Recipe Unlimited Corporation

Unaudited Condensed Consolidated Interim Financial Statements
For the 13 weeks ended March 27, 2022 and March 28, 2021

(in thousands of Canadian dollars, except where otherwise indicated)	For the 13 weeks ended March 27, 2022	March 28, 2021
Sales (note 5)	$ 233,674	$ 165,263
Franchise revenues (note 6)	38,967	28,804
Total gross revenue	**$ 272,641**	**$ 194,067**
Cost of inventories sold	(115,104)	(88,274)
Selling, general and administrative expenses (note 7)	(135,297)	(94,215)
Impairment, net of reversals, of restaurant assets and lease receivables (notes 11, 12, and 13)	2,770	18
Restructuring and other	(497)	(1,074)
Operating income	**$ 24,513**	**$ 10,522**
Interest expense and other financing charges (note 8)	(11,727)	(13,519)
Interest and other income (note 8)	6,243	6,018
Share of gain from investment in joint ventures (note 13)	11	374
Earnings before change in fair value and income taxes	**$ 19,040**	**$ 3,395**
Change in fair value of non-controlling interest liability (note 17)	—	(454)
Change in fair value of Exchangeable Keg Partnership units and Keg Royalty Income Fund units	7,593	10,821
Earnings before income taxes	**$ 26,633**	**$ 13,762**
Current income tax expense (note 9)	(2,141)	(2,430)
Deferred income tax (expense) recovery (note 9)	(3,387)	1,620
Net earnings	**$ 21,105**	**$ 12,952**
Net earnings per share attributable to the Common Shareholders of the Company (note 19) (in dollars)		
Basic earnings per share	$ 0.36	$ 0.23
Diluted earnings per share	$ 0.36	$ 0.22

(in thousands of Canadian dollars, except where otherwise indicated)	March 27, 2022	March 28, 2021
Net earnings	**$ 21,105**	**$ 12,952**
Items that will not be reclassified to profit or loss:		
Net defined benefit plan actuarial gain, net of income taxes	3,442	3,366
Items that may be reclassified subsequently to earnings:		
Cumulative translation adjustment	(166)	(95)
Other comprehensive income, net of income taxes	3,276	3,271
Total comprehensive income	**$ 24,381**	**$ 16,223**

Recipe Unlimited Corporation
Unaudited Condensed Consolidated Interim Statements of Total Equity
For the 13 weeks ended March 27, 2022 and March 28, 2021

(in thousands of Canadian dollars, except where otherwise indicated)	Number of shares (in thousands)	Share capital (note 18)	Merger reserve	Contributed surplus	Accumulated other comprehensive income (loss)	Deficit	Total equity
	Attributable to the Common Shareholders of the Company						
Balance at December 26, 2021	58,827	$637,997	$(216,728)	$ 13,329	$ (3,016)	$ (78,635)	$ 352,947
Net earnings	—	—	—	—	—	21,105	21,105
Other comprehensive income	—	—	—	—	3,276	—	3,276
Stock options exercised	15	124	—	—	—	—	124
Stock-based compensation	—	—	—	350	—	—	350
	15	124	—	350	3,276	21,105	24,855
Balance at March 27, 2022	**58,842**	**$638,121**	**$(216,728)**	**$ 13,679**	**$ 260**	**$ (57,530)**	**$ 377,802**

(in thousands of Canadian dollars, except where otherwise indicated)	Number of shares (in thousands)	Share capital (note 18)	Merger reserve	Contributed surplus	Accumulated other comprehensive loss	Deficit	Total equity
	Attributable to the Common Shareholders of the Company						
Balance at December 27, 2020	56,363	$616,898	$(216,728)	$ 11,950	$ (7,238)	$(121,346)	$ 283,536
Net earnings (loss)	—	—	—	—	—	12,952	12,952
Other comprehensive income	—	—	—	—	3,271	—	3,271
Stock options exercised	13	161	—	76	—	—	237
Stock-based compensation	—	—	—	167	—	—	167
	13	161	—	243	3,271	12,952	16,627
Balance at March 28, 2021	**56,376**	**$617,059**	**$(216,728)**	**$ 12,193**	**$ (3,967)**	**$(108,394)**	**$ 300,163**

(in thousands of Canadian dollars)	As at March 27, 2022	As at December 26, 2021	As at March 28, 2021
Assets			
Current Assets			
Cash	$ 37,079	$ 42,192	$ 44,144
Accounts receivable (note 22)	88,190	96,379	86,224
Inventories (note 10)	66,820	64,346	45,056
Current taxes receivable	3,053	3,988	13,148
Prepaid expenses and other assets	9,508	7,637	7,520
Current portion of long-term receivables (note 11)	64,254	63,443	68,059
Total Current Assets	**$ 268,904**	**$ 277,985**	**$ 264,151**
Long-term receivables (note 11)	250,034	257,513	299,878
Property, plant and equipment (note 12)	490,293	502,206	519,902
Investment in the Keg Limited Partnership (note 23)	146,701	135,908	129,396
Brands and other assets (note 13)	586,066	586,705	604,759
Goodwill	236,507	236,540	201,789
Deferred tax asset	44,693	49,393	55,556
Total Assets	**$ 2,023,198**	**$ 2,046,250**	**$ 2,075,431**
Liabilities			
Current Liabilities			
Accounts payable and accrued liabilities	$ 133,995	$ 139,407	$ 127,875
Provisions (note 14)	3,238	3,006	3,091
Gift card liability	144,458	180,523	140,411
Income taxes payable	1,454	1,309	2,726
Current portion of long-term debt (note 15)	893	893	446
Current portion of lease liabilities (note 16)	109,424	110,947	113,932
Total Current Liabilities	**$ 393,462**	**$ 436,085**	**$ 388,481**
Long-term debt (note 15)	407,925	392,970	498,205
Note payable to The Keg Royalties Income Fund	57,000	57,000	57,000
Provisions (note 14)	4,115	4,574	3,472
Lease liabilities (note 16)	477,811	492,977	526,100
Other long-term liabilities (note 17)	49,968	57,192	57,122
Deferred gain on sale of The Keg Rights (note 23)	147,735	145,073	146,021
Deferred tax liability	107,380	107,432	98,867
Total Liabilities	**$ 1,645,396**	**$ 1,693,303**	**$ 1,775,268**
Shareholders' Equity			
Common share capital (note 18)	$ 638,121	$ 637,997	$ 617,059
Contributed surplus	13,679	13,329	12,193
Merger reserve	(216,728)	(216,728)	(216,728)
Accumulated other comprehensive income (loss)	260	(3,016)	(3,967)
Deficit	(57,530)	(78,635)	(108,394)
Total Shareholders' Equity	**$ 377,802**	**$ 352,947**	**$ 300,163**
Total Liabilities and Equity	**$ 2,023,198**	**$ 2,046,250**	**$ 2,075,431**

Commitments, contingencies and guarantees (note 21)
Subsequent events (note 25)

