Food & Beverage

Industry Overview and M&A Trends

1H 2025

FINNEA GROUP
Investment Banking

FINNEA Group is a boutique financial advisory firm led by a team of experienced professionals offering tailored investment banking and consulting services

Firm Services and Leadership Team

Investment Banking Services	*Sell-Side M&A Advisory*	Advise, develop, and execute optimal strategy for a proposed sale or recapitalization of companies
	Buy-Side M&A Advisory	Advise in development of acquisition strategy; assist in target search, identification, and consummation of acquisitions
	Corporate Divestitures	Advise, develop, and execute optimal strategy for a proposed divestiture of subsidiaries and business units
Financial Consulting	*Merger Integration*	Provide post-merger financial analysis of profitability, KPIs, pricing metrics, etc.
	Financial Due Diligence	Work with all relevant parties to complete due diligence, including quality of earnings (QoE) analysis
	Operational Improvement	Advise on management team augmentation, supplier and customer management, etc.

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Managing Director
Investment Banking

Jim Klunk
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Brian Dragon
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Andrew Ottaway
Sr. Managing Director
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FINNEA's Value Proposition

Industry Leading Financial Professionals
Experience across all types of transaction processes, which range from smaller, strategic deals to multi-billion-dollar transactions.

Proven Transactional Precision
FINNEA's team has completed over 1,000 transactions across a broad range of industries.

Middle Market Transaction Focus
The ability to provide the resources and expertise of a large financial institution, with the personalized, diligent services of a boutique firm.

Global Experience
Extensive relationships with financial and strategic partners across numerous industries and geographies that are leveraged throughout each engagement.

FINNEA Group at a Glance

- **2008** Year Founded
- **25+** States Served
- **5+** Countries Served
- **4** Office Locations: Grand Rapids, MI; Detroit, MI; Chicago, IL; Nashville, TN
- **10+** Bulge-Bracket, Big 4, or other national firms from which FINNEA Group professionals bring experience
- **$3B+** Aggregate M&A Transaction Value
- **250+** Completed M&A Transactions & Consulting Engagements
- **25+** Team Members
- **150+** Combined Years of Experience *amongst* Sr. Managing Directors

FINNEA Office Locations

FINNEA Group's Capability and Expertise in the Food and Beverage Industry

FINNEA Group is a boutique Investment Bank led by a team of experienced financial and industry professionals offering tailored solutions in investment banking and consulting services.

FINNEA has transaction experience in the food and beverage industry among other tangential markets. FINNEA's industry and middle market transaction experience is highly valuable to understanding both the business dynamics of its potential clients and the perspective of potential buyers.

Select FINNEA Transaction Experience

Turri's Quality Pasta, Rice & Grains

HAS BEEN ACQUIRED BY:

B·C·P

FINNEA GROUP SERVED AS THE EXCLUSIVE FINANCIAL ADVISOR TO TURRI'S ITALIAN FOODS

FINNEA GROUP

<u>FINNEA assisted its client, Turri's Italian Foods, with its sale to Benford Capital Partners</u>

FINNEA Group is pleased to have served as the exclusive financial advisor to Turri's Italian Foods ("Turri's") in its sale to Benford Capital Partners. Throughout the broad sale process, FINNEA Group created and maintained a competitive dynamic while negotiating with counterparties to drive an economic outcome in excess of shareholder expectations. This transaction adds to FINNEA's extensive experience in the consumer-packaged goods and food & beverage industries.

Relevant Client Characteristics

- Turri's is a pioneer in the production of individually quick frozen (IQF) pasta and rice products
- Serving diverse end-markets including the food manufacturing, foodservice, restaurant, and other industries
- 4 facilities in MI (2 production, 2 warehousing)
- Family owned and operated for 75+ years
- Highly experienced management team and talented team of professionals

Bosco's Pizza Co.®

HAS BEEN ACQUIRED BY:

Tyson Foods

FINNEA GROUP SERVED AS THE EXCLUSIVE FINANCIAL ADVISOR TO BOSCO'S PIZZA CO.

