



**Pampanga Food Company, Inc.**

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## **Confidential Information Memorandum August 2024**

## Confidential Information Memorandum Purpose

The sole purpose of this Confidential Information Memorandum (“CIM”) is to acquaint a prospective investor with preliminary information regarding Pampanga Food Company, Inc., whose business is currently available for acquisition. Hereinafter, Pampanga Food Company, Inc. will be referred to as “PFC” or the “Company”. This CIM is designed to provide an overview of the Company’s operations and highlight the factors that create value within it. This CIM is being furnished only to prospective buyers having signed a Confidentiality Agreement (“CA”) and having made a specific request for information regarding the Company for the purpose of determining an interest in submitting a proposal to invest in the business. All information within this CIM is considered “confidential” and is protected under the terms of a separate CA that was executed by the recipient of this document. Information contained within the CIM has been prepared from materials and information supplied by PFC, pursuant to GT Securities Inc. (“GTS”) exclusive engagement with the Company. This CIM is being delivered pursuant to the terms of a separate CA to a limited number of parties who, it is believed, may have an interest in acquiring the Company.

None of the Company, GTS or any of their respective affiliates or representatives makes any representation or warranty, express or implied, as to the accuracy or completeness of the information contained herein or any other written or oral communication transmitted or made available to a prospective investor in, or buyer of, all or part of the Company. Each of the Company, GTS and their respective affiliates and representatives expressly disclaims any and all liability based, in whole or in part, on such information, errors therein or omissions there from. This CIM does not purport to contain all of the information that may be required to evaluate an investment in, or purchase of, all or part of the Company and any recipient hereof should conduct its own investigation and analysis.

In addition, this CIM includes certain projections provided by the Company with respect to the anticipated future performance of the Company. Actual results will vary from projections, and such variations may be material. Also, such projections reflect various assumptions of Company management concerning the anticipated future performance of the Company. These assumptions may or may not prove to be correct, and there can be no assurance that any projected results are attainable or will be realized. GTS does not assume responsibility for verifying any of such statements, estimates, information, and projections, and neither the Company nor GTS make any representations or warranties as to their accuracy, reasonableness, truthfulness, or completeness.

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## Confidentiality and Disclaimer

Only those particular representations which may be made to any buyers of the Company in a definitive written agreement, when, and if one is executed, and subject to such limitations and restrictions as may be specified in such definitive agreement, shall have any legal effect.

This CIM may contain market and/or industry information, which is the result of research utilizing sources and materials considered to be relevant. Certain financial information presented herein may have been adjusted to eliminate owner-related compensation, non-operating assets and debt associated therewith and other items with the objective of understanding the earning capability of the business enterprise. The changes involved in any adjusting of financial information generally are described in the footnotes to the information or are available on request. Except where otherwise indicated, this CIM speaks as of the date hereof. Neither the delivery of this CIM nor any investment in the Company shall, under any circumstances, create any implication that there has been no change in the affairs of the Company since the date hereof. In furnishing this CIM neither the Company nor GTS undertakes any obligation to update any of the information contained herein.

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All communications or inquiries relating to the Company or to a possible transaction involving the Company should be directed to GTS. No person at the Company should be contacted directly under any circumstances. Please direct all inquiries to:

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## Evaluation Procedures

This CIM is being furnished for your evaluation purposes since we believe you may have an interest in acquiring the Company. GTS, as the exclusive financial advisor to the Company, is acting as the primary contact for all prospective acquirers or investors (collectively, "Prospective Purchasers") during the transaction process and will be available to respond to questions and to provide additional information, as appropriate. Prospective Purchasers are not to directly contact the Company, its shareholders, officers, employees, suppliers, or customers.

After you have reviewed the CIM and have further interest, we would request that you submit to the Company, c/o GTS, preliminary non-binding indications of interest, term sheets, and/or letter of intent (LOI). Such indications should set forth, among other things that may be relevant: valuation range subject to further due diligence, amount you would be willing to pay for the Company.

Upon receipt and review of your indication of interest, the Company and GTS will provide you with an opportunity for detailed due diligence, including access to additional confidential information, meeting(s) and other communications with the Company's management.