(in thousands of Canadian dollars)	For the 13 weeks ended March 27, 2022	March 28, 2021
Cash from (used in)		
Operating Activities		
Net earnings	$ 21,105	$ 12,952
Depreciation and amortization	22,986	24,442
Amortization of deferred gain	(467)	(455)
Net gain on disposal of property, plant and equipment and other assets	(2,322)	(102)
Net loss on early buyout/cancellation of equipment rental contracts	528	345
Impairment reversals, net of losses, of restaurant assets and lease receivables (notes 11, 12, and 13)	(2,770)	(18)
Net gain on settlement of lease liabilities (note 16)	(314)	(75)
Net interest expense on long-term debt and note payable to the Keg Royalties Income Fund (note 8)	5,379	6,642
Share of gain from investment in joint ventures	(11)	—
Net interest expense on lease liabilities and receivables (note 8)	2,762	2,909
Stock based compensation	350	167
Income taxes paid	(1,128)	(6,415)
Change in restructuring provision	(171)	457
Income taxes (note 9)	5,528	(402)
Change in fair value of exchangeable Keg Partnership units and KRIF units	(7,593)	(10,821)
Change in fair value of non-controlling interest liability and contingent liability	—	454
Change in lease liability due to rent concessions (note 16)	(1,154)	(2,723)
Other non-cash items	2,878	4,961
Net change in non-cash operating working capital (note 20)	(40,287)	(10,907)
Cash flows from operating activities	**$ 5,299**	**$ 21,411**
Investing Activities		
Business acquisitions, net of cash assumed	$ (109)	$ —
Purchase of property, plant and equipment	(6,517)	(4,054)
Proceeds on disposal of property, plant and equipment	2,368	—
Additions to brands and other assets	—	(5)
Lease payments received	7,065	16,909
Cash flows from investing activities	**$ 2,807**	**$ 12,850**
Financing Activities		
Issuance of long-term debt (note 15)	$ 15,000	$ 10,000
Repayment of long-term debt (note 15)	(223)	—
Deferred financing costs (note 15)	—	(459)
Issuance of subordinated voting common shares (note 18)	124	237
Lease liabilities paid	(25,730)	(36,915)
Interest paid on long-term debt and note payable	(2,482)	(3,725)
Cash flows used in financing activities	**$ (13,311)**	**$ (30,862)**
Change in cash during the period	**$ (5,205)**	**$ 3,399**
Foreign currency translation adjustment	92	206
Cash - Beginning of period	42,192	40,539
Cash - End of period	**$ 37,079**	**$ 44,144**

1 Nature and description of the reporting entity

Recipe Unlimited Corporation is a Canadian Company incorporated under the Ontario Business Corporations Act and is a Canadian full service restaurant operator and franchisor. The Company's restaurant network operates across several countries including Canada, USA, Saudi Arabia, India and the UAE.

The Company's subordinate voting shares are listed on the Toronto Stock Exchange under the stock symbol "RECP". As part of the Company's initial public offering ("IPO") during fiscal 2015, the Company issued multiple voting shares to Fairfax Financial Holdings Limited and its affiliates (''Fairfax'') and to the Phelan family through Cara Holdings Limited and its affiliates (''Cara Holdings'', and together with Fairfax, the ''Principal Shareholders''). As at March 27, 2022, the Principal Shareholders hold 67.8% of the total issued and outstanding shares and have 97.8% of the voting control attached to all the shares.

The Company's registered office is located at 199 Four Valley Drive, Vaughan, Canada L4K 0B8. Recipe Unlimited Corporation and its controlled subsidiaries are together referred to in these consolidated financial statements as "Recipe" or "the Company".

2 Basis of Presentation

Statement of compliance

The unaudited condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and International Accounting Standard ("IAS") 34, "Interim Financial Reporting" as issued by the International Accounting Standards Board ("IASB"). The unaudited condensed consolidated interim financial statements should be read in conjunction with the Company's 2021 audited annual consolidated financial statements and accompanying notes, except for new accounting standards that have been adopted in 2022, as described in note 3.

The condensed consolidated interim financial statements were authorized for issue by the Board of Directors ("Board") on May 4, 2022.

Basis of preparation

The condensed consolidated interim financial statements were prepared on a historical cost basis, except for initial recording of net assets acquired on business combinations, certain financial instruments, liabilities associated with certain stock-based compensation, defined benefit plan assets and liabilities, and certain investments in the Keg Limited Partnership and Keg Royalty Income Fund units, which are stated at fair value. Liabilities associated with employee benefits are stated at actuarially determined present values.

Critical accounting judgements and estimates

The preparation of the condensed consolidated interim financial statements requires management to make various judgements, estimates and assumptions in applying the Company's accounting policies that affect the reported amounts and disclosures made in the condensed consolidated interim financial statements and accompanying notes. Actual results may differ from these estimates.

In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the Company's accounting policies except those adopted during the 13 weeks ended March 27, 2022 and the key sources of estimation uncertainty were the same as those that applied to the Company's audited annual consolidated financial statements as at and for the year ended December 26, 2021.

These judgements and estimates are based on management's historical experience, knowledge of current events and conditions and other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

Within the context of these financial statements, a judgement is a decision made by management in respect of the application of an accounting policy, a recognized or unrecognized financial statement amount, and/or note disclosure, following an analysis of relevant information that may include estimates and assumptions.

Estimates and assumptions are used mainly in determining the measurement of balances recognized or disclosed in the condensed consolidated interim financial statements and are based on a set of underlying data that may include management's historical experience, knowledge of current events and conditions and other factors that are believed to be reasonable under the circumstances. Estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Comparative information

Certain of the Company's prior year information was reclassified to conform with the current year's presentation.

3 Significant accounting policies

Accounting standards implemented in 2022

Onerous Contracts - Cost of Fulfilling a Contract (Amendments to IAS 37)

On May 14, 2020, the IASB issued *Onerous Contracts - Cost of Fulfilling a Contract (Amendments to IAS 37*). The amendments specify which costs are to be included as a cost of fulfilling a contract when determining whether a contract is onerous. The Company adopted this amendment for its annual period beginning December 27, 2021 and it did not have an impact on the condensed consolidated interim financial statements.

Property, Plant and Equipment - Proceeds before Intended Use (Amendments to IAS 16)

On May 14, 2020, the IASB issued *Property, Plant and Equipment - Proceeds before Intended Use (Amendments to IAS 16)*. The amendments provide guidance on the accounting for sale proceeds and the related production costs for items a company produces and sells in the process of making an item of property, plant and equipment available for its intended use. Specifically, proceeds from selling items before the related item of property, plant and equipment is available for use should be recognized in profit or loss. The Company adopted this amendment for its annual period beginning December 27, 2021 and the amendments did not have an impact on the condensed consolidated interim financial statements.

Reference to the Conceptual Framework (Amendments to IFRS 3)

On May 14, 2020, the IASB issued *Reference to the Conceptual Framework (Amendments to IFRS 3)*. The amendments update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations. The Company adopted this amendment for its annual period beginning December 27, 2021 and the amendment did not have an impact on the condensed consolidated interim financial statements.

Annual improvements to IFRS Standards 2018-2020

On May 14, 2020, the IASB issued *Annual Improvements to IFRS Standards 2018–2020.* The pronouncement contains amendments to four IFRS as result of the IASB's annual improvements project. The Company adopted this amendment for its annual period beginning December 27, 2021 and the amendment did not have an impact on the condensed consolidated interim financial statements.

4 Future accounting standards

Classification of Liabilities as Current or Non-current (Amendments to IAS 1)

On January 23, 2020, the IASB issued amendments to IAS 1 *Presentation of Financial Statements*, to clarify the classification of liabilities as current or non-current. The amendments removed the requirement for a right to defer settlement or roll over of a liability for at least twelve months to be unconditional. Instead, such a right must have substance and exist at the end of the reporting period. The amendments also clarify how a company classifies a liability which includes a counterparty conversion option. The amendments state that: (i). settlement of a liability includes transferring a company's own equity instruments to the counterparty, and (ii). when classifying liabilities as current or non-current a company can ignore only those conversion options that are recognized as equity. The 2020 amendments are subject to future developments and the IASB has proposed to defer the effective date to no earlier than January 1, 2024. The Company is currently assessing whether the current amendments will have a material impact on the consolidated financial statements.

