

KROLL

Food and Beverage

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Industry Insights

Summer 2023



Executive Summary

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295 food and beverage deals announced
in TTM June 2023



84% were completed by privately owned
buyers



78% were strategic transactions

M&A Market Overview

Overview

The food and beverage space saw 89 deals completed in Q2 2023, which is the highest transaction count in the space since Q3 2021. For the trailing twelve months (TTM) ending June 30, 2023, 295 deals were announced in the space, 53 fewer transactions compared to the prior TTM period. Overall, deal activity decreased year over year by 15%; however, in comparison to the 62 transactions in the previous quarter, deal volume increased quarter over quarter by 44%.

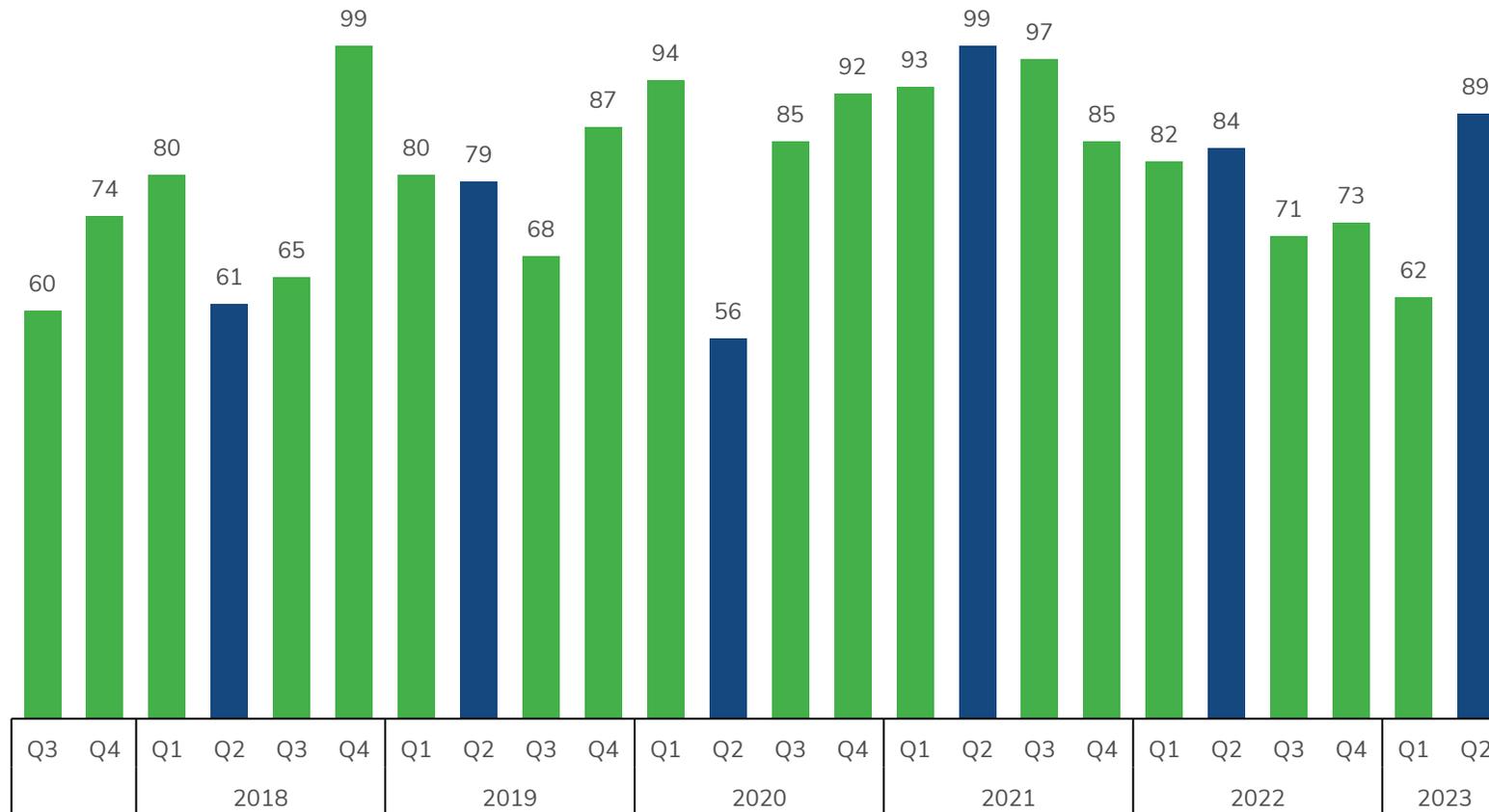
Q2 2023 saw several significant North American deals in the alcoholic beverages and better-for-you spaces. Notable transactions within these areas include Luxco Inc.'s acquisition of Penelope Bourbon LLC; Corby Spirit and Wine Limited's acquisition of Ace Beverage Group Inc.; and Martin E. Franklin's proposal to acquire Whole Earth Brands Inc. Alcoholic beverages, better-for-you, general and bakery categories were the most active in terms of deal volume, representing 66% of total transactions in the quarter.

