

FOOD & BEVERAGE REPORT M&A ACTIVITY—Q4 2021

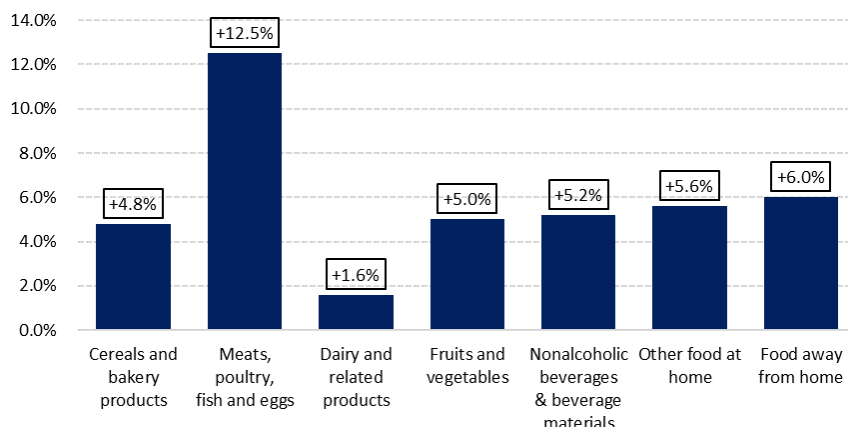
DOES INFLATION HAVE A SHELF LIFE?

M&A deal volume remained strong in Q4 2021 with **75 transactions** taking place within our Team’s tracked Food & Beverage sectors. Active acquirers in the Food & Beverage industry targeted well-positioned businesses with demonstrated ability to pass on price increases while maintaining, and in some cases growing, sales volumes. Inflationary pressures sat top of mind among industry participants and everyday consumers; **headline inflation rose 7% over the last twelve months¹ and may have room to run.** Inflation continues to place downward pressure on the industry’s bottom line with rising costs prevalent across commodity, production, packaging, transportation and labor inputs.

The food at home index, tracked by the Bureau of Labor Statistics, **rose 6.5% over the last 12 months; this compares to a 1.5% annual increase over the last 10 years¹.** Supply-side constraints, rooted in global port congestion and raw material availability, accelerated price increases across everyday items, such as:

- ◆ meats, poultry, fish and eggs;
- ◆ dairy and related products; and
- ◆ nonalcoholic beverages and beverage materials; among other categories.

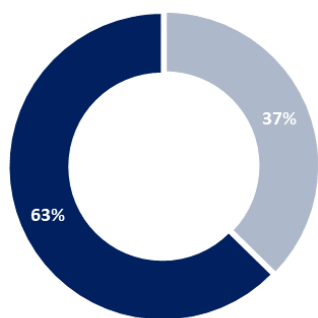
CPI Percent Change from Year Ago—Dec. 2020 to Dec. 2021



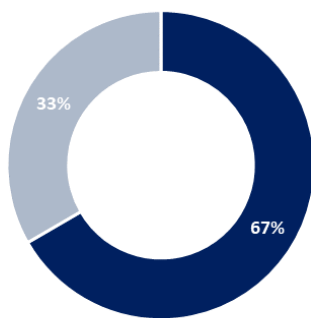
Source: Bureau of Labor Statistics (BLS)

Nominal U.S. grocery store and retail and food service sales increased 8.16% and 16.95%, respectively from December 2020 to December 2021². While retail and food service sales increased at a greater clip during the period than its grocery store counterpart, the sector’s base was measured at a time (December 2020) when COVID-induced restrictions on indoor dining were more prevalent than today’s operating environment. This is in comparison to grocery store sales, which notched record growth in 2020 as consumers swapped away-from-home dining for at-home options. Grocery stores demonstrated, as expected, strong ability to pass on input price increases to its shoppers during the period—we expect grocery store consolidation to continue in early 2022.

FOOD & BEVERAGE Q4 2021 DEALS CLOSED BY ACQUIRER³



■ Financial Buyers ■ Strategic Buyers



■ Private Buyers ■ Public Buyers

Of the 75 transactions tracked by CM&Co. during the period:

- ◆ 28 deals were closed by financial buyers and/or via strategic financial sponsor;
- ◆ 47 deals were closed by corporate strategics;
- ◆ 50 deals were closed by private buyers; and
- ◆ 25 deals were closed by public acquirers.