Definition of Accounting Estimates (Amendments to IAS 8)

On February 12, 2021, the IASB issued *Definition of Accounting Estimates (Amendments to IAS 8).* The amendments introduce a new definition for accounting estimates, clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty. The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy. The amendments are effective for annual periods beginning on or after January 1, 2023. The Company is currently assessing whether this will have a material impact on the consolidated financial statements.

Disclosure initiative - Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)

On February 12, 2021, the IASB issued *Disclosure Initiative - Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements).* The amendments help companies provide useful accounting policy disclosures. The key amendments include: (1) requiring companies to disclose their material accounting policies rather than their significant accounting policies; (2) clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and (3) clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements. The amendments are effective for annual periods beginning on or after January 1, 2023. The Company is currently assessing whether this will have a material impact on the consolidated financial statements.

Deferred tax related to assets and liabilities arising from a single transaction (Amendments to IAS 12)

On May 7, 2021, the IASB issued *Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12).* The amendments narrow the scope of the initial recognition exemption (IRE) so that it does not apply to transactions that give rise to equal and offsetting temporary differences. As a result, companies will need to recognize a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition of a lease and a decommissioning provision. The amendments are effective for annual periods beginning on or after January 1, 2023. The Company is currently assessing whether this will have a material impact on the consolidated financial statements.

5 Sales

Sales are made up of the direct sales of prepared food and beverage to customers at company-owned restaurants and from its catering division, sales of St-Hubert, Swiss Chalet, Montana's and The Keg branded and other private label products produced and shipped from the Company's manufacturing plant and distribution centers to retail grocery customers and to its network of St-Hubert restaurants, and revenue from processing off-premise phone, web and mobile orders for franchised locations.

	For the 13 weeks ended	
(in thousands of Canadian dollars)	**March 27, 2022**	**March 28, 2021**
Sales at corporate restaurants	$ 140,588	$ 73,589
Food processing and distribution sales	89,288	86,457
Catering sales	1,242	1,124
Call centre service charge revenues	2,556	4,093
	$ 233,674	**$ 165,263**

6 Franchise revenues

The Company grants license agreements to independent operators ("franchisees"). As part of the license agreements, the franchisees pay franchise fees, marketing fund contributions, conversion fees for established locations, and other payments, which may include payments for royalties, equipment and property rents.

	For the 13 weeks ended	
(in thousands of Canadian dollars)	**March 27, 2022**	**March 28, 2021**
Royalty revenue	$ 23,044	$ 16,025
Marketing fund contributions	13,766	10,584
Other rental income	1,846	1,837
Franchise fees on new and renewal licenses	139	105
Income on equipment finance leases	119	226
Amortization of unearned conversion fees income	53	27
	$ 38,967	**$ 28,804**

7 Selling, general and administrative expenses

Included in operating income are the following selling, general and administrative expenses.

	For the 13 weeks ended	
(in thousands of Canadian dollars)	**March 27, 2022**	**March 28, 2021**
Corporate restaurant expenses	$ 81,517	$ 48,592
Advertising fund transfers	13,766	10,584
The Keg royalty expense (note 23)	5,668	2,743
Franchise assistance and bad debt	106	855
Depreciation of property, plant and equipment	21,453	22,335
Amortization of other assets	535	1,031
Net gain on disposal of property, plant and equipment and other assets	(2,322)	(102)
Net gain on settlement of lease liabilities (note 16)	(314)	(75)
Other	14,888	8,252
	$ 135,297	**$ 94,215**

For the 13 weeks ended March 27, 2022, $1.0 million (March 28, 2021 - $1.1 million) of depreciation related to property, plant and equipment has been included in cost of inventories sold as part of food processing and distribution.

Government Grants

The Company recognizes government grants when there is reasonable assurance that it will comply with the conditions required to qualify for the grant, and that the grant will be received. The Company recognizes government grants as a reduction to the related selling, general and administrative expenses that the grant is intended to offset. Effective October 24, 2021 to May 7, 2022, the Tourism and Hospitality Recovery Program ("THRP") for wage and rent support apply to eligible organizations whose revenue primarily comes from tourism and hospitality activities and that have experienced a qualifying revenue decline due to the COVID-19 pandemic.

- THRP was made available to the Company and its franchise partners. THRP wage subsidy has replaced the closed Canada Emergency Wage Subsidy. During the 13 weeks ended March 27, 2022, the Company realized $14.8 million of wage subsidies for salaries paid to employees in corporate restaurants, food manufacturing and head office locations.

- THRP also provides direct rent relief to eligible applicants. THRP rent subsidy has replaced the Canada Emergency Rent Subsidy program. During the 13 weeks ended March 27, 2022, the Company realized $2.5 million of government rent subsidies.

- The Property Tax and Energy Cost Rebate programs introduced by the governments of Ontario provides direct property tax and utility cost rebates to business locations that were mandated to close or significantly restrict its services due to provincial public health measures. During the 13 weeks ended March 27, 2022, the Company realized $1.9 million of provincial government property tax and energy cost rebates.

8 Interest expense (income) and other financing charges (other income)

(in thousands of Canadian dollars)	For the 13 weeks ended March 27, 2022	For the 13 weeks ended March 28, 2021
Interest expense on long-term debt	$ 4,310	$ 5,573
Interest expense on note payable to The Keg Royalties Income Fund	1,069	1,069
Interest on lease obligations (note 16)	6,078	6,578
Financing costs	179	249
Interest expense - other	91	50
Interest expense and other financing charges	**$ 11,727**	**$ 13,519**
Interest income on Partnership units and KRIF units	(2,875)	(1,844)
Interest income	(52)	(504)
Interest income on leases receivable (note 11)	(3,316)	(3,670)
Interest and other income	**$ (6,243)**	**$ (6,018)**
Total net interest expense and other financing charges	**$ 5,484**	**$ 7,501**

9 Income taxes

The Company's income tax expense is comprised of the following:

(in thousands of Canadian dollars)	For the 13 weeks ended March 27, 2022	For the 13 weeks ended March 28, 2021
Current income tax expense		
Current period	$ 2,141	$ 2,430
	$ 2,141	**$ 2,430**
Deferred income tax expense (recovery)		
Benefit from previously unrecognized tax asset	$ —	$ (1,136)
Origination and reversal of temporary differences	3,387	(484)
	$ 3,387	**$ (1,620)**
Net income tax expense (recovery) [(1)]	**$ 5,528**	**$ 810**

[(1)] Net income tax expense (recovery) for the 13 weeks ended March 27, 2022 and March 28, 2021 relates to income taxes from operations.

The statutory income tax rate for the year ended March 27, 2022 was 26.3% (March 28, 2021 – 26.3%).

10 Inventories

Inventories consist of food and packaging materials used in St-Hubert's and The Keg's food processing and distribution divisions and food and beverage items for use at the Company's corporately-owned locations and catering divisions. Inventories are stated at the lower of cost and estimated net realizable value of corporate restaurant inventory. Costs consist of the cost to purchase, direct labour, an allocation of variable and fixed manufacturing overheads, and other costs incurred in bringing the inventory to its present location reduced by vendor allowances. The cost of inventories is determined using the first-in, first-out method.

