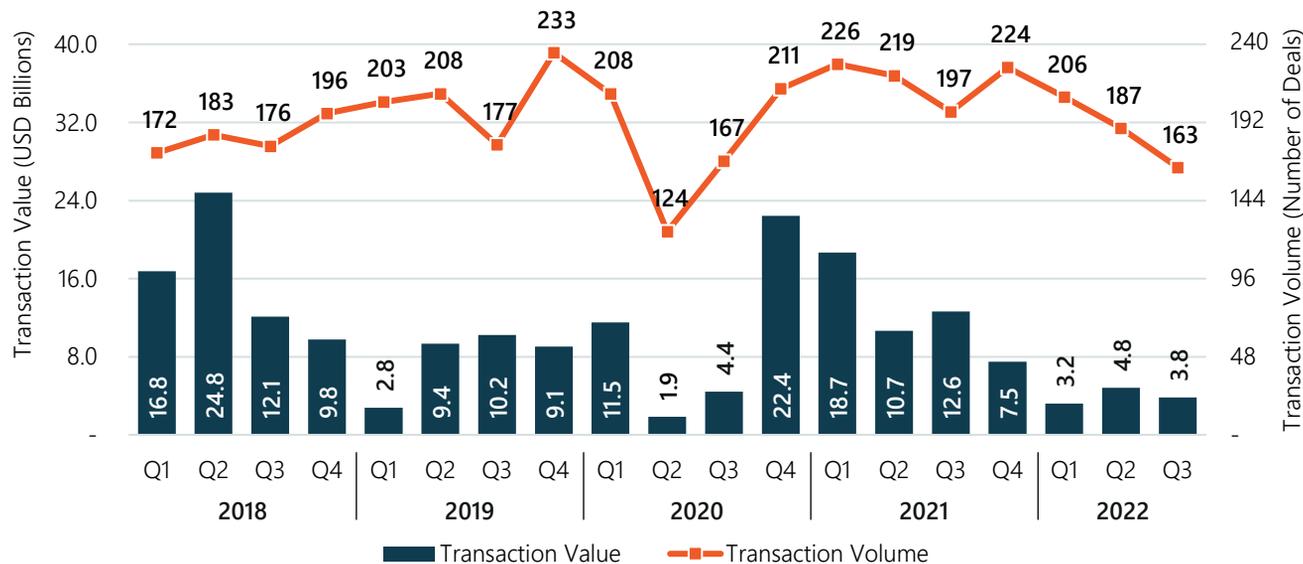


Food & Beverage

Quarterly Update | Q3 2022



North American Food & Beverage M&A Transactions



Q3 Transactions (Canada)
21
(-19.2% vs. Q2 2022)

Q3 Transaction Value (Canada)
\$1.3 billion
(787.0% vs. Q2 2022)

Q3 Transactions (US)
142
(-11.3% vs. Q2 2022)

Q3 Transaction Value (US)
\$2.6 billion
(-65.2% vs. Q2 2022)

M&A Market Update – Q3 2022¹

- The majority of transactions in Q3 2022 were in the packaged foods and meats and the restaurant sub-industries, which comprised 34% and 28% of total transactions, respectively. During the quarter, the beverage industry, which includes soft drinks, brewers, distillers, and vintners, also experienced notable deal activity with a total of 25 transactions, accounting for 15% of total transaction volume.
- Industry M&A activity was primarily driven by private strategic acquirers in Q3 2022, which accounted for 74% of the total transaction volume. The remaining acquisitions were made by publicly listed companies and private equity firms, which comprised 19% and 7% of total transaction volume, respectively.
- Canada experienced a large increase in aggregate transaction value since the previous quarter, driven primarily by Fairfax Financial Holdings Limited's purchase of Recipe Unlimited Corporation for \$1.1 billion.
- Monetary policymakers have continued to raise interest rates in response to 40-year high inflation rate, caused by growing consumer demand, global supply chain issues, product shortages, and rising commodity prices. The increase in interest rates and rising debt financing costs may hinder future transaction values and volumes. As companies continue to navigate through uncertainty, brands that can implement automation and new technologies to combat rising input costs and labour shortages will continue to gain investor attention.
- Despite a slight decrease in the number of transactions and aggregate transaction value in the North American food and beverage industry, strategic buyers remain interested in attractive investment opportunities.

Source: Capital IQ. Data as of September 30, 2022. All figures are in USD.

¹M&A summary data is based on publicly disclosed transactions in the food and beverage industry between January 1, 2018, to September 30, 2022.

Macroeconomic Indicators

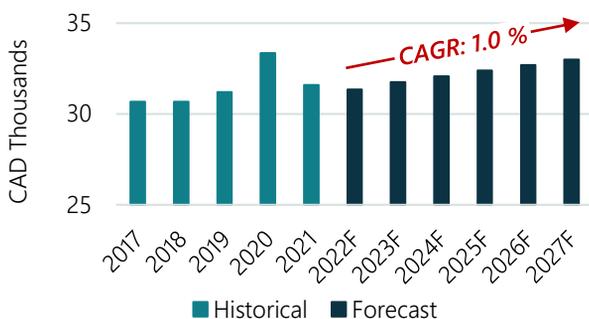
Key external drivers that affect the food and beverage industry in Canada include per capita disposable income, consumer spending, the consumer price index for food, and the consumer confidence index (“CCI”).