The Company expressly reserves the right, at any time, in any respect and for any reason, to amend or terminate these evaluation procedures, to terminate discussions, to reject or accept any or all proposals or to negotiate with any party with respect to any transaction involving the Company.

THE FORECAST AND FORWARD-LOOKING STATEMENTS CONCERNING OPERATIONS AND FINANCIAL PERFORMANCE OF THE COMPANY INCLUDED HEREIN (THE "PROJECTIONS") WERE PREPARED IN CONJUNCTION WITH THE COMPANY AND WERE NOT PREPARED WITH A VIEW TOWARD PUBLIC DISCLOSURE OR COMPLIANCE WITH THE PUBLISHED GUIDELINES OF THE SECURITIES AND EXCHANGE COMMISSION REGARDING PROJECTED FINANCIAL INFORMATION. THE PROJECTIONS HAVE NOT BEEN PREPARED OR REVIEWED BY INDEPENDENT PUBLIC ACCOUNTANTS, AND, ACCORDINGLY, NO OPINION OR OTHER FORM OF ASSURANCE IS EXPRESSED. THERE IS NO ASSURANCE, AND THE COMPANY MAKES NO REPRESENTATION THAT THE PROJECTIONS WILL BE ACHIEVED.

# TABLE OF CONTENTS

<b>I.</b>	EXECUTIVE SUMMARY .....	5
<b>II.</b>	ACQUISITION MERITS .....	8
<b>III.</b>	MARKET ANALYSIS, INDUSTRY DRIVERS AND COMPARABLES.....	13
<b>IV.</b>	COMPANY HISTORY .....	16
<b>V.</b>	PRODUCTS .....	18
<b>VI.</b>	CUSTOMERS .....	23
<b>VII.</b>	MARKETING AND BRANDING.....	24
<b>VIII.</b>	PLANT PROCESSING FACILITIES.....	25
<b>IX.</b>	MANAGEMENT, EMPLOYEES AND OWNERSHIP .....	28
<b>X.</b>	FINANCIAL PERFORMANCE .....	32

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Prepared For: Renee McCalla-Taylor  
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## I. EXECUTIVE SUMMARY

**Leading Brand Specialty Food Manufacture** Pampanga Food Company. (the “Company” or “PFC”) is a leading North American manufacturer of Filipino frozen food products since 1980. Over 30 years ago PFC started selling premium Filipino frozen food products made from homemade recipes. Today, PFC is the leading producer, with banner products capturing over seventy percent of the market share reaching a diversified customer base, including major food retail chains, commercial accounts, institutional accounts, restaurants, and direct to consumer web-oriented retail sales. They reach this customer base primarily through leading wholesale distributors.

PFC's line began with sausage and specialty seasoned meats like Tocino and Tapa. PFC has expanded to now have four brands: Pampanga, Mister Swifts, Cabalen, and Senor Rey, along with producing for private label. PFC has expanded into the mainstream Asian and American markets by expanding the products to include Tocino, Tapa, Spring Rolls, Egg Rolls, Longanisa, Sausages, Hot Dogs, Egg Rolls, Empanada's and Chicharron. PFC products appear in stores throughout the United States, even as far as Guam and Saipan, including U.S. Armed Forces commissaries in California, Washington and Virginia through various network of distributors in Los Angeles, San Francisco, New York, Chicago, Portland, Houston, Georgia, Seattle, and Hawaii.

**Efficient Processing and High Production Standards** PFC has expanded three times and is now located in Anaheim, California, in a 32,100 square foot facility to house the processing, cooking, frozen storage and packing process. The company uses high volume state-of-the-art equipment, capable of meeting surges in demand. With Quality Assurance specialists to ensure all products meet customer expectations, a vendor certification program to ensure top quality and consistency of all ingredients, and a safety and cleanliness record that exceeds industry standards, PFC consistently produces superior quality products. All PFC products have USDA certification.