(in thousands of Canadian dollars)	March 27, 2022	December 26, 2021	March 28, 2021
Raw materials	$ 25,145	$ 22,404	$ 7,041
Work in progress	1,127	1,287	1,122
Finished goods	29,332	28,063	26,237
Food and beverage supplies	11,216	12,592	10,656
	$ 66,820	**$ 64,346**	**$ 45,056**

11 Long-term receivables

(in thousands of Canadian dollars)	March 27, 2022	December 26, 2021	March 28, 2021
Lease receivables	$ 308,949	$ 314,791	$ 345,783
Franchise receivables	4,498	5,356	6,902
Due from related parties	723	648	14,956
Promissory notes	118	161	296
	$ 314,288	**$ 320,956**	**$ 367,937**

Recorded in the consolidated balance sheets as follows:

(in thousands of Canadian dollars)	March 27, 2022	December 26, 2021	March 28, 2021
Current portion of long-term receivables	$ 64,254	$ 63,443	$ 68,059
Long-term receivables	250,034	257,513	299,878
	$ 314,288	**$ 320,956**	**$ 367,937**

Lease receivables

Lease receivables are related to the lease liabilities where the Company is on the real estate head lease of its franchised locations and a corresponding sublease contract is entered into between the Company and its franchisees. These subleases are all related to non-consolidated franchisees and are related to the long-term obligation of the franchisees to pay the Company over the term of the lease agreements excluding any unexercised renewal options, as they have not been determined to be certain to be exercised.

The lease receivable balance also includes the receivables relating to certain divested Milestones locations where the Company remains as guarantor or is named on the head lease in those lease arrangements. The lease obligation balance, which represents the Company's full exposure in those lease arrangements, as well as the related lease receivables, will remain on the Company's balance sheet until landlord approvals to release the Company as guarantor are obtained. Consequently, the Company has not derecognized those lease obligations or the related sublease receivables assets.

Lease receivables are reviewed for impairment based on expected losses at each balance sheet date in accordance with IFRS 9. An impairment loss (reversal) is recorded when the credit risk is assessed to have changed for the lease receivables. For the 13 weeks ended March 27, 2022, the Company recorded an impairment loss reversal of $2.3 million (March 28, 2021 - $3.7 million impairment loss reversal) on long-term lease receivables using the expected credit loss model.

Lease receivables have maturity dates ranging from 2022 to 2037 and bear an average effective interest rate of 3.7% to 4.8%.

Lease receivables (in thousands of Canadian dollars)	**For the 13 weeks ended March 27, 2022**	**For the 52 weeks ended December 26, 2021**	**For the 13 weeks ended March 28, 2021**
Balance, beginning of period	$ 314,791	$ 354,455	$ 354,455
Additions	1,146	2,853	—
Lease renewals and modifications	7,995	50,349	6,907
Lease terminations and assignments	(1,154)	(16,987)	(2,253)
Payments and amounts payable	(20,680)	(84,159)	(21,211)
Interest income	3,316	14,041	3,670
Impairment (loss) reversal	2,323	(6,713)	3,673
Other adjustments	1,212	952	542
	$ 308,949	**$ 314,791**	**$ 345,783**

Franchise receivable

In prior years, the Company converted certain corporate restaurants to franchises and sold the restaurants to independent operators ("franchisees"). As part of these conversion agreements, certain franchisees entered into rental agreements to rent certain restaurant assets from the Company. Franchise receivables of $4.5 million (March 28, 2021 - $6.9 million) relates primarily to the long-term obligation of the franchisees to pay the Company over the term of the rental agreement which is equal to the term of the license agreement or the term to the expected buyout date assuming that the franchisee is more likely than not to acquire the rented assets from the Company.

Long-term franchise receivables are reviewed for impairment based on expected losses at each balance sheet date. An impairment loss (reversal) is recorded when the credit risk is assessed to have changed for the franchise receivables. For the 13 weeks ended March 27, 2022, the Company recorded $nil (March 28, 2021 - $nil) of impairment losses on long-term franchise receivables.

Franchise receivables have maturity dates ranging from 2022 to 2034 and bear an average effective interest rate of 8% - 10%.

Provision for impairment

For the 13 weeks ended March 27, 2022, the Company recorded $2.3 million impairment loss reversal (13 weeks ended March 28, 2021 - impairment loss reversal of $3.3 million) on total long-term receivables.

The Company has recorded a provision for impairment against long-term receivables of $48.3 million as at March 27, 2022 (March 28, 2021 - $30.8 million):

(in thousands of Canadian dollars)	For the 13 weeks ended March 27, 2022	For the 52 weeks ended December 26, 2021	For the 13 weeks ended March 28, 2021
Balance, beginning of period	$ 50,573	$ 34,082	$ 34,082
Impairment loss related to lease receivable	1,179	16,412	1,380
Impairment (reversal) related to lease receivable	(3,502)	(9,871)	(5,053)
Impairment loss related to amounts receivable from equity investees (note 23)	—	9,778	405
Impairment loss related to equipment leases	—	172	—
Provision for impairment	**$ 48,250**	**$ 50,573**	**$ 30,814**

12 Property, plant and equipment

(in thousands of Canadian dollars)	March 27, 2022	December 26, 2021	March 28, 2021
Land	$ 35,460	$ 35,523	$ 35,789
Buildings	91,855	93,047	95,794
Equipment	69,063	68,857	74,402
Leasehold improvements	77,344	82,283	87,019
Construction in progress	7,376	7,938	10,544
Right-of-use assets	209,195	214,558	216,354
	$ 490,293	**$ 502,206**	**$ 519,902**

Impairment losses and reversals

For the 13 weeks ended March 27, 2022, the Company recorded an immaterial impairment loss on property, plant and equipment (March 28, 2021 - $3.4 million, in respect of 12 cash generating units "CGUs"). An impairment loss is recorded when the carrying amount of the restaurant location exceeds its recoverable amount. The recoverable amount is based on the greater of the CGU's fair value less costs to sell ("FVLCS") and its value in use ("VIU"). No CGUs had carrying values greater than their FVLCS (March 28, 2021 - 100%).

For the 13 weeks ended March 27, 2022, the Company recorded an immaterial impairment reversal (March 28, 2021 - $0.1 million, in respect of 1 CGU).

When determining the VIU of a restaurant location, the Company employs a discounted cash flow model for each CGU. The duration of the cash flow projections for individual CGUs varies based on the remaining useful life of the significant asset within the CGU or the remaining lease term of the location. Sales forecasts for cash flows are based on actual operating results, operating budgets and long-term growth rates that were consistent with strategic plans presented to the Company's Board and ranged between 0% and 3%. The estimate of the VIU of the relevant CGUs was determined using an after-tax discount rate of 3.75% to 14.1% at March 27, 2022 (March 28, 2021 - 3.7% to 11.7%).

13 Brands and other assets

Brands and other assets including re-acquired franchise rights are recorded at their fair value at the date of acquisition. The Company assesses each intangible asset and other assets for legal, regulatory, contractual, competitive or other factors to determine if the useful life is definite. Brands are measured at cost less net accumulated impairment losses and are not amortized as they are considered to have an indefinite useful life. Customer relationships are amortized on a straight-line basis over their estimated useful lives.

(in thousands of Canadian dollars)	March 27, 2022	December 26, 2021	March 28, 2021
Brands	$ 530,101	$ 529,831	$ 526,458
Customer Relationships	54,643	55,563	60,613
Investment in joint ventures (note 23)	1,322	1,311	17,688
	$ 586,066	**$ 586,705**	**$ 604,759**

14 Provisions

Provisions are recognized when there is a legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and the obligation can be measured reliably. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risk specific to the liability. Provisions are reviewed on a regular basis and adjusted to reflect management's best current estimates. Due to the judgmental nature of these items, future settlements may differ from amounts recognized.