FINNEA GROUP

<u>FINNEA advised its client, Bosco's Pizza Co., on its sale to Tyson Foods</u>

FINNEA Group is pleased to have served as the exclusive financial advisor to Bosco's Pizza Co. in its sale to Tyson Foods, Inc. (NYSE:TSN), successfully negotiating and executing a highly strategic deal with a muti-billion dollar publicly traded company. The transaction further expanded FINNEA's industry expertise and provided Tyson Foods with greater exposure to the education end-market.

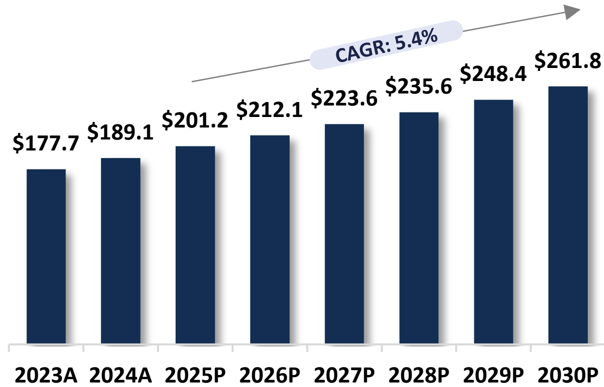
Relevant Client Characteristics

- Bosco's is famous for "The Original Bosco Stick" and produces a variety of frozen pizza related items
- Bosco's reaches a range of end-markets including schools, retail, and more
- 150+ employees
- Nationally recognized brand awareness
- Michigan owned and operated since 1988
- Strong culture with seasoned management team

INDUSTRY OVERVIEW

- Market conditions for the food and beverage industry are expected to improve throughout 2025 as commodity food indices decline from high inflation-driven levels, enabling further price reductions and support volume recovery.
- Consumers are increasingly prioritizing health and wellness over price sensitivity, driving demand for clean-label and functional foods and prompting food companies to innovate and invest in healthier offerings.
- Consumers are placing growing importance on sustainability across the entire supply chain – from eco-friendly farming to recyclable packaging – and expect the brands to meet these sustainability standards.

FOOD MANUFACTURING MARKET SIZE ($ BILLIONS)



KEY INDUSTRY TRENDS

Growth in Alternative Food Markets to Promote and Meet Sustainability Demands

Alternative food technologies are rapidly transforming the global food landscape, offering sustainable solutions to environmental challenges and reshaping consumer preferences. The alternative food market is poised for significant growth in order to meet the needs of the growing population, driven much by innovations in plant-based proteins, cultured meats, and sustainable food production methods.

Enhancing Efficiency and Transparency in Food Supply Chain Operations

The food and beverage sector is characterized by a highly time-sensitive supply chain, driven by the perishable nature of its products. This requires adopting rigorous scheduling, specialized storage solutions, and optimized transportation to maintain product quality. Currently, fragmented and multi-tiered supplier networks present traceability challenges, limiting visibility beyond primary suppliers and emphasizing the need for improved transparency and accountability across the supply chain.

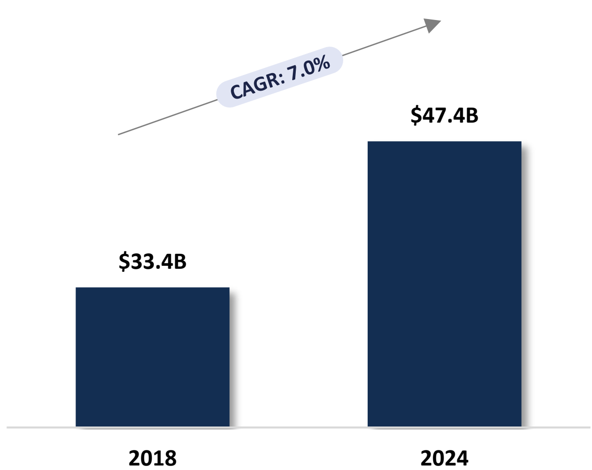
Innovative Automation and Packaging Processes Leading to Industry Growth

Automation is increasingly being used to address labor shortages, performing repetitive tasks more safely and precisely, while enhancing product quality. At the same time, innovative packaging is evolving with sustainable materials that are recyclable, biodegradable, or compostable, helping reduce environmental impact and shipping costs. Advanced techniques like vacuum sealing and MAP are also extending shelf life and improving packaging efficiency.