Per capita disposable income increased in the first half of 2022, however, this was partially offset through interest rate hikes and general economic uncertainty in the latter half of the year. Nevertheless, per capita disposable income is forecasted to grow at an annualized rate of 1.0% over the next five years to 2027. As per capita disposable income increases, consumers are more likely to make discretionary food and dining expenditures.

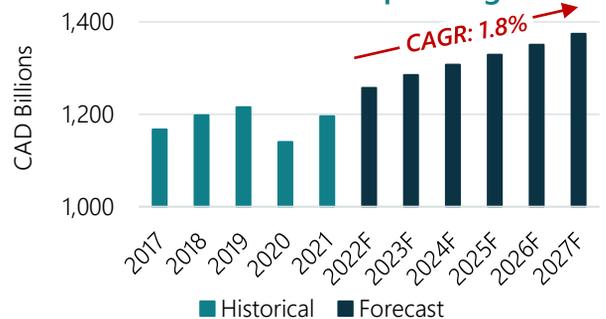
Despite dropping to historical lows in 2020, the consumer confidence index significantly rebounded in 2021, attributed to the rollout of COVID-19 vaccines and the easing of government-imposed restrictions. While significantly higher than 2020 levels, the index experienced a decrease in 2022 driven by increasing gas prices, growing inflation rates, and concerns associated with global trade as a result of the ongoing conflict in Ukraine. Despite these concerns, the consumer confidence index is expected to increase steadily at an annualized rate of 3.5% through to 2027, as macroeconomic concerns and geopolitical tensions ease. In addition, consumer spending is forecasted to increase at an annualized rate of 1.8% over the next five years, driven by the rebound in business activity, growth in personal disposable income, and an improved future outlook for the post-pandemic economy.

Food prices in Canada increased by approximately 2.5% in 2021 and continued to increase throughout the first three quarters of 2022. Food price inflation is expected to be 8.5% in 2022, which is significantly above the historical annualized growth rate of 2.5% between 2017 to 2021. The increase in food prices can be attributed to supply chain disruptions, as well as the inflationary pressures caused by volatile commodity prices and pent-up consumer demand. Price increases are anticipated to continue through to 2027 at an annualized rate of 3.4%.

Per Capita Disposable Income



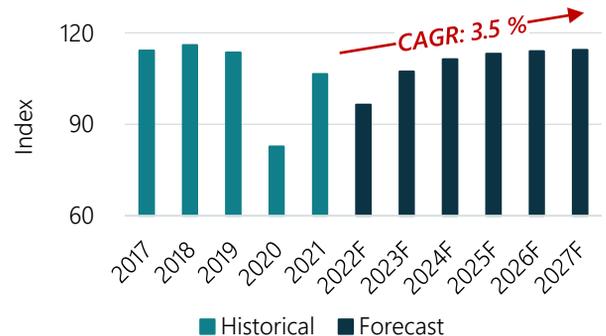
Consumer Spending



Consumer Price Index For Food



Consumer Confidence Index



Select Recent M&A Transactions

North America



acquired



Announced	Sep 29, 2022
EV	\$36.5 million
EV/EBITDA	38.4x
EV/Revenue	0.6x

- **Aegis Brands Inc.** ("Aegis") owns and operates coffeehouses under the Bridgehead name and offers coffee and tea products. As of December 26, 2021, Aegis owned 21 coffeehouses. Aegis was founded in 1975 and is based in Markham, Ontario.
- **St. Louis Franchise Limited** ("St. Louis") operates franchises of casual dining restaurants and bars under the St. Louis brand. The company was founded in 1992 and is based in Dieppe, New Brunswick.
- The transaction aligns with Aegis' long-term business strategy to become the premier consolidator of Canadian food and beverage brands. The transaction will also provide Aegis with the assets and intellectual property to expand into the restaurant space.



acquired



Announced	Sep 16, 2022
EV	\$110.0 million
EV/EBITDA	39.6x
EV/Revenue	2.0x

- **House Foods America Corporation** ("House Foods"), together with its subsidiaries, manufactures and distributes curry, tofu, and tofu products. Their offerings also include spices, curries, packaged snacks, and ready-to-heat meals. House Foods is the United States-based subsidiary of House Foods Corporation, an Osaka, Japan-based food manufacturer. House Foods was founded in 1983 and is based in Garden Grove, California.
- **Keystone Natural Holdings** ("Keystone"), through its subsidiaries, owns various manufacturers that produce healthy vegan and vegetarian based products, with a focus on creating a health-conscious and innovative food platform. Founded in 2016, Keystone is based out of Folcroft, Pennsylvania.
- The transaction will allow House Foods to expand its portfolio of value-added tofu and plant-based food products, while accelerating expansion plans into the United States market.