(in thousands of Canadian dollars)	March 27, 2022	December 26, 2021	March 28, 2021
Asset retirement obligations	$ 4,346	$ 4,768	$ 4,136
Other	3,007	2,812	2,427
	$ 7,353	**$ 7,580**	**$ 6,563**

Recorded in the consolidated balance sheets as follows:

(in thousands of Canadian dollars)	March 27, 2022	December 26, 2021	March 28, 2021
Provisions-current	$ 3,238	$ 3,006	$ 3,091
Provisions-long-term	4,115	4,574	3,472
	$ 7,353	**$ 7,580**	**$ 6,563**

15 Long-term debt

(in thousands of Canadian dollars)	March 27, 2022	December 26, 2021	March 28, 2021
Private debt	$ 250,000	$ 250,000	$ 250,000
Term credit facility - revolving	127,323	112,323	217,323
The Keg credit facilities	34,054	34,277	34,500
	411,377	396,600	501,823
Less: financing costs	2,559	2,737	3,172
	$ 408,818	**$ 393,863**	**$ 498,651**

Recorded in the consolidated balance sheets as follows:

(in thousands of Canadian dollars)	March 27, 2022	December 26, 2021	March 28, 2021
Current portion of long-term debt	893	893	446
Long-term portion of long-term debt	407,925	392,970	498,205
	$ 408,818	**$ 393,863**	**$ 498,651**

Private debt

On May 1, 2019, the Company issued $250.0 million First Lien 10 year Senior Secured Notes by way of a private placement (the "Notes"). The Notes bear interest from their date of issue at a rate of 4.72% per annum, payable semi-annually and maturing on May 1, 2029. As at March 27, 2022, $250.0 million (December 26, 2021 - $250.0 million; March 28, 2021 - $250.0 million) was outstanding under the Notes.

Term credit facility

On May 1, 2019, the Company amended and extended the terms of its existing syndicated bank credit facility which currently includes a $400.0 million tranche that matures on May 1, 2024, a $150.0 million tranche that matures on May 1, 2022, and an accordion feature of up to $250.0 million. See Subsequent Events section for details on the extension of the credit facility in April 2022.

The interest rate applied on amounts drawn by the Company under its new credit facility is the effective bankers' acceptance rate or prime rate plus a spread. The spread is based on the Company's total funded net debt to Earnings Before Interest, Taxes, Depreciation and Amortization ("EBITDA") ratio, as defined in the new credit agreement, measured using EBITDA for the four most recently completed fiscal quarters.

As at March 27, 2022, $127.3 million (December 26, 2021 - $112.3 million, March 28, 2021 - $217.3 million) was drawn under the term credit facility. For the 13 weeks ended March 27, 2022, the effective interest rate was 3.85% representing bankers acceptance rate of 0.55% plus 1.70% borrowing spread, standby fees and the amortization of deferred financing fees of 1.60%. As at March 27, 2022, the effective interest rate was 3.23%, representing bankers acceptance rate of 0.71% plus 1.70% borrowing spread, standby fees and the amortization of deferred financing fees of 0.82%.

The Company is also required to pay a standby fee of between 0.20% and 0.46% per annum on the undrawn portion of the $550.0 million revolving facility. As of March 27, 2022, the standby fee rate was 0.34%.

The Keg Credit Facilities

On November 29, 2019, the Company renegotiated the terms of its credit agreement with its existing banking syndicate to modify it from a revolving credit/term loan facility to an all revolving facility, increased the size of the facility to $60.0 million, reduced the interest rate and extended the maturity date. The credit facility is currently comprised of a $55.0 million revolving facility with no set term of repayments and a $5.0 million revolving demand operating facility, maturing on June 30, 2024. As at March 27, 2022, $22.0 million of this facility has been drawn (December 26, 2021 - $22.0 million; March 28, 2021 - $22.0 million).

On September 29, 2020, Keg Restaurants Ltd. ("KRL") borrowed $12.5 million under BDC Co-Lending Program ("BCAP Loan") from its existing banking syndicate and the BDC jointly. This amount was borrowed to help fund the cash flow needs which have been negatively impacted by the unexpected impact of COVID-19. The BCAP Loan is a non-revolving facility with a five-year term, requires interest only payments for the first year, and bears interest at the prime rate plus 1.5%. Commencing on October 1, 2021, KRL is required to make monthly principal repayment of $74,000 for the remainder of the BCAP Loan term. KRL has the option to repay any principal amount of this loan at any time, without bonus, premium, or penalty. As of March 27, 2022, $12.1 million remains outstanding on the BCAP Loan (December 26, 2021 - $12.3 million; March 28, 2021 - $12.5 million).

KRL has a revolving demand operating facility of up to $5.0 million with a Canadian chartered bank, which matures on June 30, 2024 and bears interest at a rate between bank prime and bank prime plus 0.75%, based on certain financial criteria. As at March 27, 2022, KRL meets the criteria for interest at bank prime plus 0.75%. This credit facility is available for general corporate purposes including working capital, overdrafts and letters of credit. As at March 27, 2022, $2.0 million of this facility has been used to issue letters of credit, and $3.0 million remains available. As at March 27, 2022, the letters of credit have not been drawn on.

As at March 27, 2022, the Company was in compliance with financial covenants.

Debt repayments

The five-year schedule of repayment of long-term debt is as follows:

(in thousands of Canadian dollars)	2022	2023	2024	2025	2026	Thereafter
Private Debt	$ —	$ —	$ —	$ —	$ —	$ 250,000
Revolving Credit Facility(1)	—	—	127,323	—	—	—
Keg Credit Facilities	670	893	22,893	9,598	—	—
Total (2)	**$ 670**	**$ 893**	**$ 150,216**	**$ 9,598**	**$ —**	**$ 250,000**

(1) The amount related to the Revolving Credit Facility payable in 2024 has since been extended to 2027 as a result of the Company renewing the Revolving Credit Facility on April 14, 2022 (see Note 25 - Subsequent Events).

(2) The total does not reflect any interest payments.

16 Leases

At the initial commencement date, the Company's lease liabilities are measured at the present value of the future lease payments using the Company's incremental borrowing rate. After initial recognition, the lease liabilities are measured at amortized cost using the effective interest method.

Lease liabilities

(in thousands of Canadian dollars)	**For the 13 weeks ended March 27, 2022**	**For the 52 weeks ended December 26, 2021**	**For the 13 weeks ended March 28, 2021**
Balance, beginning of period	$ 603,924	$ 669,769	$ 664,723
Additions	1,704	34,952	384
Lease renewals and modifications	12,252	49,830	10,843
Lease terminations and assignments	(2,152)	(27,802)	(3,601)
Net gain on settlement of lease liability	(314)	(2,594)	(74)
Change in lease liability due to rent concessions	(1,154)	(3,207)	(2,723)
Other adjustments	313	(716)	6
Interest expense	6,078	25,215	6,578
Foreign translation adjustment	(196)	(23)	(174)
Payments	(33,220)	(141,500)	(35,930)
Balance, end of period	**$ 587,235**	**$ 603,924**	**$ 640,032**

Recorded in the consolidated balance sheets as follows:

(in thousands of Canadian dollars)	**March 27, 2022**	**December 26, 2021**	**March 28, 2021**
Current portion of lease liabilities	$ 109,424	$ 110,947	$ 113,932
Lease liabilities	477,811	492,977	526,100
	$ 587,235	**$ 603,924**	**$ 640,032**

17 Other long-term liabilities

(in thousands of Canadian dollars)	March 27, 2022	December 26, 2021	March 28, 2021
Accrued pension and other benefit plans	$ 13,772	$ 18,657	$ 20,487
Non-controlling interest liability	17,364	17,276	20,819
Contingent liability	8,350	8,852	3,389
Deferred income	6,492	7,052	7,500
Deferred rental income	1,276	1,345	2,289
Other long-term liabilities	286	338	530
Deferred share units	1,668	1,467	1,945
Restricted share units	2,385	3,815	2,313
	$ 51,593	**$ 58,802**	**$ 59,272**

Recorded in the consolidated balance sheets as follows:

(in thousands of Canadian dollars)	March 27, 2022	December 26, 2021	March 28, 2021
Accounts payable and accrued liabilities	$ 1,625	$ 1,610	$ 2,150
Other long-term liabilities	49,968	57,192	57,122
	$ 51,593	**$ 58,802**	**$ 59,272**

Non-controlling interest liability

In connection with the Original Joe's transaction, a non-controlling interest liability relates to the expected earn-out liability, on a discounted basis, to purchase the remaining 10.8% ownership of Original Joe's Franchise Group Inc. based on meeting certain targets over a period of time. As at March 27, 2022, the Company has recorded $17.4 million (March 28, 2021 - $20.8 million) related to non-controlling interest liability.