M&A activity in the food and beverage sector in TTM June 2023 remains predominantly driven by strategic buyers (including companies primarily owned by private equity investors), with strategic transactions representing 78% of total deal volume. Of the 295 deals announced over the year, 247 (84%) were completed by privately owned buyers.

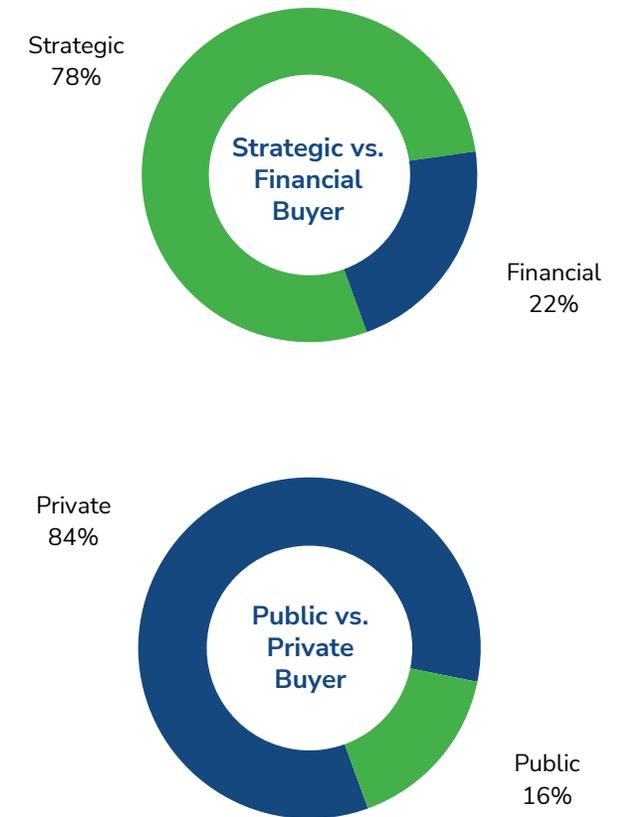
In Q2 2023, deal activity within the food and beverage industry increased sharply with transaction volumes in line with levels experienced during the COVID-19 pandemic. As interest rate hikes continue to decelerate and inflation levels drop, investors are becoming less cautious and are looking to invest their capital, despite debt being more expensive and less readily available compared to a year ago. Although deal flow experienced a quick ramp up in Q2 2023, increases in input costs remain top of mind for businesses within the food and beverage industry as consumers are beginning to push back against price increases and global conflicts continue to impact the supply of raw materials. However, the balance sheets of large conglomerates and private equity firms remain flush with cash, and we expect that their demand for high-quality assets within the food and beverage industry will remain strong throughout the second half of 2023.

M&A Market Overview—Cont'd

Number of Announced Deals (as of June 30, 2023)



By Number of Announced Deals (TTM June 30, 2023)



Note: Includes food and beverage sector deals where the target was based in North America.
Source: S&P Capital IQ. Transactions with more than 50% of the company acquired are included in the analysis.

