

Consumer Quarterly
Update

Q4 2021



DCF's Consumer Practice

Deloitte Corporate Finance LLC (DCF) is a leading global middle-market M&A adviser. Our professionals have extensive knowledge in the Consumer & Retail industry and use their experience to help clients enhance value.



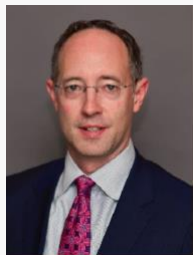
Consumer Leadership



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Organization Overview

#1 2020 Global M&A
Advisor by deals
completed ⁽¹⁾.

487 Completed deals
in the last 12
months.

- Deep relationships in place to gain **critical strategic intelligence** and effectively market businesses.
- Worldwide, DCF has **2,400 Corporate Finance professionals** throughout the Deloitte Touche Tohmatsu Limited network of member firms in 60 countries that complement the North American team.
- **Top global middle-market financial advisor** in 2020 according to Mergermarket ⁽¹⁾.



Sector Focus

- Food and beverage
- Vitamins, minerals, and supplements (or VMS)
- Multi-unit concepts

Footnote(s): (1) Recognized by Mergermarket as the #1 Global M&A Financial Advisor for 1H 2020.

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Case study

DCF advised Heidelberg Distributing Company on its sale to Redwood Capital

Deal Contacts

Lorin DeMordaunt & Matt Preece



Heidelberg Distributing Company
has been acquired by



*The undersigned acted as
exclusive financial advisor to
Heidelberg Distributing Company.*

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Deloitte Corporate Finance LLC

Client Overview

- Founded in 1938 and headquartered in Dayton, OH, Heidelberg Distributing Company (Heidelberg) is a family owned and operated beverage distributor, providing a wide range of beer, wine, spirits, and non-alcoholic beverages to retailers in Ohio and Kentucky.
- Operating out of 9 distribution centers and employing 1,700 associates, Heidelberg is the largest alcohol beverage distributor in Ohio, serving all 88 counties, and is a major player in Kentucky, serving all 109 wet counties. Heidelberg offers a wide range of products, geographic reach, and service capabilities and is one of the few distributors with fully integrated operations combining beer with wine & spirits.
- Heidelberg holds distribution agreements with over 700 beverage suppliers, including Anheuser-Busch Inbev, Mark Anthony Brands, Constellation Brands, Boston Beer Company, E&J Gallo, The Wine Group, Trinchero Family Estates, and many other leading brands.

Situation Overview

- Deloitte Corporate Finance LLC (DCF) was engaged by the Board of Heidelberg to pursue a transaction, or a series of transactions, that would provide a complete exit for the Vontz and Miller families.
- DCF conducted a thorough marketing process, including assisting Heidelberg in developing marketing materials, approaching potential acquirors, managing the bidding and due diligence process, and negotiating all financial aspects of the transaction.
- DCF conducted a widespread process that examined a range of potential outcomes, from a full sale to various break up alternatives.
- Post signing, DCF led Heidelberg through a complex and expansive supplier consent process.
- The DCF team leveraged additional Deloitte groups in M&A Transaction Services, Tax, and Consulting, providing Heidelberg with a broad advisory solution.

Key Takeaways

- Through DCF's extensive deal marketing efforts and positioning of Heidelberg's growth history and potential, Heidelberg's shareholders achieved their liquidity objectives via a single transaction, which should help preserve the operations, employees and legacy of Heidelberg.

Footnote(s): Prior engagement performance is no guarantee of future performance and may not be representative of the experience of other clients. This communication is for informational purposes only and is not intended as an offer or solicitation for the purchase or sale of a security.