Contingent liabilities

Contingent liabilities include contingent consideration in connection with the acquisitions of Fresh, The Keg and Marigolds & Onions, representing amounts payable to the former shareholders contingent on certain targets and conditions being met.

For the 13 weeks ended March 27, 2022, the Company paid $0.5 million (13 weeks ended March 28, 2021 - $nil) and recorded $nil additions (13 weeks ended March 28, 2021 - $nil) related to contingent liabilities.

Deferred income

Unearned franchise and conversion fee income

At March 27, 2022, the Company had deferred $2.3 million (December 26, 2021 - $2.5 million; March 28, 2021 - $2.7 million) of initial franchise fees and conversion fees received from franchisees that will be recognized over the remaining term of the respective franchise agreements.

Sale-leaseback transactions

At March 27, 2022, the Company had deferred $0.9 million (December 26, 2021 - $1.2 million; March 28, 2021 - $1.5 million) related to gains realized on sale-leaseback transactions.

Covenancy fees

The Company collects covenancy fees from franchisees on subtenant leases. At March 27, 2022, the Company had unearned covenancy fees of $3.3 million (December 26, 2021 - $3.3 million; March 28, 2021 - $3.4 million).

Deferred rental income

In prior years, the Company converted certain corporate restaurants to franchises and sold the restaurants to independent operators ("franchisees"). As part of these conversion agreements, certain franchisees entered into rental agreements to rent certain restaurant assets from the Company. The $1.3 million balance at March 27, 2022 (December 26, 2021 - $1.3 million; March 28, 2021 - $2.3 million) represents the unearned revenue associated with the rental agreements calculated as the present value of the minimum lease payments using an interest rate implicit in the rental agreement.

Restricted share units ("RSUs")

Cash settled RSUs are granted at the beginning of each year and are earned only if certain performance conditions are met. Annual RSU grants vest after 3 years and will be settled for cash. For the 13 weeks ended March 27, 2022, the Company recognized an expense of $0.2 million (13 weeks ended March 28, 2021 - $0.9 million) and a liability was recorded as part of Other Long-Term Liabilities in the amount of $2.4 million as at March 27, 2022 (December 26, 2021 - $3.8 million; March 28, 2021 - $2.3 million).

18 Share capital

The Company's authorized share capital consists of an unlimited number of two classes of issued and outstanding shares: Subordinate Voting Shares and Multiple Voting Shares (together the ''Shares''). The Multiple Voting Shares are held by the Principal Shareholders, either directly or indirectly. Multiple Voting Shares may only be issued to the Principal Shareholders. The Subordinate Voting Shares and the Multiple Voting Shares are substantially identical with the exception of the voting, pre-emptive and conversion rights attached to the Multiple Voting Shares. Each Subordinate Voting Share is entitled to one vote and each Multiple Voting Share is entitled to 25 votes on all matters. The Multiple Voting Shares are convertible into Subordinate Voting Shares on a one-for-one basis at any time at the option of the holders thereof and automatically in certain other circumstances. The holders of Subordinate Voting Shares benefit from ''coattail'' provisions that give them certain rights in the event of a take-over bid for the Multiple Voting Shares.

Holders of Multiple Voting Shares and Subordinate Voting Shares will be entitled to receive dividends out of the assets of the Company legally available for the payment of dividends at such times and in such amount and form as the Board may determine. The Company will pay dividends thereon on a pari passu basis, if, as and when declared by the Board.

As at March 27, 2022, there were 34,054,824 Multiple Voting Shares and 24,786,198 Subordinate Voting Shares issued and outstanding (March 28, 2021 - 34,054,824 Multiple Voting Shares and 22,320,904 Subordinate Voting Shares).

The following table provides a summary of changes to the Company's share capital:

	Number of Common Shares (in thousands)			Share Capital (in thousands of dollars)		
	Multiple voting common shares	Subordinate voting common shares	Total Common Shares	Multiple voting common shares	Subordinate voting common shares	Total Share Capital
Balance at March 28, 2021	34,055	22,321	**56,376**	$ 183,297	$ 433,762	**$ 617,059**
Balance at December 26, 2021	34,055	24,772	**58,827**	183,297	454,700	**637,997**
Balance at March 27, 2022	34,055	24,787	**58,842**	183,297	454,824	**638,121**

19 Earnings per share ("EPS")

Basic earnings per share amounts are calculated by dividing the net earnings attributable to common shareholders of the Company by the weighted average number of shares issued during the period. Diluted earnings per share amounts are calculated by dividing the net earnings attributable to common shareholders of the Company by the weighted average number of shares issued during the period.

The following table sets forth the calculation of basic and diluted earnings per share ("EPS") attributable to Common Shareholders:

	13 weeks ended March 27, 2022			**13 weeks ended March 28, 2021**		
	Net earnings attributable to shareholders of the Company	Weighted average number of shares	**EPS**	Net earnings attributable to shareholders of the Company	Weighted average number of shares	**EPS**
Basic	$ 21,105	58,841	**$ 0.36**	$ 12,952	56,376	**$ 0.23**
Diluted	$ 21,105	59,059	**$ 0.36**	$ 12,952	57,903	**$ 0.22**

The weighted average number of shares used in the calculation of basic and diluted earnings per share:

	For the 13 weeks ended	
	March 27, 2022	**March 28, 2021**
Common shares	58,841,022	56,375,728
Effect of stock options issued (1)	217,773	1,527,675
	59,058,795	**57,903,403**

20 Cash flows

The changes in non-cash working capital components, are as follows:

	For the 13 weeks ended	
(in thousands of Canadian dollars)	**March 27, 2022**	**March 28, 2021**
Accounts receivable	$ 8,158	$ 19,920
Inventories	(2,444)	(135)
Income taxes payable	(1,061)	(3,996)
Prepaid expenses and other assets	(1,871)	(335)
Accounts payable and accrued liabilities	(5,235)	(9,501)
Gift card liability	(36,065)	(20,358)
Income taxes paid	1,128	6,415
Change in interest payable	(2,897)	(2,917)
Net change in non-cash operating working capital	**$ (40,287)**	**$ (10,907)**

21 Commitments, contingencies and guarantees

The Company is involved in and potentially subject to various claims by third parties arising out of the normal course and conduct of its business including, but not limited to, labour and employment, regulatory, franchisee related and environmental claims. For certain locations that were part of the divestiture of the Milestones brand, the Company continues to be a guarantor in the lease arrangements. In addition, the Company is involved in and potentially subject to regular audits from federal and provincial tax authorities relating to income, commodity, government subsidies and capital taxes and as a result of these audits may receive assessments and reassessments.