GROWING CONSUMER HEALTH CONSCIOUSNESS

- Health and wellness are consumers growing priorities with consumers paying increased attention to their food choices, while reducing sensitivity to price differences.
- Demand is rising for clean-label, plant-based, and functional foods, with consumers seeking products low in sugar, high in protein or fiber, and containing ingredients like probiotics or adaptogens.
- Food companies are responding by reformulating legacy products, launching new health-focused lines, and acquiring startups to stay competitive in the evolving marketplace.
- This shift is reshaping retail and pricing dynamics, as healthier products gain mainstream shelf space and consumers show a willingness to pay more for quality, transparency, and nutritional benefits.

HISTORICAL HEALTH STORES MARKET SIZE

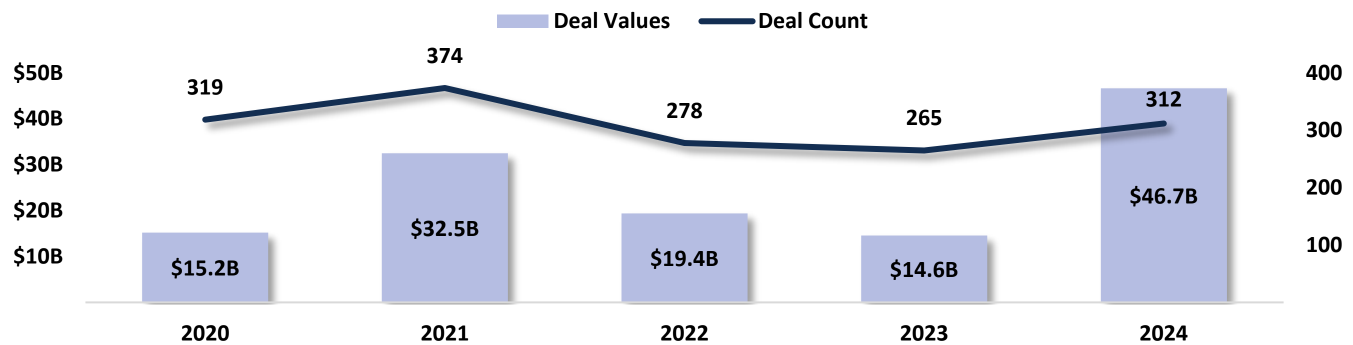


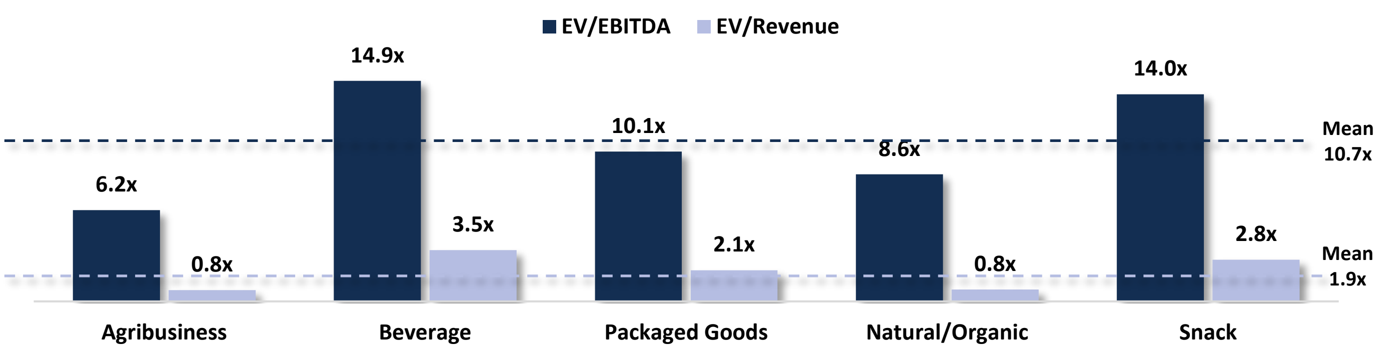
Source: PWC, Pitchbook, IBISWorld, Baker Tilly, Infiniti Research

