### Five megatrends shaping the way food and beverage companies operate

As the world emerges from the pandemic, accelerated change and disruption have framed a new normal in the future. This has led to a fundamental reappraisal of values and priorities that will shape how consumers, companies, investors and regulators behave across a number of megatrends that are redefining the consumer landscape.

<table>
<thead>
<tr>
<th>Accelerated digital behaviours</th>
<th>Increased relevance of ESG and sustainability</th>
<th>Changed ways of working, and living</th>
<th>Renewed focus on health and wellness</th>
<th>Increased cost of goods and services</th>
</tr>
</thead>
<tbody>
<tr>
<td>• COVID-19 disruption and greater food-at-home consumption have increased penetration of e-commerce and direct-to-consumer (D2C).</td>
<td>• 2021 saw a rapid acceleration in sustainability commitments from companies, regulators and investors, as target horizons approach.</td>
<td>• The shift in working practices and commuting patterns is likely to become entrenched and lead to more cooking and eating at home.</td>
<td>• Health and wellness, which was already an underlying trend, has gained focus, with mental well being and risk exposure becoming more prominent and companies shifting portfolios to immunity boosting and functional ingredients.</td>
<td>• Food companies are seeing a surge in demand, but supply challenges make it difficult to cater to the demand and companies are focusing on price rise or productivity measures to soften the blow.</td>
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<td>• Capturing, understanding and integrating data to enable a listening organization will be crucial in meeting mounting expectations at speed.</td>
<td>• Consumers, regulators and investors will scrutinize impact across the value chain, with tech-enabled transparency becoming table stakes.</td>
<td>• This will not just impact how companies meet changing employee priorities but will change where people shop and ultimately where they live.</td>
<td>• The rise in plant-based consumption will continue to grow to promote well-being and sustainability.</td>
<td>• The required supply investments are adding to the costs for higher raw material prices and other initiatives such as ESG, digital transformation or new work models and driving current global consumer price inflation even higher.</td>
</tr>
<tr>
<td>• As digital behaviours continue to accelerate companies must build online engagement and fulfilment capabilities to personalize for, and serve, digital communities.</td>
<td>• Sustainable packaging is becoming crucial for food companies, along with deploying solutions to reduce water consumption and combat food waste.</td>
<td>• Food companies are investing in production to build resilience to supply chain shocks and reduce stock-outs amid demand surges.</td>
<td>• Personalization could become more widespread as “healthy” now doesn’t mean the same to all</td>
<td></td>
</tr>
</tbody>
</table>

How can I use data to improve my understanding of my consumers?
- 48% of global consumers believe the way they use technology will change in long term
- 80% of consumers say brands must be transparent about environmental impacts of their products and services

How will sustainability unlock value for my business?
- 45% of respondents expect to change how they eat out in the long term
- 54% of consumers say healthier products have become more important

How will increased remote working impact my channel strategy?
- 6.9% Canada’s annual inflation rate as of October 2022

How will I position my portfolio to address new consumer needs and preferences?
- 60% of consumers say brands must be transparent about environmental impacts of their products and services

How will rising inflation impact supply chain and profitability?
- 50% of respondents expect to change how they eat out in the long term
- 60% of consumers say healthier products have become more important

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**Ruthlessly divest unprofitable segments**

**Innovate existing product offerings**

**Explore adjacent categories due to demand shifts**

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Sources: *EY Future Consumer Index, May 2021 data, EY Knowledge Consumer Analysis*
EY transaction snapshot

EY* is pleased to announce Station 22 (formerly known as Maison des Futailles, L.P.)

About Station 22
Station 22 is a producer, distributor and bottler proudly established in Québec for over 100 years. The company currently produces over 6 million bottles of spirits, and 48 million canned beverages, and nearly 24 million bottles of wine each year. It operates a bottling facility in Montréal and its products are enjoyed by millions of consumers across North America. Station 22 had been owned by Kruger and the Fonds de solidarité FTQ since 2006.

About the Dandurand Group
The Dandurand Group is a Canadian family-run alcoholic beverage agency and importer. For 54 years, it has provided Canadian consumers, suppliers, customers and partners with a strategically built portfolio featuring premium brands from around the world. Over the years, the Dandurand Group has become synonymous with excellence in the field of alcoholic beverages in Canada.