Source: (1) Bureau of Labor Statistics (BLS); (2) YCharts; (3) PitchBook Data

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INVESTMENT BANKING SERVICES

Significant Transactions Occurring in Q4 2021**Hershey Acquires Fastest Growing U.S. Pretzel Brand, Acquires Contract Manufacturer in Tandem**



Hershey acquired Dot's Pretzels in December 2021, expanding its snacking portfolio filled with popular household staples, including *Skinny Pop*, *Pirate's Booty* and *Paqui*, among others. The addition of Dot's Pretzels accelerates Hershey's vision by adding to its portfolio the fastest-growing scale U.S. pretzel brand, representing 55 percent¹ of the pretzel category's growth during the past year.

Pretzels, Inc. served as contract manufacturer to Dot's Pretzels prior to the transaction. Hershey acquired Pretzels, Inc. in tandem to bring manufacturing competencies in-house to further support Dot's Pretzels' and Hershey's salty snacks portfolio's future growth.

New Belgium Brewing Acquires Michigan's Second Largest Craft Beer Producer



New Belgium Brewing acquired Bell's in November 2021, combining two Michigan-based beer producers. Bell's is expected to contribute over 500 employees², annual production capacity of roughly 500,000 barrels² and several well-known recipes to the transaction. The combined entity boasts popular beer labels, including *Voodoo Ranger*, *Fat Tire* and *Oberon Ale*, among others.

Bell's is expected to add north of \$100 million to New Belgium's top-line financials, generating nearly \$90 million in revenue as of early October 2021, according to IRI.

Coca-Cola Acquires Fastest Growing Beverage Company



Coca-Cola initially purchased 15% of BODYARMOR in 2018 and acquired the remaining 85% for \$5.6 billion in cash in November 2021³. The initial minority investment unlocked BODYARMOR access to the Coca-Cola bottling system, contributing to the company's consistent 50% growth rate.

BODYARMOR's key management members are expected to remain on board through 2022 to support the transition process and execute the company's strategic vision. The acquisition will allow Coca-Cola and BODYARMOR personnel to collaborate on Coca-Cola's still beverages portfolio, including marketing, packaging and innovation strategies across multiple brands³.

Sources: (1) The Hershey Company;; (2) Brewpublic; (3) The Coca-Cola Company

Select Q4 2021 M&A Transactions

Non-alcoholic Beverage Transactions—deal value in millions

Date	Target	Target Description	Acquirer	Deal Value
12/15	The J.M. Smucker Natural Beverage & Grain Businesses	Provider of natural and organic beverages	Nexus Capital Management	\$110
12/8	Good2Grow	Producer of nutritious beverages for children	Wind Point Partners / Constitution Capital	N/A
11/24	BevSource	Provider of beverage development, sourcing and production services	Shore Capital Partners	N/A
11/23	Saratoga Beverage Group (Certain Assets)	A portfolio of spring water product assets	BlueTitron Brands	N/A
11/4	Big Easy Bucha	Producer of organic kombucha beverages	Beliv	N/A
11/1	BA Sports Nutrition	Manufacturer of BODYARMOR sports drinks	Coca-Cola (NYS: KO)	N/A
10/18	Banana Wave	Producer of non-dairy beverage products	Eat Beyond Global Holdings (CNO: EATS)	\$5,600
10/5	Vero (Beverages)	Producer and retailer of authentic and purified water	Quench USA	N/A
10/4	The Bountiful Company	Operator of sports and active nutrition portfolio	4x4 Capital	N/A
10/3	Dune Glow Remedy	Producer of health-oriented beverages intended to promote wellness	Cretd (NAS: CRTD)	N/A
10/1	Big Swig	Producer of sparkling water	Yooma Wellness (CNQ: YOOM)	N/A

Alcoholic Beverage Transactions—deal value in millions

Date	Target	Target Description	Acquirer	Deal Value
12/21	Jada Vineyard & Winery	Producer of Rhone & Bordeaux-style wines	Riboli Family Wines	N/A
12/20	Green Flash Brewing	Producer of hand-crafted ales, barrel-aged beers and flavored beers	SweetWater Brewing Company	\$5
12/13	Frank Family Vineyards	Operator of vineyards	Treasury Wine Estates (ASX: TWE)	\$315
12/9	Tequila Partida	Operator of a tequila distillery	Lucas Bols (AMS: BOLS)	N/A
12/8	Breckenridge Distillery	Operator of a whiskey distillery focusing on rye mash, American-style whiskey	Tilray (NAS: TLRY)	\$103