Select Recent M&A Transactions

North America



acquired



Closed	Aug 11, 2022
EV	\$950.0 million
EV/EBITDA	Not Disclosed
EV/Revenue	Not Disclosed

- **Investindustrial** is a private equity firm specializing in buyouts of middle-market companies. Investindustrial primarily invests in consumer goods and retail, healthcare and services, industrial manufacturing, and technology businesses. It was founded in 1990 and is based in London, United Kingdom.
- **TreeHouse Foods Inc. ("Treehouse")** manufactures and distributes private label foods and beverages in the United States and internationally. It operates through two segments: Meal Preparation and Snacking & Beverages. Treehouse was founded in 2005 and is based in Oak Brook, Illinois.
- The transaction will further expand Investindustrial's portfolio of private label food manufacturers and strengthen its international presence.



acquired



Announced	Aug 09, 2022
EV	\$1.1 billion
EV/EBITDA	9.3x
EV/Revenue	1.8x

- **Fairfax Financial Holdings Limited, ("Fairfax")** through its subsidiaries, provides property and casualty insurance and reinsurance, and investment management services in the United States, Canada, Asia, and internationally. Fairfax operates through four segments: Insurance and Reinsurance, Run-off, and Non-insurance. Fairfax was incorporated in 1951 and is based in Toronto, Ontario.
- **Recipe Unlimited Corporation ("Recipe")** operates and franchises full-service restaurants brands. Recipe operates through four segments: Corporate Restaurants, Franchise Restaurants, Retail and Catering, and Central Operations. Recipe was founded in 1883 and is based in Vaughan, Ontario.
- The transaction will provide Fairfax the opportunity to privatize Recipe, allowing Fairfax to strategically operate the business in a flexible and straightforward way, with less oversight from external shareholders.

Public Comparable Analysis

Trading Multiples & Operating Statistics

(Figures in USD Millions, except percentages and ratios)