The Win-Win
Station 22’s highly efficient manufacturing facility, strategically located near the Port of Montréal, will enhance and expand the Dandurand Group’s network with an optimized, more responsible and sustainable supply chain highly focused on local bottling capacity. This capability enables more cost-efficient and reliable North American supply chain operations while providing an improved global footprint.

The acquisition will enable Dandurand to solidify a totally integrated global beverage network with strong roots in Canada and offer clients an all-in-one business model that will include bottling, creative options, distribution, marketing and selling support.

TO LEARN MORE

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* Ernst & Young Orenda Corporate Finance Inc.
Food and beverage recent announced transactions

Select announced transactions in Q3 2022

<table>
<thead>
<tr>
<th>Announced Date</th>
<th>Target</th>
<th>Target HQ</th>
<th>Target Description</th>
<th>Buyer</th>
<th>Buyer HQ</th>
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<tbody>
<tr>
<td>Jul 05, 2022</td>
<td>Station 22 (formerly known as Maison des Futailles, L.P.)*</td>
<td>🇨🇦</td>
<td>Manufacturer, marketer and distributor of wines, spirits and ready-to-drink beverage alcohol products sold through Canadian liquor boards, grocery retailers and the c-store channel.</td>
<td>Philippe Dandurand Wines Inc.</td>
<td>🇨🇦</td>
</tr>
<tr>
<td>Jul 15, 2022</td>
<td>Amsterdam Brewing Co. Limited</td>
<td>🇨🇦</td>
<td>Operator of a brewery engaged in the production of beers of various tastes including blonde lager, big wheel amber, which sells through retail stores.</td>
<td>Royal Unibrew A/S (CPSE:RBREW)</td>
<td>🇩🇰</td>
</tr>
<tr>
<td>Aug 23, 2022</td>
<td>Casa Komos Beverage Group LLC</td>
<td>🇺🇸</td>
<td>Producer and seller of tequila and tequila based ready-to-drink cocktails.</td>
<td>Molson Coors Beverage Company (NYSE:TAP)</td>
<td>🇺🇸</td>
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*EY acted as financial advisor