Case study

DCF advised Soccer Shots Franchising on its sale to Susquehanna Private Capital

Deal Contacts

Lorin DeMordaunt & Matt Preece



has been recapitalized by

SUSQUEHANNA
PRIVATE CAPITAL

*The undersigned acted as the exclusive
financial advisor to
Soccer Shots Franchising LLC*

Deloitte.
Deloitte Corporate Finance LLC

Client Overview

- Founded in 2009, Soccer Shots Franchising LLC (Soccer Shots or the Company) is a franchisor of youth soccer enrichment programs with over 140 franchisees in the US and Canada.
- Soccer Shots franchisees provide soccer programs for children aged 2-8 years old with an expert-approved curriculum designed by early childhood education experts and professional soccer players.
- Certified coaches host weekly sessions at a variety of venues including schools, childcare centers, and other public spaces.
- The Company offers extensive franchisee support, providing marketing collateral, an online enrollment platform, and strategic partnerships with national childcare education and youth soccer organizations that collectively serve over 3,250 schools nationwide.

Situation Overview

- DCF added significant value throughout the transaction process including:
 - Building a detailed financial pro-forma model that normalized disruptions due to COVID-19 nationwide school closures in 2020 and into Q1 2021.
 - Managing a highly customized and competitive deal marketing process by helping enable potential acquirers with preemptive interest to front-run diligence while conducting outreach to a broader group of 40+ financial sponsors and strategics with relevant investments.
 - Negotiating a creative deal structure that included the sale of company-owned territories in addition to Soccer Shots and achieved each shareholders' specific rollover objectives.

Key Takeaways

- Providing a supplemental cohort analysis highlights the scalability and unit economics at the franchise level.
- The importance of an efficient targeted deal marketing process that balances potential acquirors with relevant investments or preemptive interest in establishing a youth enrichment platform.

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Case study

DCF advised Vets Plus, Inc. on its sale to DW Healthcare Partners

Deal Contacts

Lorin DeMordaunt & Matt Preece



has received an investment from



The undersigned acted as the exclusive
financial advisor to
Vets Plus, Inc.

Deloitte.
Deloitte Corporate Finance LLC

Client Overview

- Founded in 1990 and headquartered in Menomonie, WI, Vets Plus, Inc. (Vets Plus) is a full-service developer and manufacturer of animal nutritional supplements for both companion animals and livestock.
- Developed by an in-house technical team, Vets Plus offers a wide range of product formats that maintain a leading standard for research, safety, and manufacturing.
- Operating out of 5 production sites and employing over 200 employees, the Company manufactures its products in the US and exports to over 20 countries.

Situation Overview

- Deloitte Corporate Finance LLC (DCF) was engaged by Vets Plus to explore strategic alternatives and find a partner that could provide shareholder liquidity as well as offer strategic guidance to accelerate future growth.
- DCF added significant value throughout the transaction process including:
 - Managing the diligence process and supporting Vets Plus through its negotiations with DW Healthcare Partners.
 - Advising the Company on achieving their liquidity objectives while considering an optimal partner to help accelerate Vets Plus' growth initiatives.

Key Takeaways

- Through DCF's positioning of the Company's growth history and potential, Vets Plus' shareholders achieved their liquidity objectives via this transaction, which should help enhance the operations and build on the Company's history of innovative formula development and high-quality manufacturing.

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Deloitte thought leadership

Deloitte thought leadership

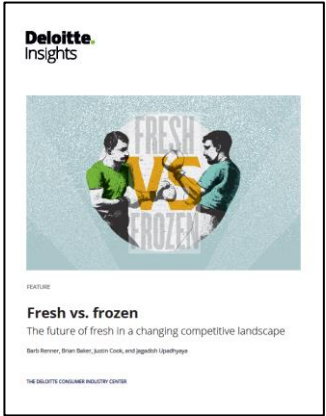
- Deloitte stays abreast of industry trends and makes significant investments in producing cutting-edge thought leadership.
- Deloitte is deeply committed to providing insights that help keep clients on the forefront of critical trends
- Focused research on industry drivers and trends helps enable Deloitte to demonstrate eminence in the business services market by redefining the lens through which industry leaders operate.

Extensive knowledge network




DCF leverages its expansive cross-business knowledge network, extensive consulting reports, and in-depth industry research to drive results and provide differentiated insights for our clients.