Company	Market Capitalization	Enterprise Value	LTM Operating Figures				NTM Consensus Estimates			Valuation	
			Revenue	Revenue Growth	EBITDA	EBITDA Margin	Revenue Growth	EBITDA Margin	EV/EBITDA	LTM EV/EBITDA	LTM EV/REV
Processed Foods											
Nestlé S.A.	\$301,085	\$350,547	\$91,302	7.0%	\$18,927	20.7%	7.6%	21.0%	17.0x	18.5x	3.8x
Tyson Foods, Inc.	\$23,710	\$31,013	\$52,356	14.6%	\$7,099	13.6%	3.2%	9.3%	6.2x	4.4x	0.6x
Campbell Soup Company	\$14,106	\$19,049	\$8,562	1.0%	\$1,595	18.6%	4.7%	18.9%	11.2x	11.9x	2.2x
B&G Foods, Inc.	\$1,182	\$3,508	\$2,098	6.2%	\$261	12.4%	3.0%	15.3%	10.6x	13.5x	1.7x
Median	\$18,908	\$25,031	\$30,459	6.6%	\$4,347	16.1%	4.0%	17.1%	10.9x	12.7x	1.9x
Mean	\$85,021	\$101,029	\$38,580	7.2%	\$6,970	16.3%	4.6%	16.2%	11.2x	12.1x	2.1x
Natural Foods											
The Hain Celestial Group, Inc.	\$1,507	\$2,447	\$1,892	(4.0%)	\$176	9.3%	0.5%	10.5%	12.3x	13.9x	1.3x
Sprouts Farmers Market, Inc.	\$2,982	\$4,208	\$6,239	(0.6%)	\$475	7.6%	4.5%	7.1%	9.1x	8.9x	0.7x
United Natural Foods, Inc.	\$2,004	\$5,342	\$28,928	7.3%	\$692	2.4%	4.3%	2.9%	6.2x	7.7x	0.2x
Median	\$2,004	\$4,208	\$6,239	(0.6%)	\$475	7.6%	4.3%	7.1%	9.1x	8.9x	0.7x
Mean	\$2,164	\$3,999	\$12,353	0.9%	\$448	6.4%	3.1%	6.8%	9.2x	10.2x	0.7x
Snacks											
General Mills	\$45,471	\$56,689	\$19,171	4.7%	\$3,762	19.6%	2.8%	19.9%	14.4x	15.1x	3.0x
The Hershey Company	\$45,193	\$50,196	\$9,725	11.9%	\$2,562	26.3%	8.4%	25.7%	18.5x	19.6x	5.2x
J&J Snack Foods Corp.	\$2,485	\$2,579	\$1,303	21.3%	\$119	9.1%	13.5%	11.5%	15.2x	21.7x	2.0x
Median	\$45,193	\$50,196	\$9,725	11.9%	\$2,562	19.6%	8.4%	19.9%	15.2x	19.6x	3.0x
Mean	\$31,049	\$36,488	\$10,066	12.7%	\$2,147	18.4%	8.2%	19.1%	16.0x	18.8x	3.4x
Alcoholic Beverages											
Anheuser-Busch InBev SA/NV	\$90,886	\$172,748	\$56,499	9.9%	\$17,745	31.4%	6.4%	34.1%	8.4x	9.7x	3.1x
Heineken N.V.	\$50,719	\$66,511	\$25,416	24.1%	\$5,520	21.7%	11.0%	22.8%	10.4x	12.1x	2.6x
Brown-Forman Corporation	\$32,063	\$33,412	\$4,034	11.6%	\$1,370	34.0%	0.7%	34.4%	23.9x	24.4x	8.3x
Molson Coors Beverage Company	\$10,435	\$17,170	\$10,578	7.0%	\$1,839	17.4%	2.1%	19.9%	8.0x	9.3x	1.6x
Median	\$41,391	\$49,961	\$17,997	10.8%	\$3,679	26.6%	4.3%	28.4%	9.4x	10.9x	2.8x
Mean	\$46,026	\$72,460	\$24,132	13.2%	\$6,618	26.1%	5.0%	27.8%	12.7x	13.9x	3.9x
Non-Alcoholic Beverages											
The Coca-Cola Company	\$242,266	\$275,262	\$41,322	13.5%	\$13,228	32.0%	3.3%	32.5%	19.9x	20.8x	6.7x
PepsiCo, Inc.	\$225,284	\$258,992	\$81,862	9.8%	\$14,816	18.1%	3.5%	18.3%	16.7x	17.5x	3.2x
Starbucks Corporation	\$96,680	\$117,332	\$31,983	17.9%	\$6,355	19.9%	9.1%	18.8%	17.9x	18.5x	3.7x
Monster Beverage Corporation	\$45,818	\$43,386	\$6,009	16.7%	\$1,690	28.1%	13.6%	28.9%	22.0x	25.7x	7.2x
Median	\$160,982	\$188,162	\$36,652	15.1%	\$9,791	24.0%	6.3%	23.8%	18.9x	19.6x	5.2x
Mean	\$152,512	\$173,743	\$40,294	14.5%	\$9,022	24.5%	7.4%	24.6%	19.1x	20.6x	5.2x
Fruit and Vegetable											
Lamb Weston Holdings, Inc.	\$11,121	\$13,451	\$4,240	12.1%	\$739	17.4%	12.4%	18.7%	15.1x	18.2x	3.2x
Fresh Del Monte Produce Inc.	\$1,112	\$1,809	\$4,371	3.5%	\$169	3.9%	3.6%	4.6%	N/A	10.7x	0.4x
Seneca Foods Corporation	\$404	\$623	\$1,415	0.1%	\$105	7.4%	N/A	N/A	N/A	5.9x	0.4x
Median	\$1,112	\$1,809	\$4,240	3.5%	\$169	7.4%	8.0%	11.7%	15.1x	10.7x	0.4x
Mean	\$4,212	\$5,294	\$3,342	5.2%	\$338	9.6%	8.0%	11.7%	15.1x	11.6x	1.3x
Fast Food											
McDonald's Corporation	\$169,759	\$215,467	\$23,594	8.5%	\$12,071	51.2%	(4.1%)	55.0%	17.3x	17.9x	9.1x
Chipotle Mexican Grill, Inc.	\$41,724	\$44,586	\$8,147	19.0%	\$1,178	14.5%	14.5%	18.3%	26.1x	37.9x	5.5x
Yum! Brands, Inc.	\$30,258	\$42,219	\$6,679	6.4%	\$2,232	33.4%	2.7%	35.6%	17.3x	18.9x	6.3x
Restaurant Brands International Inc.	\$16,279	\$31,649	\$6,131	13.7%	\$2,195	35.8%	6.9%	37.5%	12.9x	14.4x	5.2x
Median	\$35,991	\$43,403	\$7,413	11.1%	\$2,214	34.6%	4.8%	36.6%	17.3x	18.4x	5.9x
Mean	\$64,505	\$83,480	\$11,138	11.9%	\$4,419	33.7%	5.0%	36.6%	18.4x	22.3x	6.5x
Food Retail											
Costco Wholesale Corporation	\$209,057	\$207,052	\$226,954	15.8%	\$9,693	4.3%	8.1%	4.5%	18.8x	21.4x	0.9x
The Kroger Co.	\$31,317	\$50,579	\$144,146	8.0%	\$7,331	5.1%	3.8%	4.9%	6.9x	6.9x	0.4x
Median	\$120,187	\$128,815	\$185,550	11.9%	\$8,512	4.7%	5.9%	4.7%	12.9x	14.1x	0.6x
Mean	\$120,187	\$128,815	\$185,550	11.9%	\$8,512	4.7%	5.9%	4.7%	12.9x	14.1x	0.6x