Source: Pitchbook Data

Select Q4 2021 M&A Transactions

Alcoholic Beverage Transactions (Continued)—deal value in millions

Date	Target	Target Description	Acquirer	Deal Value
11/16	ACE Cider	Producer of ciders offering fruit-forward ciders	Vintage Wine Estates (NAS: VWE)	N/A
11/16	Hoop Tea	Producer of tea-based alcoholic beverages	Anheuser-Busch	N/A
11/10	Bell's Brewery	Provider of craft beers dedicated to brewing flavorful and unfiltered craft beers	New Belgium Brewing	N/A
11/10	Booker Vineyard	Operator of a vineyard based in Paso Robles, California	Constellation Brands (NYS: STZ)	N/A
11/2	Provenance Vineyards	Producer of various types of red and white wines	Thomas Allen Wine Estates	N/A
10/25	Johan Vineyards	Operator of an organic and biodynamic vineyard and winery	Cowhorn Vineyard	N/A
10/19	Odd13 Brewing	Manufacturer of ale and beer	4 Noses Brewing Company	N/A
10/1	Ste. Michelle Wine Estates	Operator of wine estates in Oregon and California	Sycamore Partners Management	\$1,200

Confectionery Transactions—deal value in millions

Date	Target	Target Description	Acquirer	Deal Value
12/31	Ziegengelder	Manufacturer of fruit-flavored bars, ice pops and frozen candies	Armstrong Group	N/A
12/22	Belmont Confections	Producer of private label healthy nutrition bars	Tattooed Chef (NAS: TTCF)	\$18
12/21	Rustic Bakery	Producer of artisanal products, including crisps, cookies and biscuits	San Francisco Equity Partners	N/A
12/13	Coolhaus	Producer of ice cream sandwiches, ice cream pints, ice cream bars and flavors	The Urgent Company	N/A
11/18	Avalanche Bars	Producer of nut-free protein bars intended to offer meal replacement	SLG Investment Holdings	N/A
11/11	Meurer Brothers Bakery	Manufacturer of bakery products	Main Street Gourmet	N/A
11/9	Stone Ground Bakery	Operator of a bakery company offering ciabatta, brioche and other specialty products	Wheat Montana	N/A
10/26	Bimbo Bakeries (Certain Assets)	Operator of a Western United States baking business	FGF Brands	\$1,200

Source: Pitchbook Data

Select Q4 2021 M&A Transactions

Ingredients & Flavors Transactions—deal value in millions

Date	Target	Target Description	Acquirer	Deal Value
12/23	Nature Nate's Honey	Producer of organic and flavored honey and maple syrup	Sweet Harvest Foods	N/A
12/23	Vivify (Special Chemicals)	Manufacturer of colorants, additives and other specialty chemicals	Gryphon Investors	N/A
12/10	Florida Food Products	Manufacturer of natural and clean label fruit and vegetable-based ingredients	Ardian	\$1,000
12/7	Firebird Artisan Mills	Operator of a gluten-free, specialty grain and pulse ingredient milling company	Ardent Mills	N/A
12/1	Comax Flavors	Producer of food flavors for the food and beverage industry	Florida Food Products	N/A
12/1	Food Ingredient Solutions	Manufacturer and distributor of colors and natural antioxidants	Chr. Hansen Natural Colors	N/A
12/1	Woodland Foods	Producer and supplier of specialty culinary ingredients and products	Graham Partners	N/A
11/16	DMH Ingredients	Supplier of niche ingredients	Batory Foods	N/A
11/9	Azenya	Manufacturer and supplier of spices and seasonings	Solina Group	N/A
11/9	Nutrition 21	Developer and manufacturer of efficacious and clinically substantiated ingredients	Everwell Health	N/A
11/7	Phillips Syrup	Producer of gourmet syrup	Lyons Magnus	N/A
10/19	First Choice Ingredients	Manufacturer of concentrated dairy flavors	Koninklijke DSM (AMS: DSM)	\$453
10/4	Shank's Extracts	Producer of specialty ingredients, extracts, flavors and colors	Universal (NYS: UVV)	N/A

Meat & Seafood Transactions—deal value in millions

Date	Target	Target Description	Acquirer	Deal Value
12/30	Pre Brands	Producer of high-quality, grass-fed beef products	Champlain Capital	N/A
12/10	Shining Ocean	Manufacturer and distributor of surimi seafood products	Aquamar	N/A

Source: Pitchbook Data

Select Q4 2021 M&A Transactions

Meat & Seafood Transactions (Continued)—deal value in millions

Date	Target	Target Description	Acquirer	Deal Value
11/24	J & G Foods	Producer of grass-fed beef, pork, lamb and organic chicken	Preval Ag	N/A
11/15	Seattle Fish Company	Supplier of seafood and meats products	Armand Agra	N/A
10/19	Foundation Food Group	Producer of poultry products	Gold Creek Foods	N/A
10/15	Sunnyvale Smoked Meats	Producer of smoked meat products	Swift Prepared Foods	\$90
10/14	Northern Wind	Producer and distributor of scallops and other premium seafood	ACON Investments	N/A
10/5	Silver State Meats	Supplier of beef, chicken and pork	The Chef's Warehouse (NAS: CHEF)	N/A