Recent insights



Notable recent M&A transactions

Food and beverage 	<p>The Hain Celestial Group's acquisition of That's How We Roll</p> <ul style="list-style-type: none"> That's How We Roll LLC. manufactures and markets chips, cookies, and other snack products. The Hain Celestial Group, Inc. is an American food company whose main focus is foods and personal care products. The acquisition deepens Hain's position in the snacking category and represents a significant step in establishing Hain as a high-growth, global healthy food company. 	<p>Close Date: December 2021 EV: \$259.0M Rev: \$108.0M EV/Rev: 2.4x EV/EBITDA: -</p>
	<p>Sycamore Partners acquisition of International Wine & Spirits</p> <ul style="list-style-type: none"> International Wine & Spirits Ltd. produces and markets wines. Sycamore Partners Management, L.P. is a PE firm specializing in retail and consumer investments. The transaction provides additional growth opportunities for International Wine & Spirits Ltd. 	<p>Close Date: October 2021 EV: \$1,200.0M Rev: \$614.0M EV/Rev: 2.0x EV/EBITDA: -</p>
VMS 	<p>Everwell Health Holdings acquisition of Nutrition 21</p> <ul style="list-style-type: none"> Nutrition 21, Inc. manufactures and markets nutritional supplement and minerals. Everwell Health Holdings LLC operates a health and wellness functional ingredients platform for dietary supplement, food, and beverage brands in the US. The acquisition will provide growth opportunities for Nutrition 21. 	<p>Close Date: November 2021 EV: - Rev: - EV/Rev: - EV/EBITDA: -</p>
	<p>Catalent Pharma Solutions acquisition of Bettera Brands</p> <ul style="list-style-type: none"> Bettera Brands, LLC is a major manufacturer in the high-growth gummy, soft chew, and lozenge segments of the nutritional supplements market. Catalent Pharma Solutions, Inc. is a global provider of development sciences and manufacturing platforms for medicines. The acquisition should complement the growth of Catalent's softgel and oral dose formulation and manufacturing business. 	<p>Close Date: October 2021 EV: \$1,000.0M Rev: - EV/Rev: - EV/EBITDA: -</p>
Specialty retail 	<p>Foot Locker Retail's acquisition of Text Trading Company</p> <ul style="list-style-type: none"> Text Trading Company, K.K. owns and operates stores selling sneakers, apparel, and an in house-label for men and women. Foot Locker Retail, Inc. retails athletic shoes and apparel. The transaction provides Foot Locker with an expanded and differentiated customer base. 	<p>Close Date: November 2021 EV: \$471.0M Rev: \$175.0M EV/Rev: 2.7x EV/EBITDA: -</p>
	<p>Nick Scali's acquisition of Plush – Think Sofas Pty</p> <ul style="list-style-type: none"> Plush – Think Sofas Pty Limited retails household furniture and accessories through its stores and online. Nick Scali Limited engages in sourcing and retailing of household furniture and related accessories primarily in Australia and New Zealand. The transaction provides Nick Scali Limited with a platform to grow the store network. 	<p>Close Date: November 2021 EV: \$74.9M Rev: \$116.3M EV/Rev: 0.6x EV/EBITDA: 3.8x</p>

Food and beverage

Sector trends ⁽¹⁾

- Grocery sales grew 7.5% year-over-year in September, reflecting both escalating prices and heightened consumer activity from wage gains and accumulated household savings.
- Compounding price pressures from escalating consumer activity, transportation labor shortages have impaired product availability, resulting in 8.3% year-over-year wholesale inflation in August.
- Container ships' monthly "dwell times" climbed to over 5 days in the ports of Los Angeles and Long Beach, reflecting the burden that labor shortages and consumer activity have placed on multinational shipping gateways.
- Industry experts expressed optimism about retailers' ability to maintain product availability despite heightened demand as well as labor, pandemic-related challenges.