**Recession Resistant** Pampanga Food Company products fall into the frozen food sector and are sold within both traditional and Specialty markets. External competition from traditional grocery stores has pressured growth as these stores have increasingly begun to carry specialty food products. The sector as a whole has been growing steadily over the last decade, and especially strongly over the last 5 years, reaching an estimated \$182.7B in wholesale value in 2023. The resiliency of this industry and its recession-resistant nature were amply demonstrated in 2020 and 2021, during a COVID-19-impacted global economy, which shut down or sharply hampered countless industries: in fact, the pandemic shifted consumer purchasing from restaurants to specialty grocery stores for their purchasing in order to find similar offerings to be made at home, increasing revenues. In addition, the USDA had deemed sausages an essential item and wanted a consistent supply from PFC.

Overall demand for frozen foods has been strong and steadily rising for over a decade. In 2022-24, frozen food demand and production are expected to increase further, with most industries getting back to normal as the pandemic impact recedes and with the restaurant, hospitality, convention, and travel industries going back to normalcy, creating a solid outlook which points to continued and robust market growth. As the economy gradually recovers and normalcy returns to industries like hospitality and dining, the outlook for the frozen food and specialty food sectors remains positive, with expectations of continued growth in demand and production. This trajectory mirrors the global market, signaling a promising future for these recession-proof sectors in the United States.

**Founding Principles** The Company's mission is to provide superior Filipino frozen food products to the market, formulated on superior quality, great taste and consistent flavor. It supports the local community throughout the region and is seen as a valuable community asset. The Company is committed to providing its customers with the highest quality of frozen food products. By upholding strict quality control standards supported by a well-managed manufacturing facility, the Company believes that PFC

brand's strength and visibility will continue to grow, complementing its unsurpassed product quality and superb customer service. Management believes that such standards are critical in attracting, retaining, and expanding a loyal customer base, while remaining competitive in the marketplace.

## Representative Customers

The Company's customers include leading food distributors, retail chains, restaurants, and others, where most receive their product principally via PFC wholesale distributors and retail grocery stores; these customers are represented by companies such as Sysco, Island Pacific Supermarkets, 99 Ranch Market, Weee! and Jollibee, providing stability as a solid sales channel with reliable payment arrangements; such relationships help corporate planning while ensuring broad and varied distribution to end-customers. PFC's management believes that it has created an excellent product with strong wholesale brand recognition to continue spreading the Company's reputation in the marketplace.



## Experienced Management

PFC has a highly experienced senior & middle management team. Founder & CEO Coni Reyes is a visionary with a depth of knowledge encompassing over 40-year industry experience, and the understanding of the Filipino Food landscape, key players and products, regulatory environment, marketing & pricing dynamics. Rey Reyes, Coni's husband, is President & Production Manager, who has been managing day-to-day operations of the plant for over 30 years. Anthony Reyes, their son, is the COO, with 5 years in the business. He is in charge of product procurement and logistics, packaging aesthetics, marketing and distribution. Along with other middle management staff, the group represent a combined experience of over 100 years in the food industry, a background that is evident in their understanding of market trends and strategic planning. Such management leadership and brand quality allow the Company to offer a reliable high-quality broad product line to the marketplace, while providing stability, commitment and a seasoned core group to continue growing the company in the future.

## Financial Summary (FYE 1/31)

The Company's FY'23 results to 12/31/23 indicated a healthy revenue based of \$14.1MM, 8.3% higher than FY'22 revenue base, and increased Gross Profit margins from 29.8% to 42.3%, along with 14.6% increase in EBITDA to \$2.6MM, all indicating the Company's on track for a growth year in FY'24 per the forecast shown. Revenue, Gross Profit and Adj. EBITDA continued to show marked improvement vs. FY'22 and all three hit records for the Company. PFC's significant profitability increase represented lower raw materials purchasing costs due to larger quantities getting bulk pricing, lower worldwide shipping costs (as shipping expenses and containers availability for overseas purchases came down from the very high rates during the COVID -impacted years). and an increase in plant automation, which lowered wages as a percentage of COGS. PFC also continued its push towards increased efficiencies in its plant, investing in modernization and upgrade of its equipment, enabling the Company to set the ground for increased production and distribution from FY'24 onward as well as lowering FY'23 cost of wages as a percentage of revenues. Overall, the last 3 years indicated an impressive CAGR of 10.8% and 50.4% in Revenues and EBITDA, respectively.