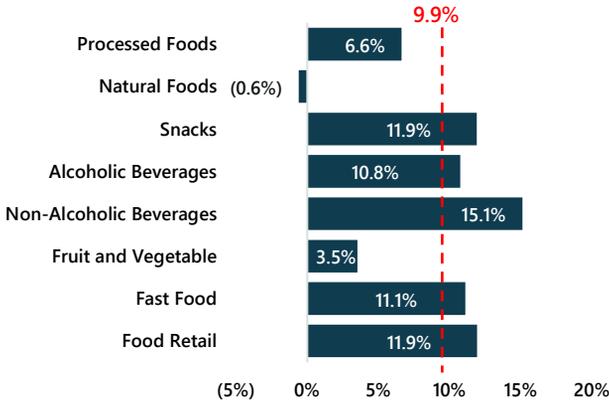
Source: Capital IQ. Data as of September 30, 2022.

"LTM" refers to last twelve months. "NTM" refers to next twelve months. "EV" refers to Enterprise Value.

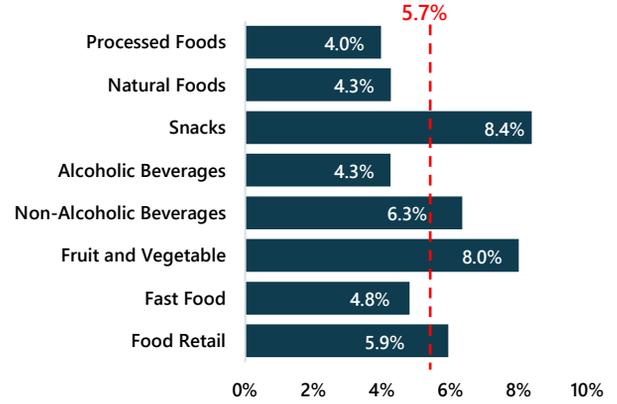
Public Comparable Analysis

Growth, Margins & Multiples

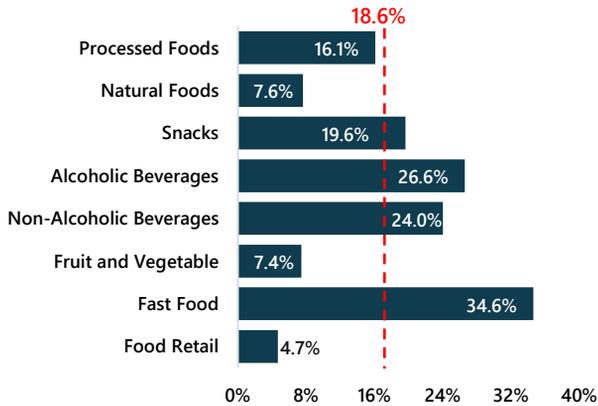
LTM Revenue Growth



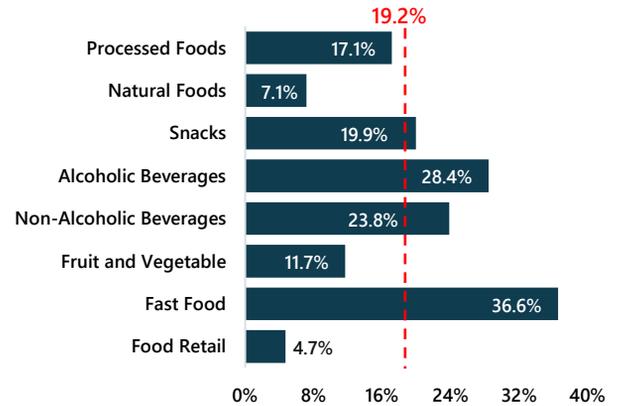
NTM Revenue Growth