Select recent M&A activity ⁽²⁾

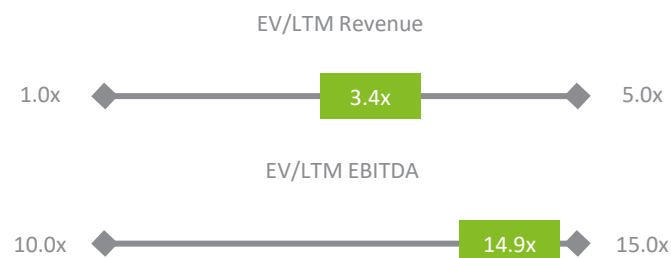
Close Date	Target	Acquiror	Implied EV (MM)	EV/EBITDA
12/2021	Heidelberg Distributing Company*	Redwood Capital Investments	\$946.5	-
12/2021	That's How We Roll LLC	The Hain Celestial Group Inc. (NasdaqGS: HAIN)	\$259.0	-
11/2021	Foothills Food Group, LLC	SLG Investment Holdings, LLC	-	-
11/2021	R.W. Garcia Co. Inc.	Utz Brands, Inc. (NYSE: UTZ)	\$56.0	-
10/2021	PataFoods, Inc.	Eat Well Investment Group Inc. (CNSX: EWG)	\$11.6	-
10/2021	Pulse Kitchen Specialty Foods Ltd.	Boosh Plant-Based Brands Inc. (CNSX: VEGI)	\$0.3	-



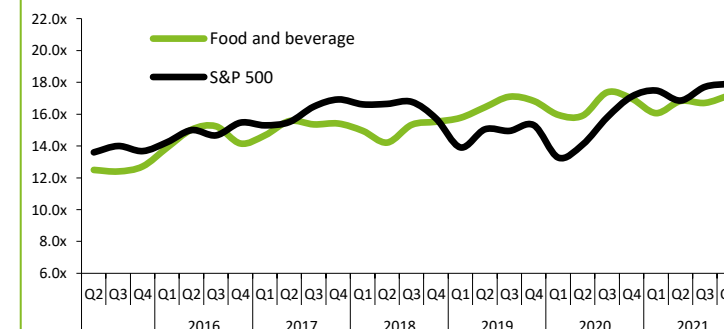
Select public comparables ⁽³⁾

Company Name	Enterprise Value (MM)
The Coca-Cola Company	\$289,900.0
Conagra Brands, Inc.	\$26,302.7
General Mills, Inc.	\$54,132.5
Hormel Foods Corp.	\$29,426.3
Mondelez International, Inc.	\$112,507.3
Nestlé S.A.	\$372,164.2

Trading metrics ⁽⁴⁾



Historical EV/EBITDA multiples ⁽⁵⁾



Footnote(s): *DCF acted as financial advisor.

Vitamins, minerals, and supplements

Sector trends

- Immunity-focused supplements have gained traction throughout the pandemic, and this trend is likely to continue.
- Increased focus on mental health has contributed to growth in ingredients that support increased mood and stress relief.
- Gummies and other enjoyable alternative formats have gained popularity and improve consistent use among consumers.
- Personalization of VMS is expected to continue as consumers reflect on how to address their personal health and wellness needs.

Select recent M&A activity ⁽¹⁾

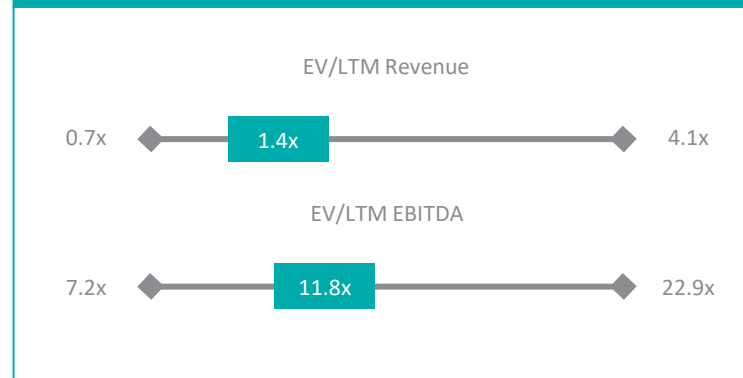
Close Date	Target	Acquiror	Implied EV (MM)	EV/EBITDA
12/2021	Spray-Tek, LLC	Aurora Capital Partners	-	-
12/2021	GSP Nutrition Inc.	Smart for Life, Inc.	-	-
11/2021	Deerland Enzymes, Inc.	Archer-Daniels-Midland Company (NYSE: ADM)	-	-
11/2021	Nutrition 21, Inc.	Everwell Health Holdings LLC	-	-
10/2021	Bettera Brands, LLC	Catalent Pharma Solutions, Inc.	\$1,000.0	-