Although such matters cannot be predicted with certainty, management currently considers the Company's exposure to such claims and litigation, to the extent not covered by the Company's insurance policies or otherwise provided for, not to be material to these condensed consolidated interim financial statements.

The Company has outstanding letters of credit amounting to $2.7 million (March 28, 2021 - $0.4 million), primarily related to KRL as part of its normal course of business and are covered by its operating credit facility described in note 15.

Indemnification provisions

In addition to the above guarantees, the Company has also provided and the Company receives customary indemnifications in the normal course of business and in connection with business dispositions and acquisitions. These indemnifications include items relating to taxation, litigation or claims that may be suffered by a counterparty as a consequence of the transaction. Until such times as events take place and/or claims are made under these provisions, it is not possible to reasonably determine the amount of liability under these arrangements. Historically, the Company has not made significant payments relating to these types of indemnifications.

22 Financial instruments and risk management

Credit risk

Credit risk refers to the risk of losses due to failure of the Company's customers or other counterparties to meet their payment obligations.

In the normal course of business, the Company is exposed to credit risk from its customers, primarily franchisees, joint ventures, and retail customers of the Company's food manufacturing operations. The Company performs ongoing credit evaluations of new and existing customers', primarily franchisees, financial condition and reviews the collectability of its trade and long-term accounts receivable in order to mitigate any possible credit losses.

The following is an aging of the Company's accounts receivable, net of the allowance for uncollectible accounts, as at March 27, 2022, March 28, 2021, and December 26, 2021:

(in thousands of Canadian dollars)				**March 27, 2022**
	Current	**> 30 days past due**	**> 60 days past due**	**Total**
Accounts receivable (net of allowance)	**$ 73,980**	**$ 11,102**	**$ 3,108**	**$ 88,190**
Balance as at December 26, 2021	$ 88,055	$ 6,358	$ 1,966	$ 96,379
Balance as at March 28, 2021	$ 70,723	$ 10,256	$ 5,245	$ 86,224

There are no significant impaired receivables that have not been provided for in the allowance. As at March 27, 2022, the Company has taken an allowance of $5.1 million (December 26, 2021 - $5.9 million; March 28, 2021 - $29.8 million). The Company believes that the allowance sufficiently covers any credit risk related to the receivable balances past due. The remaining amounts past due were not classified as impaired as the past due status was reasonably expected to remedied.

Fair value of financial instruments

The fair value of derivative financial instruments is the estimated amount that the Company would receive or pay to terminate the instrument at the reporting date. The fair values have been determined by reference to prices provided by counterparties. The fair values of all derivative financial instruments are recorded in other long-term liabilities on the consolidated balance sheets.

There were no transfers between classes of the fair value hierarchy during the 13 weeks ended March 27, 2022.

The following describes the fair value determinations of financial instruments:

Long-term debt

Fair value (Level 2) is based on the Company's current incremental borrowing rate for similar types of borrowing arrangements. The carrying amount of the debt associated with the Company's current financing would approximate its fair value as at March 27, 2022.

Note payable to The Keg Royalties Income Fund

The Company's subsidiary, KRL has the option at any time to transfer its 5,700,000 Class C Partnership units to The Keg Holdings Trust ("KHT"), a subsidiary of The Keg Royalties Income Fund, in consideration for the assumption by KHT of an amount of the note payable equal to $10.00 for each Class C units transferred. If KRL transferred all 5,700,000 Class C Partnership units, the entire $57,000,000 note payable to the Fund would be extinguished. The carrying amount of the note payable is equivalent to its fair value as at March 27, 2022.

Other financial instruments

Other financial instruments of the Company consist of cash, accounts receivable, franchise receivables, due from related parties, and accounts payable and accrued liabilities. The carrying amount for these financial instruments approximates fair value due to the short term maturity of these instruments and/or the use of at market interest rates.

23 Related parties

Shareholders

As at March 27, 2022, the Principal Shareholders hold 67.8% of the total issued and outstanding shares and have 97.8% of the voting control attached to all the shares. Cara Holdings holds 21.7% of the total issued and outstanding shares, representing 36.4% voting control. Fairfax holds 46.1% of the total issued and outstanding shares, representing 61.5% voting control.

During the 13 weeks ended March 27, 2022, the Company paid a dividend of $nil per share (13 weeks ended March 28, 2021 - $nil per share) on the Subordinate and Multiple Voting Shares of which Fairfax received $nil (13 weeks ended March 28, 2021 - $nil) and Cara Holdings received $nil (13 weeks ended March 28, 2021 - $nil), respectively.

Fairfax and the Company are parties to a Shared Services and Purchasing Agreement. Under this agreement, Fairfax is authorized to enter into negotiations on behalf of the Company (and Fairfax associated restaurant companies) to source shared services and purchasing arrangements for any aspect of Recipe's operations, including food and beverages, information technology, payment processing, marketing and advertising or other logistics. There were no transactions under this agreement for 13 weeks ended March 27, 2022 and March 28, 2021.

The Company's policy is to conduct all transactions and settle all balances with related parties on market terms and conditions.

Insurance Provider

Certain of Recipe's insurance policies are held by a company that is a subsidiary of Fairfax. The transaction is on market terms and conditions. As at March 27, 2022, no payments were outstanding.

Investment in The Keg Partnership (the "Partnership") and The Keg Royalties Income Fund ("KRIF")

The Company's equity investment in the Partnership is represented by the investment in The Keg GP Ltd ("KGP"). The value of the equity investment in the Partnership is nominal as substantially all of the cash flows from the Partnership are attributable to the Class C and Class A, B and D Partnership units ("Exchangeable Partnership units" or "Exchangeable units").

Investment in The Keg Royalties Income Fund

The KRIF units held by the Company are measured at fair value through profit or loss. The closing market price of a Fund unit as at March 27, 2022 was $16.01. Distributions on KRIF units are recorded as interest income on Partnership and Fund units in the consolidated statement of earnings. During the 13 weeks ended March 27, 2022, the Company purchased nil KRIF units (13 weeks ended March 28, 2021 - nil).

	March 27, 2022		**December 26, 2021**		**March 28, 2021**	
(in thousands of Canadian dollars)	**# of units**	**Fair Value**	**# of units**	**Fair Value**	**# of units**	**Fair Value**
Class A Partnership units	905,944	$ 14,504	905,944	$ 13,290	905,944	$ 12,330
Class B Partnership units	176,700	2,829	176,700	2,592	176,700	2,405
Class D Partnership units	4,242,386	67,921	4,020,766	58,985	3,970,272	54,035
Exchangeable unit investment in the Partnership	5,325,030	$ 85,254	5,103,410	$ 74,867	5,052,916	$ 68,770
Class C unit investment in the Partnership	5,700,000	57,000	5,700,000	57,000	5,700,000	57,000
Investment in the Partnership	**11,025,030**	**$142,254**	**10,803,410**	**$131,867**	**10,752,916**	**$125,770**
Investment in KRIF units	250,000	4,003	250,000	3,668	250,000	3,402
Distributions earned on KRIF units	—	444	—	373	—	224
	11,275,030	**$146,701**	**11,053,410**	**$135,908**	**11,002,916**	**$129,396**

Exchangeable Unit Investment in the Partnership

The Exchangeable unit investment in the Partnership is comprised of the Exchangeable Partnership units held by the Company, and measured at fair value through profit or loss. The closing market price of a Fund unit as at March 27, 2022 was $16.01 (December 26, 2021 - $14.67; March 28, 2021 - $13.61).

