

RECIPE UNLIMITED ENTERS INTO DEFINITIVE AGREEMENT WITH FAIRFAX

TORONTO, Sept. 1, 2022 /CNW/ - Recipe Unlimited Corporation ("Recipe" or the "Company") (TSE: RECP) announced today that it has entered into an arrangement agreement (the "Arrangement Agreement") with 1000297337 Ontario Inc. (the "Purchaser"), a newly-formed subsidiary of Fairfax Financial Holdings Limited ("FFHL") and FFHL, as guarantor, in respect of a transaction (the "Transaction") whereby the Purchaser 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 FFHL and its affiliates (collectively, "Fairfax") and 9,398,729 MVS owned by Cara Holdings Limited ("CHL", and together with Fairfax, the "Buying Group"), at a purchase price of \$20.73 per Share (the "Purchase Price"), payable in cash. Today's announcement is the culmination of the negotiations that took place following the August 9, 2022 announcement of the signing of a letter of intent by the Company and the Buying Group in respect of the Transaction. The signing of the Arrangement Agreement followed the recommendation of the independent special committee (the "Special Committee") of the board of directors of the Company (the "Board"). The Purchase 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.

Stephen K Gunn, the chair of the Special Committee, commented, "Recipe has valued its relationship with Fairfax since Fairfax invested in the Company in 2013. The Transaction offers an attractive premium and immediate liquidity to our shareholders while providing the Company with additional flexibility to operate as a private company in the hands of a committed long-term owner."

The Transaction is to be effected by way of a court-approved plan of arrangement and is expected to close in the last quarter of 2022, subject to receipt of shareholder and court approvals and certain other customary closing conditions. Completion of the Transaction is not subject to any financing condition.

Unanimous Board Approval

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

Formal Valuation and Fairness Opinion

In connection with its review of the Transaction, the Special Committee retained Greenhill to provide financial advice and prepare a formal valuation of the Shares (the "Formal Valuation") 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 Shares was in the range of \$16.67 to \$21.85 per Share. 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 the Shares (other than the Purchaser or its affiliates and CHL) pursuant to the Transaction is fair, from a financial point of view, to the holders of the Shares (other than the Purchaser or its affiliates and CHL).

Transaction Details

Pursuant to the terms of the Arrangement Agreement, the Purchaser will acquire all of the Shares, other than those Shares owned by Fairfax and 9,398,729 MVS owned by CHL, for a purchase price of \$20.73 per Share, payable in cash. Pursuant to the Transaction, of the 12,740,077 MVS owned by CHL, 3,341,348 MVS will be purchased by the Purchaser for the Purchase Price and CHL has agreed to rollover the remaining balance of its MVS for shares in the capital of the Purchaser. The Transaction is not subject to any financing condition. FFHL has provided a full and unconditional guarantee in favour of the Company with respect to the obligations of the Purchaser under the Arrangement Agreement.

The consummation of the Transaction will be subject to conditions customary to transactions of this nature, including, among others, (i) receipt by the Company and the Purchaser of court and/or stock exchange approvals; and (ii) the approval of the Transaction at a special meeting of the shareholders of the Company entitled to vote on the Transaction (including a "majority of the minority" vote of the Shareholders excluding for this purpose the votes of Shares owned or controlled by Fairfax, CHL and other persons whose votes are required to be excluded under MI 61-101).

Recipe expects to hold a special meeting (the "Special Meeting") of Recipe's shareholders to approve the Transaction on or around October 21, 2022. The Transaction is expected to close in the last quarter of 2022, subject to shareholder and court approvals and other customary closing conditions. The terms and conditions of the Transaction will be disclosed in greater detail in a management information circular for the Special Meeting that will be mailed to Recipe's shareholders. 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. Recipe's shareholders are urged to read those and other relevant materials when they become available.

Voting Support Agreements

CHL and the directors and certain officers of the Company have each entered into voting support agreements to vote their Shares in favour of the Transaction subject to certain customary exceptions.

Early Warning Information

Fairfax currently owns and controls, directly and in the investment portfolios of its insurance companies, 5,657,435 SVS and 21,314,747 MVS, representing approximately 22.3% of the SVS and approximately 62.6% of the MVS, immediately prior to the execution of the Arrangement Agreement. Following completion of the Transaction, Fairfax will beneficially own approximately 84% of the issued and outstanding Shares. An early warning report will be filed by Fairfax in accordance with applicable securities laws and will be available on SEDAR at www.sedar.com or may be obtained directly from Fairfax upon request at 416-367-4941 (Attention: John Varnell) or at Fairfax Financial Holdings Limited, 95 Wellington Street West, Suite 800, Toronto, Ontario M5J 2N7.

CHL currently owns 12,740,077 MVS, representing approximately 37.4% of the MVS and 21.7% of the Shares immediately prior to the execution of the Arrangement Agreement. Following completion of the Transaction, CHL will own approximately 16% of the Shares. An early warning report will be filed by CHL in accordance with applicable securities laws and will be available on SEDAR at www.sedar.com or may be obtained directly from CHL upon request from Sean Regan at 416-276-9027. The address of CHL is 2497 Marine Drive W West Vancouver, BC Canada, V7V 1L3. CHL is disposing of a portion of its MVS for investment purposes.

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 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 Transaction, management has provided same based on reliance on certain assumptions it considers reasonable at this time including that any conditions precedent to the closing of the Transaction can be satisfied. 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 Transaction include, but are not limited to: failure of Recipe and the Purchaser to obtain the required shareholder and court approvals for, or satisfy other closing conditions to effect, the Transaction; the risk that the Transaction may involve unexpected costs, liabilities or delays; the risk that, prior to or as a result of the completion of the 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.

About Fairfax Financial Holdings Limited

Fairfax Financial Holdings Limited is a holding company which, through its subsidiaries, is primarily engaged in property and casualty insurance and reinsurance and the associated investment management. For further information contact: John Varnell, Vice President, Corporate Development at (416) 367-4941.

Advisors

Greenhill & Co. Canada Ltd. is acting as financial advisor to the Special Committee. DaviesWard 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 or investorrelations@recipeunlimited.com

<https://recipeunlimited.investorroom.com/2022-09-01-RECIPE-UNLIMITED-ENTERS-INTO-DEFINITIVE-AGREEMENT-WITH-FAIRFAX>