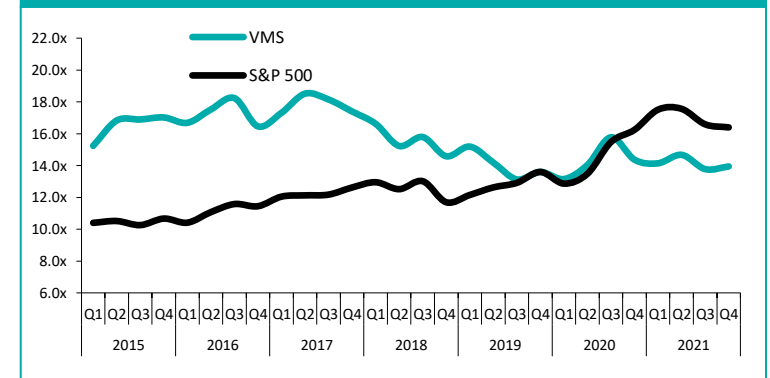
Select public comparables ⁽²⁾

Company Name	Enterprise Value (MM)
Glanniat plc	\$4,792.8
Herbalife Nutrition Ltd.	\$6,505.4
Jamieson Wellness Inc.	\$1,430.7
Medifast, Inc.	\$2,283.7
Nature's Sunshine Products, Inc.	\$314.4
Reckitt Benckiser Group plc	\$74,002.4

Trading metrics ⁽³⁾



Historical EV/EBITDA multiples ⁽³⁾



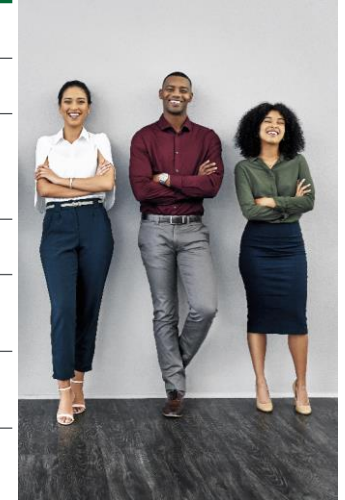
Specialty Retail

Sector trends ⁽¹⁾

- Disposable income of individuals across the US is expected to grow at an annualized rate of 2.7% , leading to increased purchases of discretionary consumer goods.
- As a result of the pandemic, the overall retail sector revenue decreased. Consumers are shifting to shopping through e-commerce channels rather than in traditional brick and mortar stores.
- Retail Trade sector revenue is expected to climb over the next 5 years.
- The general increase in population continues to have a direct influence on retail sales, leading to many retail companies being concentrated in locations of high population density.

Select recent M&A activity ⁽²⁾

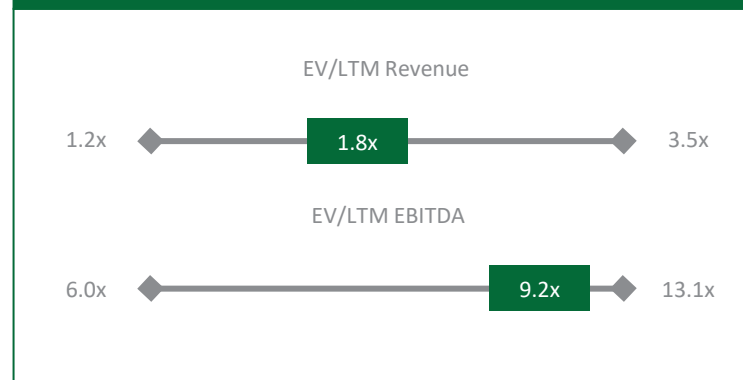
Close Date	Target	Acquiror	Implied EV (MM)	EV/EBITDA
12/2021	Coastal Farm & Ranch	Nolan Capital, Inc.	-	-
12/2021	40 Pilot Convenience Stores of Pilot Corporation	CGS Stores, LLC	\$220.0	-
12/2021	Beyond Definition	Yes& Holdings, LLC	-	-
11/2021	Frattallone's Hardware Stores, Inc.	Central Network retail Group, LLC	-	-
11/2021	The Helpful Hardware Co., LLC	JPB Capital Partners	-	-
10/2021	M.B.E., Inc.	Outdoor Living Supply, LLC	-	-



