

## Recipe Unlimited Enters Into Letter of Intent with Fairfax

VAUGHAN, ON, Aug. 9, 2022 /CNW/ - Recipe Unlimited Corporation ("Recipe" or the "Company") (TSE: RECP) announced today that, based on the unanimous recommendation of a special committee of independent directors (the "Special Committee") of its board of directors (the "Board"), it has entered into a letter of intent with Hamblin Watsa Investment Counsel Ltd., investment manager on behalf of certain affiliates of Fairfax Financial Holdings Limited (collectively, "Fairfax"), in respect of a transaction (the "Proposed Transaction") whereby a newly-formed wholly-owned subsidiary (the "Purchaser") of the buying group comprised of certain affiliates of Fairfax (collectively, the "Buying Group") will acquire all of the multiple voting shares ("MVS") and subordinate voting shares ("SVS", and together with "MVS", the "Shares") in the capital of the Company, other than those Shares owned by Fairfax or its affiliates and a maximum of 4,000,000 MVS owned by Cara Holdings Limited ("CHL"), at a purchase price of \$20.73 per Share (the "Offer Price"), payable in cash.

The Offer Price represents a 53.4% premium to the closing price on August 8, 2022, and a 59.2% and 58.1% premium to the 30- and 60-trading-day volume weighted average price, respectively, as of the end of trading on August 8, 2022.

The Board, having received the unanimous recommendation of the Special Committee, determined that pursuing the Proposed Transaction is in the best interests of the Company and subject to negotiating a definitive agreement, the Board intends to recommend that the Company's shareholders vote in favour of the Proposed Transaction at a special meeting of shareholders to be held to approve the Proposed Transaction.

In connection with its review of the Proposed Transaction, the Special Committee retained Greenhill & Co. Canada Ltd. ("Greenhill") to provide financial advice and prepare a formal valuation of the SVS (the "Formal Valuation") to be issued by the Company pursuant to the Proposed Transaction as required under Multilateral Instrument 61-101 - *Protection of Minority Security Holders in Special Transactions* ("MI 61-101"). Greenhill concluded that, as of August 8, 2022, and subject to the assumptions, limitations and qualifications as set out in the Formal Valuation, that the fair market value of the SVS was in the range of \$16.67 to \$21.85 per SVS. Greenhill has also provided its opinion (the "Fairness Opinion") to the Special Committee that, as of August 8, 2022, and subject to the assumptions, limitations and qualifications contained therein, the consideration to be received by the holders of SVS (other than the Purchaser or its affiliates) pursuant to the Proposed Transaction is fair, from a financial point of view, to the holders of SVS (other than the Purchaser or its affiliates).

### Transaction Details

Pursuant to the terms of the Proposed Transaction, the Purchaser will acquire all of the Shares, other than those Shares owned by Fairfax or its affiliates and a maximum of 4,000,000 MVS owned by CHL, for a purchase price of \$20.73 per Share, payable in cash. The Buying Group is comprised of certain affiliates of Fairfax. The Proposed Transaction would be financed by equity proceeds contributed by members of the Buying Group and debt financing, and would not be subject to any financing condition. The consummation of the Proposed Transaction will be subject to conditions customary to transactions of this nature, including, among others, (i) the negotiation and execution of a definitive agreement concerning the Proposed Transaction; (ii) receipt by the Company and the Buying Group of any required regulatory, court and/or stock exchange approvals; and (iii) the approval of the Proposed Transaction at a special meeting of the shareholders of the Company entitled to vote on the Proposed Transaction (including a "majority of the minority" vote of the shareholders excluding for this purpose the votes of Shares held or controlled by persons described in items (a) through (d) of Section 8.1(2) of MI 61-101).

Recipe expects to hold a special meeting (the "Special Meeting") of Recipe's shareholders to approve the Proposed Transaction following execution of the definitive agreement. The Proposed Transaction is expected to close in the last quarter of 2022, subject to shareholder and regulatory approvals and other customary closing conditions. The terms and conditions of the Proposed Transaction will be disclosed in greater detail in a management information circular for the Special Meeting that is expected to be mailed to Recipe's shareholders following the execution of the definitive agreement for the Proposed Transaction. Copies of the definitive agreement and of the management information circular for the Special Meeting will be filed with Canadian securities regulators and will be available on the SEDAR profile of Recipe at [www.sedar.com](http://www.sedar.com). Recipe's shareholders are urged to read those and other relevant materials when they become available.

**There can be no assurance that Recipe and Buying Group will enter into a definitive agreement for the Proposed Transaction or that the Proposed Transaction will occur as proposed or at all.**

### Forward Looking Information

This press release contains "forward-looking information" as defined under applicable Canadian securities laws. This information includes, but is not limited to, statements concerning our objectives, our strategies to achieve those objectives, as well as statements made with respect to management's beliefs, plans, estimates, projections and intentions, and similar statements concerning anticipated future events, results, circumstances, performance or expectations that are not historical facts. Forward-looking information generally can be identified by the use of forward-looking terminology such as "outlook", "objective", "may", "will", "expect", "intend", "estimate", "anticipate", "believe", "should", "plans" or "continue", or similar expressions suggesting future outcomes or events. Such forward-looking information reflects management's current beliefs and is based on information currently available to management. The forward-looking information contained herein is expressly qualified in its entirety by this cautionary statement.

The forward-looking statements included in this press release, including statements regarding the Proposed Transaction, are not guarantees of future results and involve numerous risks and uncertainties that may cause actual results to differ materially from the potential results discussed in the forward-looking statements. In respect of the forward-looking statements and information concerning the Proposed Transaction, management has provided same based on reliance on certain assumptions it considers reasonable at this time including that the Proposed Transaction can be completed on acceptable terms and that any conditions precedent can be satisfied. **There can be no assurance that Recipe and Buying Group will enter into a definitive agreement for the Proposed Transaction or that the Proposed Transaction will occur as proposed or at all.** Accordingly, readers should not place undue reliance on the forward-looking statements and information contained in this news release.

Risks and uncertainties related to the Proposed Transaction include, but are not limited to: failure of Recipe and Buying Group to enter into the Proposed Transaction on satisfactory terms, or at all; failure of Recipe and Buying Group to obtain the required shareholders and regulatory approvals for, or satisfy other conditions to effect, the Proposed Transaction; the risk that the Proposed Transaction may involve unexpected costs, liabilities or delays; the risk that, prior to or as a result of the completion of the Proposed Transaction, the business of Recipe may experience significant disruptions, including loss of clients or employees due to transaction related uncertainty, industry conditions or other factors; risks relating to employee retention; the risk that legal proceedings may be instituted against Recipe; and risks related to the diversion of management's attention from Recipe's ongoing business operations.

The forward-looking information contained in this press release is made as of the date of this press release, and should not be relied upon as representing Recipe's views as of any date subsequent to the date of this press release. Except as required by applicable law, Recipe management and the Board undertake no obligation to publicly update or revise any forward-looking information, whether as a result of new information, future events or otherwise.

## 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](http://www.recipeunlimited.com).

## Advisors

Greenhill & Co. Canada Ltd. is acting as financial advisor to the Special Committee. Davies Ward Phillips & Vineberg LLP is acting as independent legal advisor to the Special Committee. Stikeman Elliott LLP is acting as legal advisor to the Company.

Scotia Capital is acting as financial advisor to Fairfax. Torys LLP is acting as legal advisor to Fairfax. McCarthy Tetrault LLP is acting as legal advisor to CHL.

SOURCE Recipe Unlimited Corp.

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

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