

CONSUMER & RETAIL MONTHLY

JANUARY 2023

2023 ICR CONSUMER CONFERENCE AND ATLANTA GIFT & HOME MARKET OBSERVATIONS

Following the close of multiple transactions in late 2022, TM Capital's Consumer team had an active January – attending both the ICR Consumer Conference in Orlando and the Atlanta Gift & Home Market. While we always enjoy these gatherings as an opportunity to catch up in person with our close friends and clients, there are a few key themes that are emerging as the calendar flips into 2023.

- **Consumer Market Investment Sentiment** – attendees of the ICR conference universally expressed that they are “open for business and ready to buy,” pointing to steady demand drivers in a number consumer of subsectors, notwithstanding headline macroeconomic conditions. In short, high quality consumer companies continue to command historically attractive valuations, even as financing market conditions may require buyers to contribute more equity to get these deals done. In evaluating transactions, buyers are increasingly focused on company fundamentals surrounding sustainable growth and profitability while bolstering their due diligence activity and seeking creative solutions to navigate a more challenged market for debt financing.
- **Benchmarking Growth** - COVID's impact in 2020, paired with the snowballing impact of supply chain challenges that persisted through 2021 and early 2022 – made it difficult for many consumer businesses to measure year-over-year performance during these periods. Early indications seem to be that order patterns are finally returning to norms after three years of difficulty evaluating “comps.” As buyers evaluate consumer businesses this coming year, it may in many cases be appropriate to benchmark seasonal performance against 2019 – the last year in recent history where patterns were typical, before these varying challenges began to set in.
- **Continued Deal Demand** - As alluded to above, private equity firms, as buyers, are open for business. While many lament slowing deal flow in contrast to the break-neck pace experienced in 2021 and 1H 2022, firms are finding ways to put money to work and get deals done. Although the syndicated finance market – which has historically supported larger middle market transactions – remains ostensibly closed, the direct lenders that have contributed the bulk of the financing to lower mid-market transactions over the last decade still have capital to deploy and a mandate to deploy it. While PE deals are still getting done at only modestly reduced leverage levels, strategic buyers have a near-term advantage given financing market conditions.

Based on our recent discussions and our strong backlog, we remain optimistic about the consumer M&A landscape for 2023.

We work with leading companies and brands across every major consumer product and retail category, including consumer products, gift and home accessories, food & beverage, restaurants, retail and retail services.