CURRENT MERGER AND ACQUISITIONS TRENDS

- M&A in food and beverage has rebounded in late 2024 to early 2025 from low deal volumes in 2023 as large strategics seek to streamline operations by divesting non-core assets and pursue acquisitions to enhance their core offerings and product portfolios.
- Health-conscious and premium brands became top acquisition targets, particularly in the branded packaged goods sector where consumer demand continues to shift toward clean-label, functional, and better-for-you products.
- The market saw a surge in carve-outs and bolt-on deals, with private equity and corporate buyers using M&A as a tool for expansion into adjacent categories to satisfy everchanging consumer preferences. Add-on strategies became common as platforms looked to scale and cross-sell across channels.
- Valuation remained consistent for companies playing within a variety of industry segments, particularly ones with differentiation and quickly gaining traction in crowded categories. Strategic and financial buyers alike demonstrated a willingness to pay premiums for these scalable, high-growth platforms.

HISTORIC DEAL VOLUME AND 2024 TRADING MULTIPLES





SELECT INDUSTRY PARTICIPANTS

H.I.G. CAPITAL
LITTLEJOHN & CO.
WIND POINT PARTNERS
CVC Capital Partners
SPC SWANDER PACE CAPITAL
Lake Pacific PARTNERS
Advent International GLOBAL PRIVATE EQUITY
L CATTERTON
MIDOCEAN PARTNERS
B·C·P Benford Capital Partners
Palladium EQUITY PARTNERS
ARBOR INVESTMENTS
KKR

Source: PitchBook, IBISWorld, Baker Tilly

SELECTED PUBLIC COMPARABLES

($ Millions)			LTM			TEV as a Multiple of:	
Company	Market Cap	Total Enterprise Value (TEV)	Revenue	EBITDA	EBITDA Margin %	LTM Revenue	LTM EBITDA
Food Manufacturing							
The Kraft Heinz Company	31,754	50,715	25,434	6,369	*25.0%*	2.0x	8.0x
Campbell Soup Company	10,240	17,451	10,119	1,867	*18.5%*	1.7x	9.3x
The J. M. Smucker Company	12,124	20,063	8,788	2,212	*25.2%*	2.3x	9.1x
B&G Foods, Inc.	337	2,334	1,883	268	*14.2%*	1.2x	8.7x
Post Holdings, Inc.	6,118	12,428	7,885	1,302	*16.5%*	1.6x	9.5x
Nestlé S.A.	272,248	340,528	110,912	21,980	*19.8%*	3.1x	15.5x
TreeHouse Foods, Inc.	1,110	2,674	3,325	318	*9.6%*	0.8x	8.4x
General Mills, Inc.	29,641	43,557	19,644	4,206	*21.4%*	2.2x	10.4x
				Median		**2.0x**	**9.3x**
				Mean		**2.0x**	**10.1x**