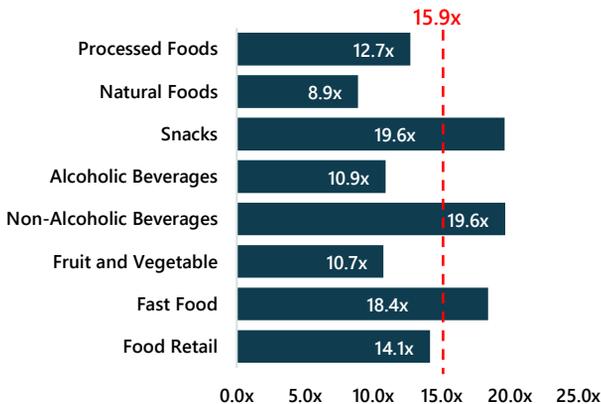
LTM EBITDA Margin



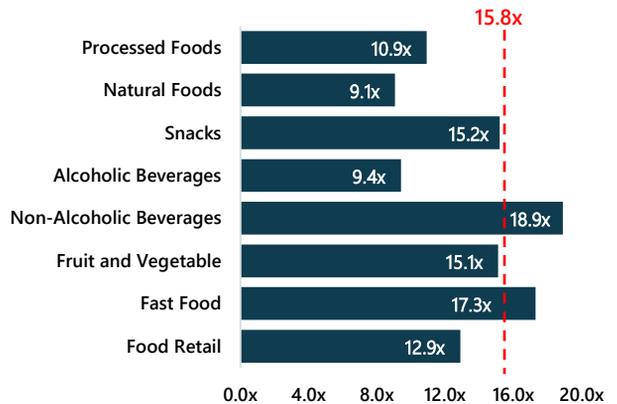
NTM EBITDA Margin



LTM EV/EBITDA



NTM EV/EBITDA



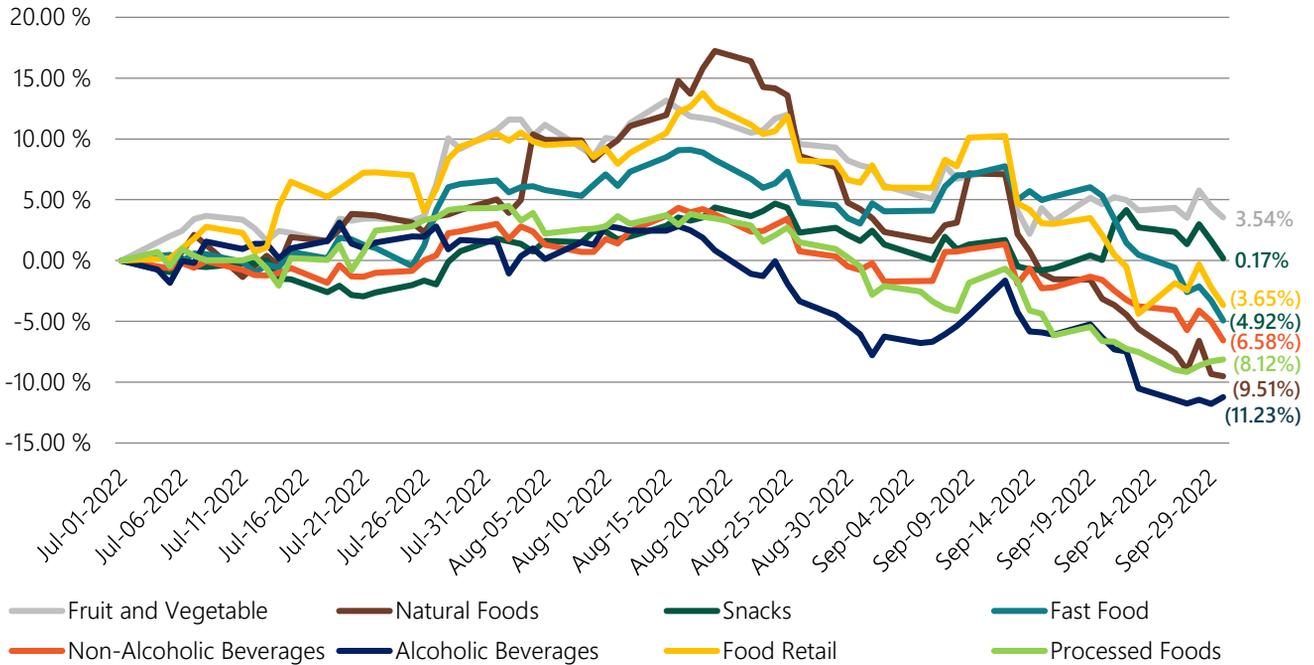
--- Mean

Source: Capital IQ. Data as of September 30, 2022.
 "LTM" refers to last twelve months. "NTM" refers to next twelve months. "EV" refers to Enterprise Value.
 Group constituents are provided on page 6.