Produce Transactions—deal value in millions

Date	Target	Target Description	Acquirer	Deal Value
12/13	Curation Foods (Certain Assets)	Producer of fresh packaged salads, green beans and fresh-cut vegetables	Taylor Farms	\$74
11/30	Monteverde's	Distributor of fresh produce	Indianapolis Fruit Company	N/A
11/16	C&M Mushroom	Producer of white, portabella, crimini, oyster and shiitake mushrooms	Sandton Capital Partners	\$5

Restaurant Transactions—deal value in millions

Date	Target	Target Description	Acquirer	Deal Value
12/17	Native Grill & Wings Franchising	Operator of a restaurant chain	FAT Brands (NAS: FAT)	\$20
12/16	Frazoli's System Management	Operator of a chain of Italian cuisine restaurants	FAT Brands (NAS: FAT)	\$130
12/15	Firehouse Subs	Owner and operator of a chain of fast-service restaurants	Restaurant Brands International (TSE: QSR)	\$1,000
12/6	Del Taco (NAS: TACO)	Franchisor of restaurants featuring fresh and made-to-order cuisine	Jack In The Box (NAS: JACK)	N/A
11/30	Velvet Taco	Operator of a chain of taco restaurants across TX, GA, IL, NC, OK and TN	Leonard Green & Partners	N/A

Source: Pitchbook Data

Select Q4 2021 M&A Transactions

Restaurant Transactions (Continued)—deal value in millions

Date	Target	Target Description	Acquirer	Deal Value
11/18	Shell Shack	Operator of seafood restaurant chain across Texas	TriSpan	N/A
11/17	PJW Restaurant Group	Operator of a restaurant chain across Southern NJ and Eastern PA	Garnett Station Partners	N/A
11/9	Mambo Seafood	Operator of a chain of seafood restaurants across Texas	Garnett Station Partners	N/A
11/4	Anthony's Coal Fired Pizza	Operator of a chain of pizza restaurants	Burgerfi (NAS: BFI)	\$161
10/22	Rapid Fired Pizza	Operator of a pizza chain	Pie Guys Restaurants	N/A
10/14	K-MAC Enterprises	Operator of a quick-service restaurant franchise	Mubadala Investment Company	N/A
10/8	Tahoe Joe's	Operator of the steakhouse chain based in Texas	Famous Dave's of America (NAS: BBQ)	\$5
10/1	Cork's BBQ	Operator of a barbecue restaurant chain	Jimmy Stovall	N/A
10/1	Twin Peaks	Operator of a chain of sports bar and grill franchise restaurants	FAT Brands (NAS: FAT)	\$300

Snack Food Transactions—deal value in millions

Date	Target	Target Description	Acquirer	Deal Value
12/28	That's How We Roll	Manufacturer of shelf-stable healthier snacks	The Hain Celestial Group (NAS: HAIN)	\$259
12/14	Dot's Pretzels	Producer of gourmet seasoned pretzels	Hershey (NYS: HSY)	N/A
12/14	Pretzels, Inc.	Provider of contract manufacturing services for pretzels and other snacks	Hershey (NYS: HSY)	N/A
12/14	RW Garcia	Manufacturer of artisan, gluten-free chips and crackers	Utz Brands (NYS: UTZ)	N/A
11/5	BeyondChipz	Operator of a healthy snack and packaged food company	TUP Capital (TSX: TUP.P)	N/A

Source: Pitchbook Data

CARLETON MCKENNA & CO:

We believe businesses are the economic engine of our society, and that business owners deserve and require a proactive advocate throughout life changing transactions.



FIRM OVERVIEW:

Carleton McKenna & Co. is an independent investment banking firm providing M&A Advisory, Capital Raising, and Pre-Transition Advisory services. We deliver hands-on transaction execution, with clear, insightful strategy to drive extraordinary success.

We work with middle market closely-held businesses, multi-generational family businesses, portfolio companies of financial sponsor firms and divisions or subsidiaries of public companies focusing in Manufacturing & Specialty Chemicals, Consumer Products, SaaS, Healthcare and B2B Services.

Our Team is made up of finance and accounting experts, operators, C-Suite and Board professionals, lawyers, consultants, and marketing professionals. These diverse experiences and skills drive extraordinary results for our clients.

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