Gift & Home Decor

Food & Beverage












Apparel & Accessories

Recreational Products

Personal Care

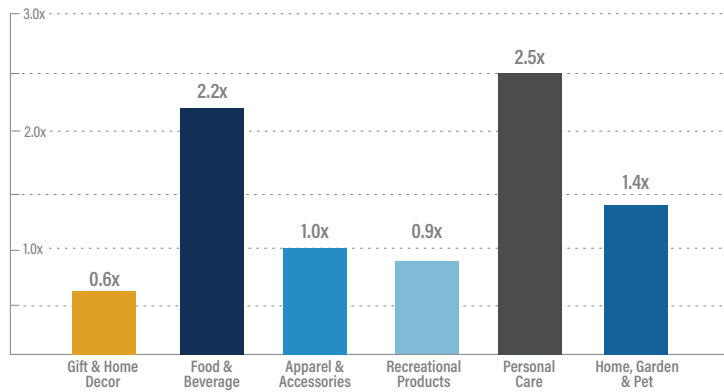
Home, Garden & Pet

HEADLINE TRANSACTIONS

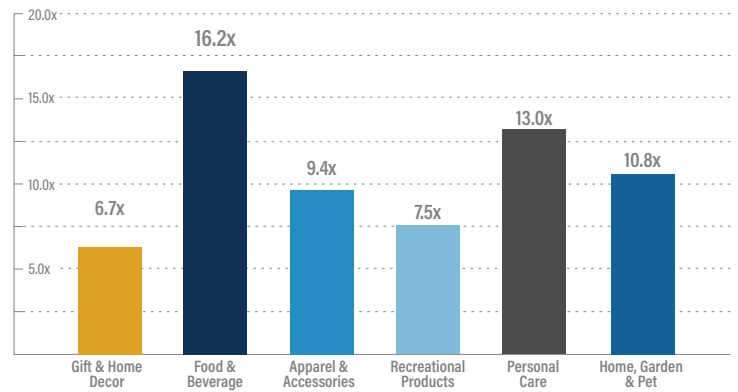
	TARGET	ACQUIROR	ACQUISITION SYNOPSISIS
Gift/Home			<ul style="list-style-type: none"> Fraser's Group (LSE:FRAS), a British retail, sport and intellectual property group with brands such as Sports Direct, Jack Wills and House of Fraser, has acquired Amara Living Limited, a luxury home online retailer with products from brands such as Versace Home, Missoni and Fornasetti The acquisition of Amara Living continues Fraser Group's strategy of building a luxury homeware portfolio and expands their retail portfolio, which includes the recent acquisitions of Gieves & Hawkes, Missguided and I Saw It First
Food/Beverage			<ul style="list-style-type: none"> Tru Fru, a producer and distributor of better-for-you fruit-based frozen and shelf-stable chocolates, has been acquired by Mars, an American multinational manufacturer of confectionery, pet food and other food products, including brands such as Snickers, Pedigree and M&M's The acquisition of Tru Fru continues Mars' strategy of expanding their portfolio of better-for-you brands which includes recent acquisitions of Kind North America and Nature's Bakery
Apparel			<ul style="list-style-type: none"> Topo Athletic, LLC, an athletic gear company that manufactures shoes for road, trail, hike and recovery activities, has been acquired by Designer Brands Inc. (NYSE:DBI), a designer and manufacturer of shoes, handbags and athletic footwear with brands including Vince Camuto, Lucky Brand and Kelly & Katie The acquisition of Topo Athletic expands Designer Brands' portfolio of owned brands and athletic shoes
Recreational			<ul style="list-style-type: none"> Strawbees, a gaming and educational products brand offering engineering, coding and robotics kits designed for children, has been acquired by eEducation Albert AB (OM:ALBERT) The acquisition of Strawbees expands eEducation Albert's existing offerings and provides cross-selling opportunities with their existing Sumdog brand, a personalized online learning platform for children
Personal			<ul style="list-style-type: none"> Veroni Brands Corp. (OTCPK:VONI), an importer, seller and distributor of premium snacks, beverages and food products with brands including Sweet Desire and Baron Chocolatier, has entered into a definitive agreement to acquire Oxigenesis, a developer and manufacturer of oxygen-enhanced nutritionals, including supplements, skincare and liquid minerals The acquisition of Oxigenesis expands Veroni's wellness-based offerings across several categories including supplements, skincare and other oxygen-enhanced topical treatments
Home/Gar./Pet			<ul style="list-style-type: none"> PETstock, a pet food and services company offering pet food, grooming and training and veterinarian services, has been acquired by Woolworths Group Limited (ASX:WOW), an Australian retail company with brands including FutureFeed, Seedlab and Charmtex, for \$842.6 million The acquisition of PETstock will allow Woolworths Group to offer a broader range of specialty pet products and services