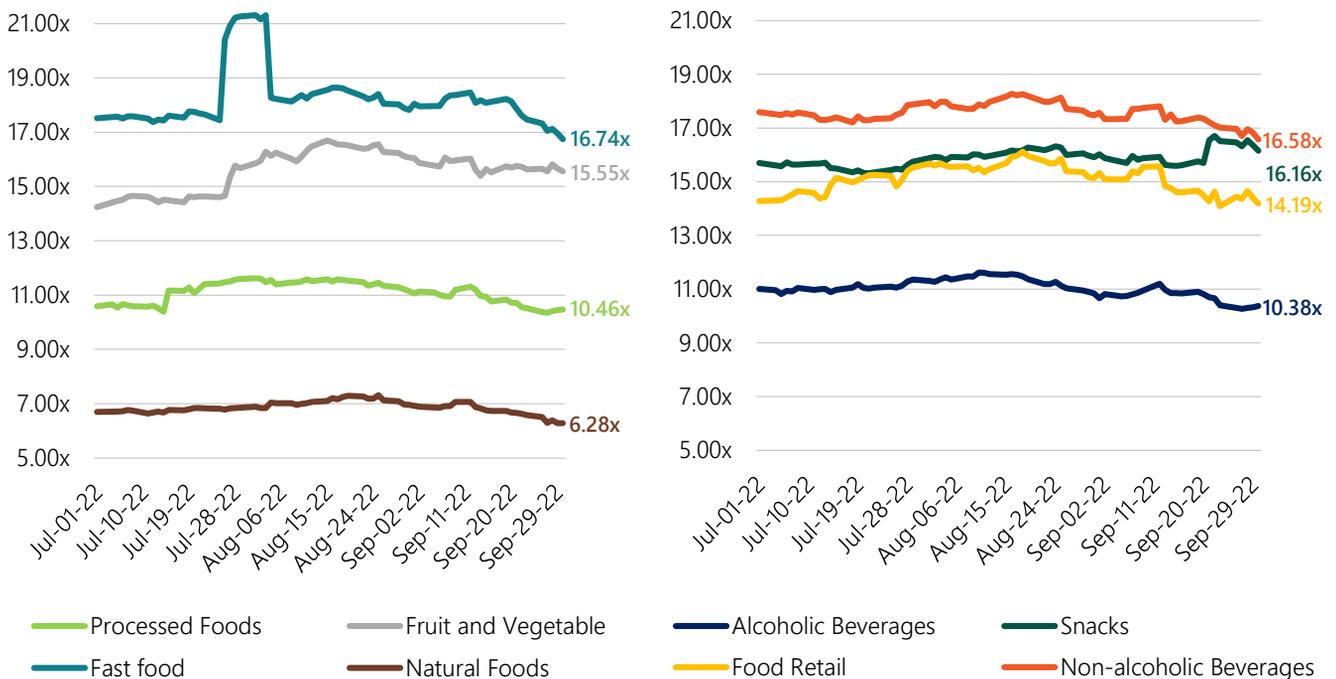
Public Comparable Analysis

Performance Analysis

Food & Beverage Peer Group Stock Performance



Food & Beverage Peer Group EV/EBITDA Multiples



About Us



MNP Corporate Finance (MNPCF) has a dedicated team of over 100 M&A and due diligence professionals across Canada. MNPCF works with clients in virtually all industries as they prepare, plan and execute transactions.

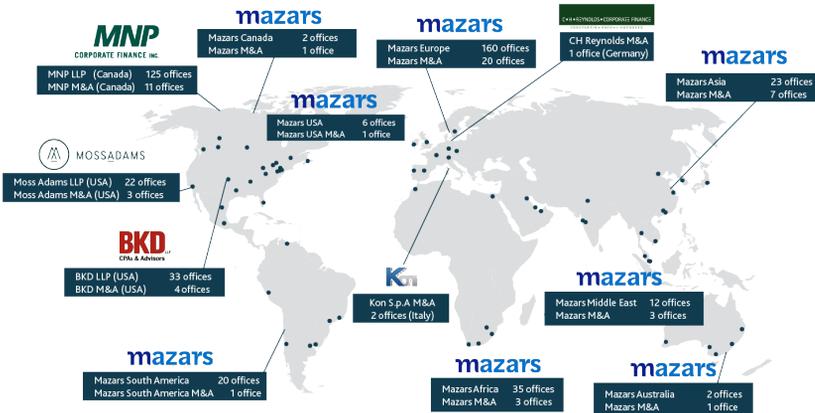
Our typical transactions range in value between \$3 million and \$300 million.

Local and International Reach

MNP is a participating firm within Praxity, a unique global alliance of independent accounting/advisory firms created to answer global business needs. As a member of Praxity, we are able to offer access to corporate finance, accounting and tax advisory services worldwide. We are also affiliated with Corporate Finance Cross Border, which consists of 250+ M&A professionals in more than 30 countries.



CFxB CFxBorder - Global reach with local relationships
Our corporate finance team through CFxB consists of 250 plus M&A professionals in more than 30 countries



Services

- Divestitures
- Acquisitions
- Debt Financing
- Due Diligence
- Transaction Advisory Services

Recently Closed Deals (National)

APEX
has acquired
PROMETA
FUND SERVICES INC.

MNP Corporate Finance Inc. acted as exclusive financial advisor to Prometa Fund Support Services Inc. in structuring and negotiating this transaction.

Neighbourly Pharmacy
has acquired
Miller Health Consulting Inc.
(operating as Miller's Pharmacy)

MNP Corporate Finance Inc. acted as exclusive financial advisor to Miller Health Consulting Inc. in structuring and negotiating this transaction.

argyle
has acquired
IRS
CORPORATE FINANCE

MNP Corporate Finance Inc. provided financial due diligence services to Argyle Capital Partners.

GURVEY & BERRY
Ingredients for wellness, nutrition, beauty and more.
has acquired the assets of
ALMAT

MNP Corporate Finance Inc. acted as exclusive financial advisor to Almat Pharmchem Inc. in structuring and negotiating this transaction.

E360S
Special Environmental Management
has acquired the shares of
GRUPE POL and TPOL

MNP Corporate Finance Inc. provided financial due diligence services to Environmental 360 Solutions Inc.

