canada's 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, Montana's, Kelseys, East Side Mario's, New York Fries, Bier Markt, The Landing Group of Restaurants, Original Joe's, State & Main, Elephant & Castle, The Burger's Priest, The Pickle Barrel, Marigolds & Onions, Blanco Cantina, Añejo, Fresh and Ultimate Kitchens.

RECIPE's iconic brands have established the organization as a nationally recognized franchisor of choice. As at June 26, 2022, Recipe had 20 brands and 1,223 restaurants, 82% of which are operated by franchisees and joint venture partners, operating in several countries including Canada, USA, Saudi Arabia, India and the UAE. 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.

SOURCE Recipe Unlimited Corp.

For further information: Investor Relations: Recipe Unlimited Corp., Ken Grondin, (905) 760-2244, Chief Financial Officer, Email: kgrondin@recipeunlimited.com or investorrelations@recipeunlimited.com

<https://recipeunlimited.investorroom.com/2022-08-02-Recipe-Unlimited-reports-2022-second-quarter-results>