CONSUMER GROWTH & VALUATION TRENDS

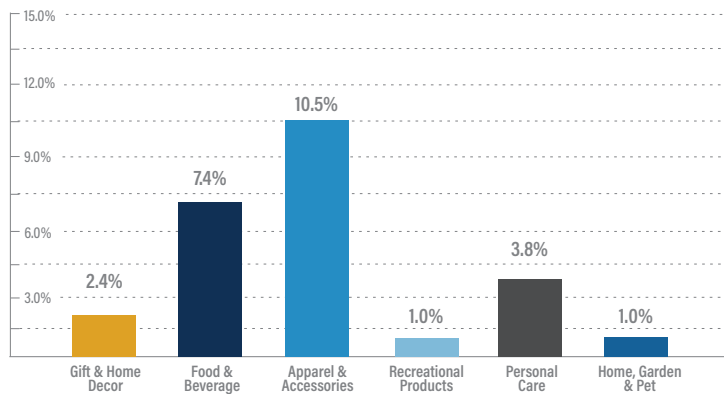
Enterprise Value / LTM Revenue



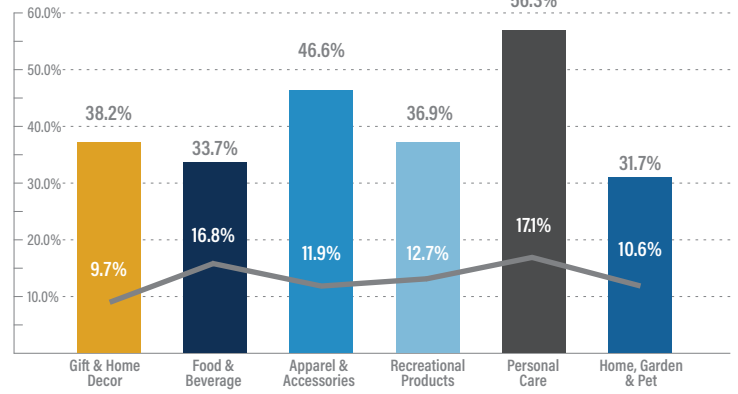
Enterprise Value / LTM EBITDA



LTM Revenue Growth

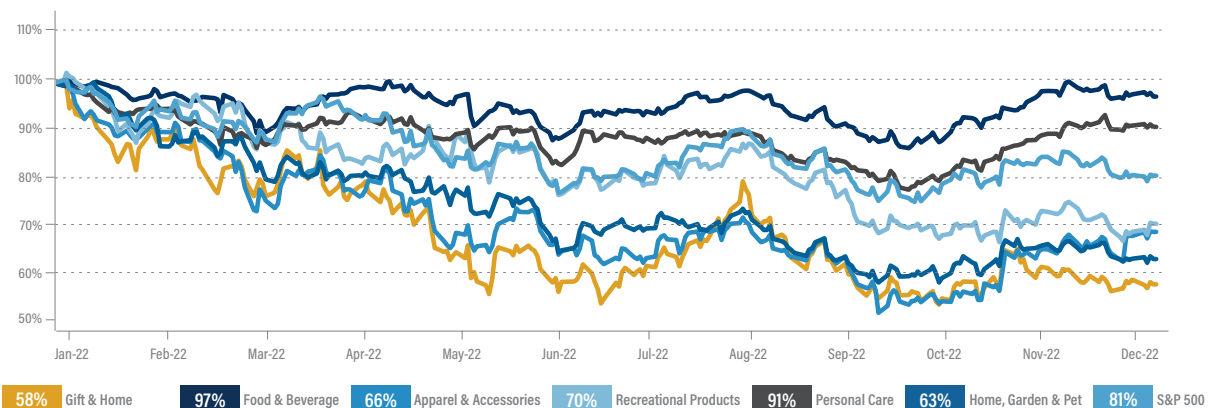


LTM Gross and EBITDA Margin*



*EBITDA Margins shown as the gray line.