Select Recent Transactions¹

Martin E. Franklin Delivered a Non-Binding Proposal to Acquire Whole Earth Brands Inc.



On June 26, 2023, Martin E. Franklin, a British-born entrepreneur, delivered a non-binding proposal to acquire the remaining 78.9% stake in Whole Earth Brands Inc. (NasdaqCM:FREE) for **\$603 million**. The proposal outlines that Martin E. Franklin will acquire all the outstanding shares of Whole Earth's common stock not already owned for \$4.00 per share in cash and wants to combine Whole Earth Brands with another consumer company he controls, charcoal seller Royal Oak Enterprises LLC.

Corby Spirit and Wine Limited Acquired Ace Beverage Group Inc.



On July 4, 2023, Corby Spirit and Wine Limited (TSX:CSW.A) completed the acquisition of Ace Beverage Group Inc., a manufacturer of alcoholic beverages with brand names including Cottage Springs, Ace Hill, Cabana Coast and Liberty Village for **\$123 million**. "We are extremely excited to partner with Ace and become one of the leading ready-to-drink ("RTD") players in Canada, as we believe the combined strength of our companies and people will unlock new opportunities," said Nicolas Krantz, Corby's President and Chief Executive Officer.

The Chefs' Warehouse Inc. Acquired Hardie's Fruit and Vegetable Company LP



On May 1, 2023, The Chefs' Warehouse Inc. (NasdaqGS:CHEF) completed the acquisition of Hardie's Fruit and Vegetable Company LP for **\$48 million**. "Similar to the way we expanded into Protein, these recent moves in the produce category allow us to reach more customers with more diverse inventory. We continue to focus on our multi-year strategy of combining strong organic growth with strategic acquisitions that provide both top-line and bottom-line synergies as we scale," said Christopher Pappas, President and CEO of The Chefs' Warehouse.

Luxco Inc. Acquired Penelope Bourbon LLC



On June 1, 2023, Luxco Inc., a subsidiary of MGP Ingredients Inc. (NasdaqGS:MGPI), completed the acquisition of Penelope Bourbon LLC for **\$216 million**. "This acquisition aligns well with our premiumization strategy and our focus on growing high potential, high margin brands. Penelope is an excellent addition to our Branded Spirits portfolio as we look to expand its availability throughout our national distribution platform," said David Colo, President and CEO of MGP Ingredients.

The Duckhorn Portfolio Inc. Acquired a Production Winery and Planted Vineyards in Alexander Valley



On May 31, 2023, The Duckhorn Portfolio Inc. (NYSE:NAPA) completed the acquisition of a production winery and planted vineyards in Alexander Valley, Sonoma County, California for **\$55 million**. "We view this acquisition as an investment in our future growth and in our winery brands, a continuation of our long-term strategy of expanding and diversifying our luxury wine production capabilities," said Alex Ryan, President and CEO of The Duckhorn Portfolio.

Entrepreneurial Equity Partners Acquired Furlani's Foods Holding Company



Kroll Corporate Finance acted as the exclusive sell-side advisor on this transaction.

On May 15, 2023, Entrepreneurial Equity Partners ("e2p") completed the acquisition of Furlani's Foods Holding Company, a manufacturer of high-quality specialty topped breads in North America. "We believe that leveraging e2p's industry knowledge and operational expertise will allow us to further support the future plans of our customers," said Jonathan Kawaja, CEO of Furlani Foods.