All figures in USD, unless otherwise noted.
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<td><strong>Bakery</strong></td>
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<tr>
<td>Jul 27, 2022</td>
<td>Klosterman Baking Cincinnati, LLC</td>
<td>🇺🇸</td>
<td>Producer of fresh and frozen breads, buns, flatbreads, organic breads and others serving restaurants and grocery retailers &amp; convenience stores and institutional customers.</td>
<td>New Water Capital, L.P.</td>
<td>🇺🇸</td>
</tr>
<tr>
<td>Sep 08, 2022</td>
<td>Handi Foods Ltd.</td>
<td>🇨🇦</td>
<td>Manufacturer and seller of savoury and sweet pita-based snacks which sells through grocers, mass merchants, and consumer packaged goods companies.</td>
<td>Ironbridge Equity Partners Limited</td>
<td>🇬🇧</td>
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<td><strong>Beverages</strong></td>
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<tr>
<td>Aug 01, 2022</td>
<td>Celsius Holdings, Inc.</td>
<td>🇺🇸</td>
<td>Developer and distributor of functional drinks and liquid supplements through direct-to-store delivery distributors and direct to retailers, including supermarkets, convenience stores.</td>
<td>PepsiCo, Inc.</td>
<td>🇺🇸</td>
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<tr>
<td>Sep 30, 2022</td>
<td>Coffee Holding Co., Inc. (NasdaqCM:JVA)</td>
<td>🇺🇸</td>
<td>Manufacturer and distributor of roasted and blended coffees sold through wholesalers and retailers.</td>
<td>Delta Corp Holdings Ltd.</td>
<td>🇬🇧</td>
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<tr>
<td><strong>Confectionary</strong></td>
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<tr>
<td>Sep 06, 2022</td>
<td>Huer Foods Inc.</td>
<td>🇨🇦</td>
<td>Packager and distributor of confectionery and gummy products sold through grocery retailers.</td>
<td>Krystal Growth Partners Ltd.</td>
<td>🇨🇦</td>
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<td><strong>Distribution</strong></td>
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<tr>
<td>Jul 07, 2022</td>
<td>John Graves Food Service, Inc.</td>
<td>🇺🇸</td>
<td>Distributor of food products such as beverages, frozen, dry goods and disposables serving healthcare, education, restaurants, convenience and hospitality sectors.</td>
<td>GS Foods Group, Inc.</td>
<td>🇺🇸</td>
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<td><strong>Ingredients</strong></td>
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<td>Aug 09, 2022</td>
<td>PureCircle Limited</td>
<td>United States</td>
<td>Producer and distributor of natural sweeteners and flavors offering natural ingredients based on stevia for the food and beverage industry. • EV — $385.7m</td>
<td>Ingredion Incorporated (NYSE:INGR)</td>
<td>United States</td>
</tr>
<tr>
<td>Aug 11, 2022</td>
<td>Parker Food Group</td>
<td>United States</td>
<td>Developer and manufacturer of specialty, value-added ingredients that are sold to industrial branded B2C customers, foodservice clients and industrial B2B customers.</td>
<td>Investindustrial</td>
<td>United States</td>
</tr>
<tr>
<td>Aug 22, 2022</td>
<td>Freeze-Dry Foods Inc.</td>
<td>United States</td>
<td>Manufacturer of freeze-dried products, including pet treats, proteins, and food ingredients.</td>
<td>Thrive Foods LLC</td>
<td>United States</td>
</tr>
<tr>
<td>Aug 25, 2022</td>
<td>Meridian Flavors Inc.</td>
<td>United States</td>
<td>Producer of food flavors serving bakery, beverage, brewery, confection, dairy and pet food markets.</td>
<td>FlavorSum, LLC</td>
<td>United States</td>
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<tr>
<td>Aug 30, 2022</td>
<td>B2B Powdered Cheese Business and Related Assets of The Kraft Heinz</td>
<td>United States</td>
<td>Operator of B2B powdered cheese business which were sold through the Kraft's Ingredients business. • EV — $107.5m</td>
<td>Kerry Group plc (LSE:KYGA)</td>
<td>Ireland</td>
</tr>
<tr>
<td>Sep 01, 2022</td>
<td>Sokol &amp; Company, Inc.</td>
<td>United States</td>
<td>Manufacturer of food ingredients and retail-ready food products for food manufacturers, retail brands and retail grocers.</td>
<td>Burlington Capital Partners LLC</td>
<td>United States</td>
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<tr>
<td>Sep 20, 2022</td>
<td>Spice Chain Corporation</td>
<td>United States</td>
<td>Supplier and importer of spices &amp; seasonings serving industrial, food service and retail end markets.</td>
<td>iSpice Foods Inc</td>
<td>United States</td>
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<td><strong>Plant-Based Foods</strong></td>
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<td>Sep 23, 2022</td>
<td>The Sausage-Less Food Company Inc.</td>
<td>Canada</td>
<td>Provider of plant-based foods such as sausage-less roll, links and longanisa which sells through retail and food service outlets.</td>
<td>Modern Plant Based Foods Inc. (CNSX:MEAT)</td>
<td>Canada</td>
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<td><strong>Prepared Food</strong></td>
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| Aug 11, 2022 | Meal Preparation business of TreeHouse Foods, Inc. | | Producer and seller of private label foods and beverages for retail grocery, foodservice and co-pack customers.  
  - EV – $950m  
  - EV/Revenue – 0.6x  
  - EV/EBITDA – 13.6x | InvestIndustrial | | |
| Aug 31, 2022 | Water Lilies Food LLC | | Manufacturer and distributor of premium frozen Asian-inspired cuisine such as dumplings, spring rolls, egg rolls, noodles, buns and bites for retail private label and foodservice customers. | Blue Point Capital Partners, LLC | | |
| **Protein** | | | | | |
| Aug 02, 2022 | Jobbers Meat Packing Co. Inc. (dba WilMar) | | Processor and packager of meat products including ground beef, specialty and portion-controlled products for grocery retailers, foodservice providers and wholesale distributors. | Randall Foods, Inc. | | |
| Aug 03, 2022 | Certain Assets Associated with the Kitchen Basics Brand of Ready-to-use Stock and Broth of McCormick | | Provider of ready-to-use stocks and broths such as chicken, beef and turkey, along with vegetable and seafood.  
  - EV – $99m  
  - EV/Revenue – 2.2x | Del Monte Foods | | |
| Aug 05, 2022 | Golden Valley Farms Inc. and King's Command | | Producer of meat products specializes in processing and packaging ready-to-eat deli slice meats which sells through various brands.  
  - Deal Value – $67.2m | Premium Brands Holdings Corporation (TSX:PBH) | | |
| Sep 19, 2022 | Pulmuone Foods USA Inc | | Provider of protein-rich chicken and vegetable patties, noodles, juices and others through grocery and natural foods stores.  
  - EV – $164m | Highland Equity Partners; Pulmuone USA Inc | | |
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<td><strong>Restaurants</strong></td>
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</table>
| Aug 09, 2022   | Recipe Unlimited Corporation (TSX:RECP) | 🇨🇦 | Operator and franchisor of full-service restaurants brands such as Swiss Chalet, Harvey's, Montana's, Kelsey's, East Side Mario's and others.  
• EV – CAD$2,175.2m  
• EV/Revenue – 1.8x  
• EV/EBITDA – 9.3x | Fairfax Financial Holdings Limited (TSX:FFH) | 🇨🇦 |
| Aug 09, 2022   | BBQ Holdings, Inc. (NasdaqGS:BBQ) | 🇺🇸 | Franchisor and operator of casual and fast casual dining restaurants.  
• EV – $305.1m  
• EV/Revenue – 1.1x  
• EV/EBITDA – 8.8x | MTY Franchising USA, Inc. | 🇺🇸 |
| Sep 29, 2022   | St. Louis Bar & Grill | 🇨🇦 | Operator of a franchised casual dining bar and grill company offering signature wings, fries, garlic dill sauce, pickles, poppers, soup and others.  
• EV – CAD$50m  
• EV/EBITDA – 6.6x | Aegis Brands Inc. (TSX:AEG) | 🇨🇦 |
| **Seafood**    |        |           |                    |       |          |
| Aug 09, 2022   | Morubel NV | 🇧🇪 | Producer of frozen shrimps and other seafood products serving retail, foodservice and food industry. | Cooke Inc. | 🇨🇦 |
Our food and beverage index consists of the following publicly traded companies:

**US food and beverage companies**

**Food processing**
- Tyson Foods (TSN)
- The Kraft Heinz Company (KHC)
- Mondelez International, Inc. (MDLZ)
- General Mills, Inc. (GIS)
- ConAgra Brands, Inc. (CAG)
- Campbell Soup Company (CPB)
- McCormick & Company, Incorporated (MCK)
- Hormel Foods Corporation (HRL)
- The Hershey Company (HSY)
- Kellogg Company (KR)

**Beverages**
- The Coca-Cola Company (KO)
- PepsiCo, Inc. (PEP)
- Constellation Brands Inc. (STZ)

**Grocery and convenience retail**
- The Kroger Co. (KR)
- Weis Markets, Inc. (WMK)

**Restaurant and foodservice**
- Starbucks Corporation (SBUX)
- McDonald’s Corp. (MCD)
- Jack in the Box Inc. (JACK)
- Yum Brands, Inc. (YUM)
- Darden Restaurants, Inc. (DRI)
- Brinker International, Inc. (EAT)
- Dine Brands Global, Inc. (DIN)

**Canadian food and beverage companies**

**Food processing**
- Maple Leaf Foods Inc. (MTL)
- George Weston Limited (WN)
- Saputo Inc. (SAP)
- High Liner Foods Inc. (HLF)

**Beverages**
- Molson Coors Brewing Company (TAP)
- Primo Water Corporation (PRMW)
- Lassonde Industries Inc. (LAS.A)
- Andrew Peller Limited (ADW.A)
- Corby Spirit & Wine Limited (CSW.A)

**Grocery and convenience retail**
- Loblaw Companies (L)
- Metro Inc. (MRU.A)
- Alimentation Couche-Tard Inc. (ATD.B)

**Restaurant and foodservice**
- MTY Food Group Inc. (MTY)
- Recipe Unlimited Corporation (RECP)

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**EY Food and Beverage Index**

**Enterprise value trends by sector**

**Enterprise value trends by country**

**North American transaction volume and size**

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**Aggregate transaction value**

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