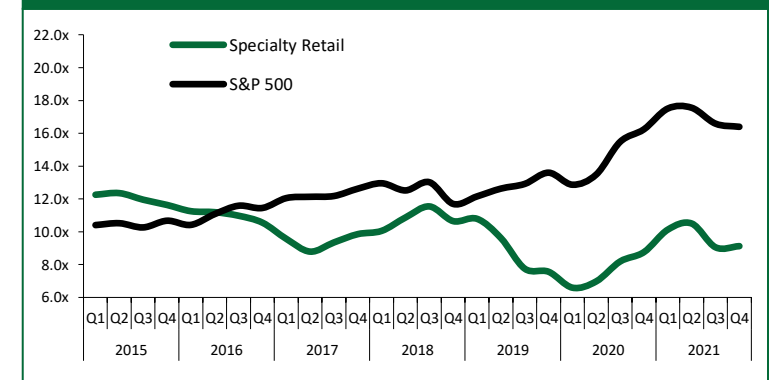
Select public comparables ⁽³⁾

Company Name	Enterprise Value (MM)
Columbia Sportswear Company	\$6,152.0
Guess?, Inc.	\$2,324.5
Hanesbrands Inc.	\$9,028.3
Oxford Industries, Inc.	\$1,791.6
Ralph Lauren Corporation	\$9,176.0
Tractor Supply Company	\$29,915.1

Trading metrics ⁽³⁾



Historical EV/EBITDA multiples ⁽³⁾



Appendix

Sources Cited

Page 2:

1. [Mergermarket](#). Accessed January 19, 2021. Data as of January 19, 2021.

Page 6:

1. Notable recent M&A transactions (Specific to Consumer) .
 - a. [S&P Capital IQ](#). Accessed January 24, 2022. Data as of December 31, 2021.
 - b. [Business Wire](#): Accessed January 24, 2022. Data as of December 31, 2021.

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1. Sector Trends.
 - a. [Supermarket News](#). *Grocery retail sales climb 7.5% in September*. Accessed January 26, 2022.
 - b. [CBS Los Angeles](#). *Experts Say Prices At Grocery Stores Will Continue to Rise For Over a Year*. Accessed January 26, 2022.
 - c. [Wall Street Journal](#). *Why Container Ships Can't Sail Around the California Ports Bottleneck*. Accessed January 26, 2022.
2. Relevant M&A Transactions closed in Q4 2021.
 - a. [S&P Capital IQ](#). Accessed January 24, 2022. Data as of December 31, 2021.
3. Select public comparables set in Q4 2021.
 - a. [S&P Capital IQ](#). Accessed January 24, 2022. Data as of December 31, 2021.
4. Expanded public comparables set in Q4 2021.
 - a. [S&P Capital IQ](#). Accessed January 26, 2022. Data as of December 31, 2021.
5. Historical EV/EBITDA multiples.
 - a. [S&P Capital IQ](#). Accessed January 26, 2022. Data as of December 31, 2021.

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1. Relevant transactions announced in Q4, 2021.
 - a. [S&P Capital IQ](#). Accessed January 24, 2022. Data as of December 31, 2021.
 - b. [Mergermarket](#). Accessed January 24, 2022. Data as of December 31, 2021.
2. Select public comparables set in Q4, 2021.
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 - a. [S&P Capital IQ](#). Accessed January 24, 2022. Data as of December 31, 2021.

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1. Sector Trends.
 - a. [IBIS World](#). Accessed January 26, 2022.
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 - a. [S&P Capital IQ](#). Accessed January 24, 2022. Data as of December 31, 2021.
 - b. [Mergermarket](#). Accessed January 24, 2022. Data as of December 31, 2021.
3. Select public comparables set in Q4, 2021.
 - a. [S&P Capital IQ](#). Accessed January 24, 2022. Data as of December 31, 2021.



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