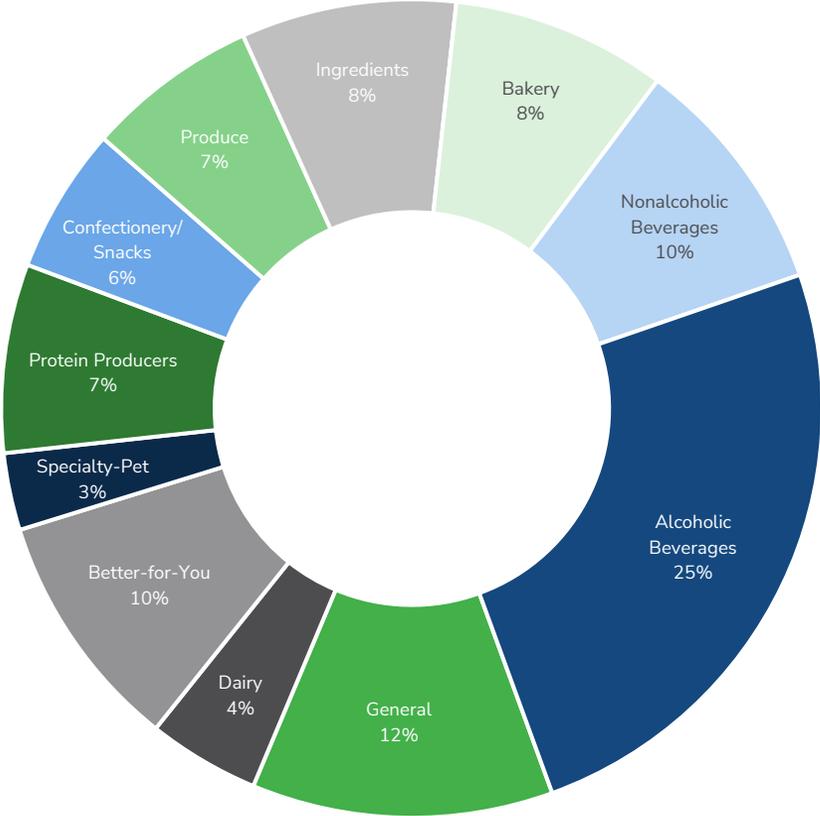
¹Deals in the U.S. and Canada, closed or announced over Q2 2023, selected subjectively based on being representative of recent market activity, excluding bankruptcy sales. All figures are denoted in USD. Sources: S&P Capital IQ, Mergermarket, company press releases and various news sources (e.g., *Newswire*, *GlobeNewswire*). Note: All trademarks, trade names, or logos referenced herein are the property of their respective owners.

Recent North American M&A Activity by Subsector

Food and Beverage Subsector Definitions

- Bakery:**
Production and distribution of baked goods
 - Better-for-You:**
Differentiated food products with health benefits
 - Confectionery/Snacks:**
Chocolate, candy, nuts and other convenient snack foods
 - Dairy:**
Production and distribution of dairy or dairy by-products, such as cheese or yogurt
 - General:**
Conglomerates and general food businesses
 - Ingredients:**
Goods used in the production of other food-related items
 - Produce:**
Fresh produce or other agricultural products
 - Protein Producers:**
Meat and seafood producers and distributors
 - Specialty-Pet:**
Producers of pet food and treats
-
- Alcoholic Beverages:**
Wine, beer and spirits
 - Nonalcoholic Beverages:**
Beverages that do not contain alcohol

Deals by Subsector (TTM as of June 30, 2023)



TTM = Trailing 12 months.

Select Kroll Corporate Finance Food and Beverage Experience

<p>SELL-SIDE ADVISOR </p>  <p>has been acquired by</p> 	<p>SELL-SIDE ADVISOR </p>  <p>has been acquired by</p>  <p>a portfolio company of</p> 	<p>SELL-SIDE ADVISOR </p>  <p>Gum Products International</p> <p>has been acquired by</p>  <p>Benford Capital Partners</p>	<p>SELL-SIDE ADVISOR </p>  <p>has been acquired by</p> 	<p>SELL-SIDE ADVISOR </p>  <p>has been acquired by</p>  <p>a portfolio company of</p> 
<p>SELL-SIDE ADVISOR </p>  <p>has been acquired by</p> 	<p>SELL-SIDE ADVISOR </p>  <p>has been acquired by</p> 	<p>SELL-SIDE ADVISOR </p>  <p>has been acquired by</p> 	<p>SELL-SIDE ADVISOR </p>  <p>has been acquired by</p> 	<p>FINANCIAL ADVISOR </p>  <p>has secured senior debt financing from</p> 