RECENT M&A TRANSACTIONS

Date Closed	Target Company	Target Location	Acquirer	Sub-Sector	Transaction Value
June-25	SpartanNash	MI	C&S Wholesale Grocers	Grocery Stores	$2.03 billion
May-25	Nielsen Citrus	CA	Polenghi Food	Beverage Manufacturing	-
Apr-25	LesserEvil	CT	Hershey (NYSE:HSY)	Packaged Goods	$520 million
Apr-25	Rubix Foods	FL	Arbor Investments	Ingredients & Flavors	-
Mar-25	Hillandale Farms of Pennsylvania	PA	Global Eggs	Protein Products	$1.1 billion
Mar-25	Pacific Food Distributors	OR	Quirch Foods	Packaged Goods	-
Mar-25	MSI Express	IN	Nonantum Capital Partners	Perishables Distribution	-
Mar-25	Gerber Poultry	OH	Miller Poultry	Protein Products	-
Mar-25	Fresway Foods	OH	Red Arts Capital Management	Perishables Distribution	-
Mar-25	Vitelli Foods	NJ	Colavita USA	Specialty Foods	-
Mar-25	Sevillo Fine Foods	UT	Woodland Gourmet	Specialty Foods	-
Mar-25	Dutch Gold Honey	PA	New Water Capital	Specialty Foods	-
Feb-25	Classic Cookie	TN	Legacy Bakehouse	Packaged Goods	$9 million
Jan-25	Flavorcraft	KY	Hermitage Equity Partners	Ingredients & Flavors	-
Jan-25	Cloverhill & Big Texas Brands	IL	JTM Foods	Packaged Goods	$40 million
Jan-25	Power Crunch	CA	Ferrero Group	Packaged Goods	-
Jan-25	Parishables Food Service	GA	Mr. Greens	Perishables Distribution	-
Jan-25	Vertage Foods	MO	Misha’s	Specialty Foods	-
Jan-25	Advanced Food Systems	NJ	Solina Group Services	Ingredients & Flavors	$345 million
Jan-25	Jake’s Finer Foods	TX	US Foods (NYSE:USFD)	Perishables Distribution	$839 million
Jan-25	Fruit World	CA	Creekside Organics	Specialty Foods	$32 million
Jan-25	Simple Mills	IL	Flowers Foods (NYSE:FLO)	Packaged Goods	$795 million
Jan-25	Paramount Foods	NJ	Kayco	Protein Products	-

Source PitchBook, Capital IQ, Fact Set

SELECT TRANSACTION ACTIVITY – CHEF BOYARDEE

- (May 1, 2025) — Hometown Food Company, a portfolio company of Brynwood Partners and a leader in pantry staple brands, today announced that it has completed the acquisition of Chef Boyardee, the iconic canned pasta brand, from Conagra Brands (NYSE: CAG) for $600M. The acquisition includes all associated trademarks, manufacturing assets, and product lines related to Chef Boyardee.
- This strategic acquisition aligns with Hometown Food's mission to revitalize classic American food brands and expand its presence in the shelf-stable meal category. The addition of Chef Boyardee complements Hometown's existing portfolio, which includes beloved household names like Pillsbury Baking, Hungry Jack, and Martha White. Hometown Food Company plans to invest in product innovation and marketing to reintroduce Chef Boyardee to a new generation of consumers while preserving the brand's long-standing heritage and value proposition.

ABOUT HOMETOWN FOOD

- Hometown Food Company, established by Brynwood Partners, owns and operates a portfolio of iconic American food brands across the baking mix, breakfast, and shelf-stable meal categories. Brynwood Partners is a Connecticut-based private equity firm specializing in acquiring and revitalizing lower middle-market consumer product companies, particularly in the food and beverage sector.

CONAGRA BRANDS

HAS DIVESTED ITS BRAND

Chef BOYARDEE

TO

Hometown FOOD COMPANY

A PORTFOLIO COMPANY OF

brynwood partners

MAY 2025

SELECT TRANSACTION ACTIVITY – SIMPLE MILLS

- (January 8, 2025) — Flowers Foods, Inc. (NYSE: FLO), one of the largest producers of packaged bakery foods in the United States, announced today the completion of its acquisition of Simple Mills, a fast-growing brand recognized for its clean-label baking mixes, crackers, and snacks. The transaction, reportedly valued at $795 million, includes Simple Mills' full brand portfolio, proprietary recipes, and nationwide retail relationships.
- This acquisition aligns with Flowers Foods' strategic plan to expand its presence in the better-for-you and health-conscious snacking categories. Simple Mills' mission-driven approach and ingredient transparency offer a natural extension of Flowers' brand offerings, and the company plans to accelerate the brand's growth through expanded innovation, omnichannel distribution, and targeted consumer engagement.