CASSIAR
has acquired
HIS DRILLING & BLASTING

MNP Corporate Finance Inc. acted as exclusive financial advisor to HIS Drilling & Blasting Ltd. in structuring and negotiating this transaction.

LOOMEX GROUP
has acquired
ACF ASSOCIATES INC.

MNP Corporate Finance Inc. acted as exclusive financial advisor to ACF Associates Inc. in structuring and negotiating this transaction.

RAM
has acquired
Encepta

MNP Corporate Finance Inc. acted as exclusive financial advisor to RAM Engineering Ltd. (RAM Consulting) in structuring and negotiating this transaction.

RAM
has acquired
HORIZON ENGINEERING

MNP Corporate Finance Inc. acted as exclusive financial advisor to RAM Engineering Ltd. (RAM Consulting) in structuring and negotiating this transaction.

MEDSPA PARTNERS
a portfolio company of Persistence Capital Partners
has acquired
SKINMETHOD

MNP Corporate Finance Inc. acted as exclusive financial advisor to TSS Ventures Inc. dba Skin Method, in structuring and negotiating this transaction.

About Us



Deal Experience

Since our inception, our team has advised on hundreds of transactions, in a wide range of industries with diverse enterprise values. In the past eight years alone we have completed over 235 transactions worth over \$4 billion (not including due diligence engagements).

Industry Experience

- Food & Beverage
- Retail & Distribution
- Manufacturing
- Agriculture
- Automotive
- Materials
- Health Care
- Pharmaceutical
- Transportation
- Construction
- Software
- Financial Services
- Technology
- Energy
- Oilfield Services
- Real Estate

Hands-on Approach

Current M&A transactions require a hands-on approach from start to finish including the active engagement of senior resources. Our senior resources are dedicated to our clients and are available as necessary and appropriate. We keep our clients regularly informed of the engagement status, issues we are encountering, successes and overall progress.

Integrated Service Offering

We draw on the vast experience and deep specialist knowledge network of our partners locally, nationally and internationally as specialty issues arise, such as pre-transaction tax planning, transaction structuring, estate planning, valuation, due diligence, performance improvement and risk management.

Recently Closed Deals (National)



Leadership Team

Transaction Leadership



Brett Franklin
President
Winnipeg
Brett.Franklin@mnp.ca
204.336.6190



Aleem Bandali
Managing Director
Vancouver
Aleem.Bandali@mnp.ca
778.374.2140



Bryce Davis
Managing Director
Vancouver
Bryce.Davis@mnp.ca
604.637.1514



Mike Reynolds
Managing Director
Calgary
Mike.Reynolds@mnp.ca
587.702.5909



Mark Reynolds
Managing Director
Calgary
Mark.Reynolds@mnp.ca
403.536.5548



Mark Regehr
Managing Director
Edmonton
Mark.Regehr@mnp.ca
780.969.1404



Erik St-Hilaire
Managing Director
Winnipeg
Erik.St-Hilaire@mnp.ca
204.336.6200



Stephen Shaw
Managing Director
Toronto
Stephen.Shaw@mnp.ca
416.515.3883



Dan Porter
Managing Director
Toronto
Dan.Porter@mnp.ca
416.515.3877



Chris Chapman
Managing Director
Toronto
Chris.Chapman@mnp.ca
416.596.1711



Kevin Tremblay
Managing Director
Toronto
Kevin.Tremblay@mnp.ca
647.943.4051



Jon Edgett
Managing Director
Waterloo
Jon.Edgett@mnp.ca
519.772.7460



Jean-Raymond Lafond
Managing Director
Drummondville
Jean-Raymond.Lafond@mnp.ca
819.473.7251



Éric Grondin
Managing Director
Sherbrooke
Éric.Grondin@mnp.ca
819.823.3290



Jasmin Allard
Managing Director
Sherbrooke
Jasmin.Allard@mnp.ca
819.560.7856



Jonathan Banford
Managing Director
Chicoutimi
Jonathan.Banford@mnp.ca
418.696.3924

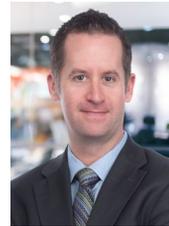


Frédéric Fortin
Managing Director
Chicoutimi
Frederic.Fortin@mnp.ca
418.696.4561



Patrick Khouzam
Managing Director
Montreal
Patrick.Khouzam@mnp.ca
514.228.7874

Due Diligence Leadership



Craig Maloney
Managing Director
Halifax
Craig.Maloney@mnp.ca
902.493.5430



Johnny Earl
Managing Director
Vancouver
Johnny.Earl@mnp.ca
604.637.1504



John Caggianiello
Managing Director
Toronto
John.Caggianiello@mnp.ca
416.513.4177



Wilson Lai
Managing Director
Toronto
Wilson.Lai@mnp.ca
289.695.4386