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Select Kroll Corporate Finance Food and Beverage Experience—Cont'd

<p>FINANCIAL ADVISOR</p>   <p>has secured senior debt financing from a consortium of lenders</p>	<p>BUY-SIDE ADVISOR</p>   <p>has acquired</p> 	<p>BUY-SIDE ADVISOR</p>   <p>has been acquired by</p> 	<p>SELL-SIDE ADVISOR</p>   <p>portfolio companies of</p>  <p>has been acquired by</p> 	<p>SELL-SIDE ADVISOR</p>   <p>has been acquired by</p> 
<p>SELL-SIDE ADVISOR</p>   <p>has been acquired by</p> 	<p>BUY-SIDE ADVISOR</p>   <p>has acquired</p> 	<p>SELL-SIDE ADVISOR</p>   <p>has been acquired by</p> 	<p>SELL-SIDE ADVISOR</p>   <p>has been acquired by</p> 	<p>SELL-SIDE ADVISOR</p>   <p>a division of</p> <p>BEVERAGE INNOVATIONS</p> <p>has been acquired by</p> 

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Select Kroll Corporate Finance Food and Beverage Experience—Cont'd

<p>SELL-SIDE ADVISOR </p> <p>Humboldt CREAMERY</p> <p>has been acquired by</p> <p>Foster Farms DAIRY</p>	<p>SELL-SIDE ADVISOR </p> <p>freshdirect has merged with</p> <p>brakes</p> <p>a portfolio company of</p> <p>BainCapital</p>	<p>SELL-SIDE ADVISOR </p> <p>Solstice</p> <p>has been acquired by</p> <p>Reynolds <i>more than just a grocery</i></p>	<p>SELL-SIDE ADVISOR </p> <p>SK FOODS</p> <p>has been acquired by</p> <p>OLAM International Ltd.</p>	<p>SELL-SIDE ADVISOR </p> <p>Hampshire PET PRODUCTS</p> <p>a portfolio company of</p> <p>L CATTERTON</p> <p>has been acquired by</p> <p>ARBOR INVESTMENTS RED COLLAR PET FOODS</p>
<p>SELL-SIDE ADVISOR </p> <p>NEOCELL</p> <p>has been acquired by</p> <p>wellnext</p>	<p>SELL-SIDE ADVISOR </p> <p>VITATECH NUTRITIONAL SCIENCES, INC.</p> <p>has been acquired by</p> <p>金达威集团 KINGDOMWAY</p>	<p>SELL-SIDE ADVISOR </p> <p>SOUTH BEACH diet</p> <p>has been acquired by</p> <p>Nutrisystem</p>	<p>SELL-SIDE ADVISOR </p> <p>Lincoln Poultry Complete Food Service Distribution</p> <p>has been acquired by</p> <p>Sysco</p>	<p>SELL-SIDE ADVISOR </p> <p>SILVER EAGLE DISTRIBUTORS</p> <p>has been acquired by</p> <p>REDWOOD</p>

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Select Kroll Corporate Finance Food and Beverage Experience—Cont'd

VALUATION OPINION 

Driscoll's, Inc.



Financial advisor to Driscoll's, Inc.

ESOP ADVISORY 

Cargill, Incorporated



Financial advisor to the trustee of the of Cargill, Incorporated Employee Stock Ownership Plan

SOLVENCY OPINION 



has completed the spinoff



TRANSACTION ADVISORY 



has been acquired by



Performed financial and tax due diligence on behalf of the Buyer

FAIRNESS OPINION 



has been acquired by



Financial advisor to the board of managers of The Bardstown Bourbon Company LLC

SOLVENCY OPINION 



has completed the sale of



TRANSACTION ADVISORY 



has been acquired by



Performed financial and tax due diligence on behalf of the Buyer

FAIRNESS OPINION 



has been acquired by



SOLVENCY OPINION 

Ocean Spray Cranberries, Inc. has completed a share redemption transaction



TRANSACTION ADVISORY 



has been acquired by



Performed financial and tax due diligence on behalf of the Buyer

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