Other

As at March 27, 2022, long-term receivables include a non-interest bearing demand note due from a former employee in the amount $0.2 million (December 26, 2021 - $0.2 million; March 28, 2021 - $0.8 million).

As at March 27, 2022, the Company has a $2.8 million royalty fee payable, including GST, to the Fund (December 26, 2021 - $2.6 million; March 28, 2021 - $1.3 million) and a $0.3 million interest payable amount due to the Fund on the Keg Loan (December 26, 2021 - March 28, 2021 - $0.3 million) included in accounts payable and accrued liabilities.

As at March 27, 2022, the Company has $1.3 million in distributions receivable from the Partnership (December 26, 2021 - $1.3 million; March 28, 2021 - $1.3 million) related to its ownership of the Class C and Exchangeable Partnership units. These amounts were received from the Partnership when due, subsequent to the above periods.

The Company incurs royalty expense with respect to the license and royalty agreement between the Company and the Partnership. As a result of the common directors on the board of the Company and on the board of The Keg GP, the general partner of the Partnership, the royalty expense is treated as a related party transaction. The Company incurred royalty expense of $5.7 million for the 13 weeks ended March 27, 2022 (13 weeks ended March 28, 2021 – $2.7 million).

The Company also records investment income on its investment in Exchangeable units of the Partnership, Class C units of the Partnership, and investment in The Keg Royalties Income Fund units which is presented as interest income on Partnership and Fund units in the statements of earnings and comprehensive income. During the 13 weeks ended March 27, 2022, the Company recorded investment income of $2.9 million related to these units (13 weeks ended March 28, 2021 – $1.9 million).

Investment in Original Joe's joint venture companies

The Company has joint venture arrangements with certain Original Joe's franchises. The Company has an equity investment in these restaurants at varying ownership interests as well as term loans and demand loans related to new restaurant construction, renovation and working capital. As at March 27, 2022 there was a due from related party balance of $0.3 million (March 28, 2021 - $12.4 million) which consists of term loans and demand loans secured by restaurant assets of the joint venture company which has been recorded at amortized cost and will be accreted up to the recoverable value over the remaining term of the loans. The term loans bear interest at rates ranging from 5.0% to 7.75% and all mature September 21, 2023. The term loans are reviewed and renewed on an annual basis. The expected current portion of these loans is $nil (March 28, 2021 - $1.0 million). The demand loans bear interest at 5% and have no specific terms of repayment. Pooling arrangements between the joint venture companies to share costs and repay the loans exist such that restaurants within a certain restaurant pool of common ownership agree that available cash from restaurants can be used to apply against balances outstanding among the group. For the 13 weeks ended March 27, 2022, the Company charged interest in the amount of $nil (13 weeks ended March 28, 2021 - $14 thousand) on the term loans and demand loans.

The Company charges Original Joe's joint venture franchises a royalty and marketing fee of 5% and 2%, respectively, on net sales. As at March 27, 2022 the accounts receivable balance included $0.4 million (March 28, 2021 - $0.1 million) due from related parties in relation to these royalty and marketing payments. These transactions are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties in accordance with the franchise agreement.

The Company's investment in joint ventures are increased by the proportionate share of income earned. For the 13 weeks ended March 27, 2022, an immaterial increase (13 weeks ended March 28, 2021 - $0.1 million increase) to the investment balance was recorded in relation to the Company's proportionate share of income or loss for the period and included in share of gain (loss) from investment in joint ventures on the statement of earnings.

All entities above are related by virtue of being under joint control with, or significant influence by, the Company.

24 Segmented information

Recipe divides its operations into the following four business segments: corporate restaurants, franchise restaurants, retail and catering, and central operations.

The Corporate restaurant segment includes the operations of the company-owned restaurants, the proportionate results from the Company’s joint venture restaurants from the Original Joe’s investment, which generate revenues from the direct sale of prepared food and beverages to consumers.

Franchised restaurants represent the operations of its franchised restaurant network operating under the Company’s several brand names from which the Company earns royalties calculated at an agreed upon percentage of franchise and joint venture restaurant sales. Recipe provides financial assistance to certain franchisees and the franchise royalty income reported is net of any assistance being provided.

Retail and catering represent sales of St-Hubert, Swiss Chalet, Montana's and The Keg branded products; and other private label products produced and shipped from the Company’s manufacturing plant and distribution centers to retail grocery customers and to its network of St-Hubert restaurants. Catering represents sales and operating expenses related to the Company’s catering divisions which operate under the names of The Pickle Barrel and Marigolds & Onions.

Central operations includes sales from call centre services which earn fees from off-premise phone, mobile and web orders processed for corporate and franchised restaurants; income generated from the lease of buildings and certain equipment to franchisees; and the collection of new franchise and franchise renewal fees. Central operations also includes corporate (non-restaurant) expenses which include head office people and non-people overhead expenses, finance and IT support, occupancy costs, and general and administrative support services offset by vendor purchase allowances and government subsidies. The Company has determined that the allocation of corporate (non-restaurant) revenues and expenses which include finance and IT support, occupancy costs, and general and administrative support services would not reflect how the Company manages the business and has not allocated these revenues and expenses to a specific segment.

The CEO and the CFO are the chief operating decision makers and they regularly review the operations and performance by segment. The CEO and CFO review operating income as a key measure of performance for each segment and to make decisions about the allocation of resources. The accounting policies of the reportable operating segments are the same as those described in the Company’s summary of significant accounting policies. Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

(in thousands of Canadian dollars)	For the 13 weeks ended March 27, 2022	March 28, 2021
Gross revenue		
Sales	$ 141,156	$ 79,553
Proportionate share of equity accounted joint venture sales	(568)	(5,964)
Sales at corporate restaurants	**$ 140,588**	**$ 73,589**
Franchise revenues	23,020	16,882
Proportionate share of equity accounted joint venture royalty revenue	24	(857)
Royalty revenue	**$ 23,044**	**$ 16,025**
Retail & Catering	90,530	87,581
Central	4,660	6,261
Non-allocated revenue	13,819	10,611
Total gross revenue	**$ 272,641**	**$ 194,067**
Operating income (loss)		
Corporate restaurants	$ 8,043	$ (4,433)
Franchise restaurants	22,931	16,016
Retail & Catering	3,599	6,519
Central	(24,842)	(19,323)
Proportionate share of equity accounted joint venture results included in corporate and franchise segment	16	745
Non-allocated costs	14,766	10,998
	$ 24,513	**$ 10,522**
Depreciation and amortization		
Corporate restaurants	$ 7,587	$ 7,541
Retail & Catering	1,397	1,495
Central	14,002	15,406
	$ 22,986	**$ 24,442**
Capital expenditures		
Corporate restaurants	$ 4,764	$ 2,729
Retail & Catering	40	27
Central	1,713	1,298
	$ 6,517	**$ 4,054**

25 Subsequent Events

On April 14, 2022, the Company amended and extended the terms of its existing syndicated bank credit facility. The New Credit Facility, the sixth amended and restated credit agreement, is comprised of a revolving credit facility in the amount of $550.0 million with an accordion feature of up to $250.0 million. The $550.0 million revolving facility includes a $400.0 million tranche that would have matured on May 1, 2024 and a $150.0 million tranche that would have matured on May 1, 2022, with each tranche now maturing on May 3, 2027 and May 1, 2025, respectively. The $250.0 million accordion feature is applicable to either tranche. In addition, the financial covenants that had previously been adjusted for the impact of COVID-19 pandemic and related operating restrictions, have since returned to pre-COVID-19 pandemic terms.