LTM Stock Price Index



SELECTED CONSUMER TRANSACTIONS

Target Acquiror Gift & Home Decor Transactions

Decorative Films, LLC.	Appvion Operations, Inc.	Decorative Films, a manufacturer of adhesive decorative, privacy and functional window films, has been acquired by Appvion Operations, a paper products and film manufacturer
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Christianson's Business Furniture, Inc.	Fluid Interiors, LLC	Christianson's Business Furniture, an office furniture dealer for the government, education, healthcare and finance sectors, has been acquired by Fluid Interiors, an office and home furniture manufacturer and designer
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Target Acquiror Apparel & Accessories Transactions

Breitling SA	Partners Group Holding AG (SWX:PGHN)	Breitling, a luxury chronographic watch designer and manufacturer, has been acquired by Partners Group Holding, a Swiss-based private equity firm, from CVC Capital Partners, a Luxembourg-based private equity and investment advisory firm
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Eagle Technical Products Ltd	Lakeland Industries, Inc. (NasdaqGM:LAKE)	Eagle Technical Products, a manufacturer of PPE workwear for firefighters, has been acquired by Lakeland Industries, a manufacturer of protective clothing and safety apparel
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Target Acquiror Personal Care Transactions

Pure Botanicals Pvt Ltd	Supercluster Pi Private Limited	Pure Botanicals, an ayurvedic beauty brand offering face oils, moisturizers and other skincare products, has been acquired by Supercluster Pi, a consumer goods company focused on sustainable, consumer-centric wellness brands, including By Nature, Natural Infusions and Refresh Skin Science
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S-Biomedic	Beiersdorf Aktiengesellschaft (XTRA:BEI)	S-Biomedic, a cosmetic company offering acne recovery and anti-aging skin care products, has been acquired by Beiersdorf, a German personal care company that manufactures and retails skincare brands including Nivea, Eucerin and La Prairie
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Selected TM Capital Consumer Experience

 <p>BROWNIE BRITTLE A PORTFOLIO COMPANY OF encore consumer capital HAS BEEN ACQUIRED BY SECOND NATURE BRANDS A PORTFOLIO COMPANY OF CAPVEST</p>	 <p>CORE EQUIPMENT A PORTFOLIO COMPANY OF L2 CAPITAL HAS BEEN ACQUIRED BY CLEARVIEW CAPITAL VERTICAL</p>	 <p>cpap.com HAS RECEIVED A STRATEGIC INVESTMENT FROM CATHAY CAPITAL 凯辉基金</p>
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Target Acquiror Food & Beverage Transactions

Waterloo Brewing Ltd. (TSX:WBR)	Carlsberg Canada Inc	Carlsberg Canada, a multinational beer producer with brews including Tuborg, Kronenbourg and Somersby cider, has acquired Waterloo Brewing, a producer, distributor and marketer of premium beer and alcohol products, from Kernwood Limited, a Canadian investment firm, for \$158.5 million USD
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Papa Pita Bakery	Flowers Foods, Inc. (NYSE:FLO)	Papa Pita Bakery, a manufacturer of flatbreads, tortillas, bagels, buns and English muffins, has been acquired by Flowers Foods, one of the largest producers of packaged bakery foods in the United States, which includes brands such as Dave's Killer Bread, Tastykake and Nature's Own
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Target Acquiror Recreational Products Transactions

Bike-Jam Sociedad Limitada	Nimo Group	Bike-Jam, a manufacturer and distributor of bicycles with brands such as Bontrager, Diamant and Orbea, has been acquired by Nimo Group, a Spain-based recreational products brand
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The Putting Arc, Inc.	GolfTrainingAids.com	The Putting Arc, a manufacturer of golf training equipment, has been acquired by GolfTrainingAids.com, an online golf training equipment retailer
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Target Acquiror Home, Garden & Pet Transactions

The Canine Companies, Inc.	Radio Systems Corporation	The Canine Companies, a pet care products retailer with brands such as Invisible Fence, Canine Manners and Canine Shop, has been acquired by Radio Systems Corporation, a dog and cats products supplier with brands including PetSafe, Sport Dog and Premier Pet, a portfolio company of Clayton, Dubilier & Rice
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Handicappedpets, Inc.	Lintbells Ltd	Handicappedpets, a pet mobility aid company offering wheelchairs, harnesses and braces for dogs, has been acquired by Lintbells, a UK-based producer and retailer of pet products and supplements under the YuMOVE brand
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TM Capital's Consumer Industry Contacts

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