ABOUT FLOWERS FOODS

- Flowers Foods, headquartered in Thomasville, Georgia, is a leading producer and marketer of packaged bakery goods, with a portfolio that includes household brands such as Nature's Own, Dave's Killer Bread, and Wonder. Flowers focuses on delivering high-quality baked products and continues to grow its footprint in the better-for-you and clean-label market segments.

Simple Mills

HAS BEEN ACQUIRED BY

Flowers BAKERIES AWAY FROM HOME

JANUARY 2025

Source, Pitchbook

FINNEA GROUP

Business Valuation Considerations

Key Factors Buyers Evaluate that Impact Valuation

	Discounted Valuation		Premium Valuation
Industry Trends	Cyclical or declining	Stable	Growing
Historical and Forecast Growth	< 5%	5% – 20%	20% +
EBITDA Margin	< 10%	10% – 20%	20% +
Strength & Scalability of Business Strategy	Low – Unclear vision or no/limited strategy in place	Medium – Plan in place but not focused on creating value	High – Focused, achievable strategy with clear plan to create value
Customer Concentration	Concentrated	Less Concentrated	Diverse
Customer Contracts	No Contracts, Non-Recurring Revenue	Some Contracts, Semi-Recurring Revenue	Contracted, Recurring Revenue
Operational Efficiencies	Inefficient	Moderately Efficient	Highly Efficient
Proprietary Processes / Technology	No Proprietary Processes/Technology	Proprietary Processes/Technology	Patented Processes/Technology
Strength of Management Team	Unseasoned, Weak Team	Moderately Seasoned, Capable Team	Seasoned, Highly Capable
Internal Infrastructure Sophistication	Low Level of Sophistication	Moderately Sophisticated	Highly Sophisticated
Capital Intensity	High	Medium	Low
Potential Strategic Synergies	None	Few	Many
Size (EBITDA)	< $5m	$5 – $25m	$25m +

Key Areas In Which FINNEA Group Can Provide Value Early In A Transaction Planning Process

Objective Valuation Analysis
A clear view of current market value under various buyer lenses—strategic, private equity, and others.

Messaging Strategy
Input on how to position the company's strengths and mitigate perceived weaknesses in a buyer's eyes.

Timing Guidance
Insight into when the market conditions, company performance, and buyer appetite align for optimal timing.

Tactical Value Enhancement
Identification of operational, financial, or customer-related adjustments that can materially improve valuation.

Preparation Roadmap
A prioritized list of changes or investments (e.g., margin expansion, customer concentration reduction) that could increase the enterprise value ahead of a process.

M&A Industry Overview

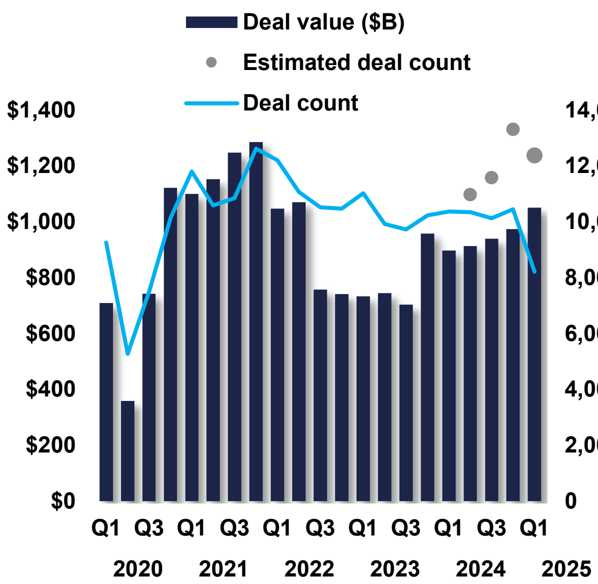
Deal Volume Strong through Q1 2025

- M&A activity picked up significantly in Q1 2025, with the highest quarter by deal volume since Q2 2022.
- The M&A market is strong, but the broader outlook for 2025 and beyond remains uncertain given persistent recessionary fears and capricious global trade relations.

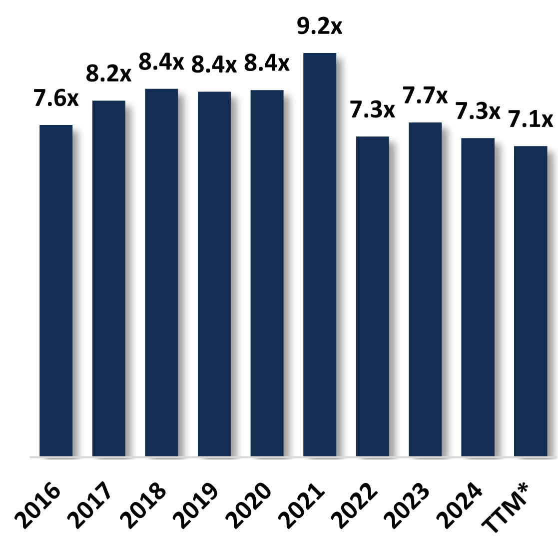
Macroeconomic Trends Have Led to Decreased Valuations

- Valuation multiples declined in recent years amid economic concerns but are slowly stabilizing to pre-pandemic levels.
- Despite lower multiples, fair valuations persist for quality businesses due to limited supply of strong opportunities.

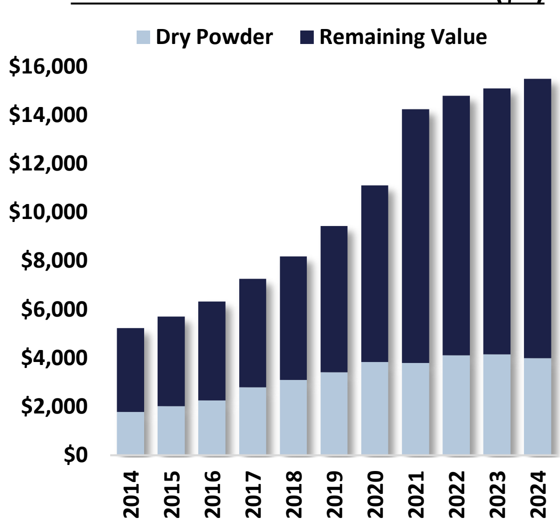
Total Deal Count/ Deal Value $B



Global M&A Median EV/EBITDA Multiples For Deal Size Less Than $100M



Global Private Capital Dry Powder ($B)



Near-Record Amount of Unallocated Capital for M&A

- M&A activity remains strong as businesses and financial sponsors seek to deploy capital that was accumulated in the low-interest rate environment.
- There is significant "dry powder" available for mergers and acquisitions, with an estimated $14 trillion at the end of 2024, up from $6 trillion in 2015.

Source: Pitchbook

FINNEA GROUP

Contact us

FINNEA Group is a boutique financial advisory firm led by a team of experienced financial and industry professionals offering tailored solutions in:

Investment Banking and Consulting Services

FINNEA combines deep expertise, resources, and a commitment to excellence to deliver targeted advisory and capital solutions for our clients. We provide comprehensive strategic and financial guidance across mergers and acquisitions, restructurings, capital transactions, financings, and other strategic initiatives for private, sponsor-owned, and public companies.

Rooted in strong values, FINNEA Group is dedicated to serving middle-market companies, offering tailored solutions that address each client's unique needs. Our experienced team, along with a network of financial and industry leaders, is positioned to drive successful outcomes aligned with our clients' goals.

To explore how FINNEA Group can support your strategic objectives, please reach out to us at any of our locations.

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