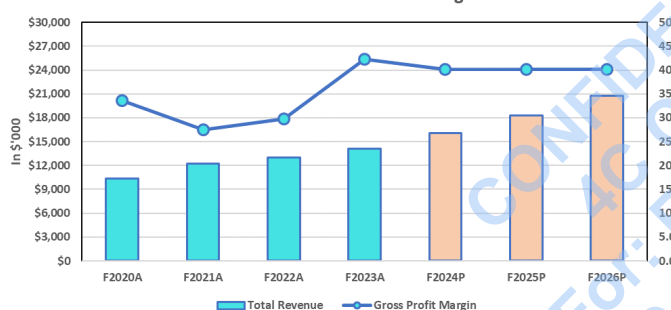
In fiscal years 2024-26, PFC expects product sales to show stable growth (with likely 13-14% annual growth); The Company is putting emphasis to increase its client base to include new markets. With a larger focus on marketing and branding, PFC looks to capitalize on its leading reputation and strong market share. In FY'24, Revenues are forecasted to reach a record of over \$16MM, with EBITDA projected at \$2.7MM. Management took a conservative approach and believes that over the next 3

years its gross profits and EBITDA will remain high not only due to PFC's higher revenue base, but also representing a higher growth rate than sales, with continued margin improvements, based on the following assumptions:

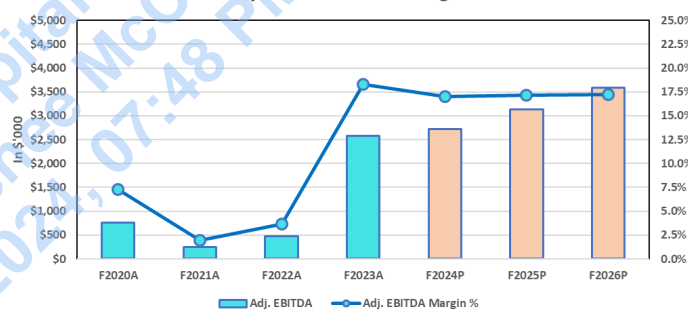
**Pampanga Food Company, Inc.**  
**Income Statement**  
**Fiscal Year End - December 31**  
**In \$'000**

	F2020A	F2021A	F2022A	F2023A	F2024P	F2025P	F2026P
<b>Total Revenue</b>	<b>\$10,355</b>	<b>\$12,219</b>	<b>\$13,009</b>	<b>\$14,090</b>	<b>\$16,039</b>	<b>\$18,263</b>	<b>\$20,804</b>
Growth Over Prior Year		18.0%	6.5%	8.3%	13.8%	13.9%	13.9%
<b>COGS</b>	<b>\$6,881</b>	<b>\$8,863</b>	<b>\$9,133</b>	<b>\$8,130</b>	<b>\$9,605</b>	<b>\$10,935</b>	<b>\$12,454</b>
COGS Margin	66.4%	72.5%	70.2%	57.7%	59.9%	59.9%	59.9%
<b>Gross Profit</b>	<b>\$3,475</b>	<b>\$3,356</b>	<b>\$3,876</b>	<b>\$5,960</b>	<b>\$6,433</b>	<b>\$7,328</b>	<b>\$8,350</b>
Gross Profit Margin %	33.6%	27.5%	29.8%	42.3%	40.1%	40.1%	40.1%
<b>SG&amp;A</b>	<b>\$2,757</b>	<b>\$3,186</b>	<b>\$3,444</b>	<b>\$3,419</b>	<b>\$3,740</b>	<b>\$4,229</b>	<b>\$4,793</b>
SG&A Margin	26.6%	26.1%	26.5%	24.3%	23.3%	23.2%	23.0%
<b>Stated EBITDA</b>	<b>\$718</b>	<b>\$170</b>	<b>\$432</b>	<b>\$2,541</b>	<b>\$2,693</b>	<b>\$3,099</b>	<b>\$3,557</b>
Stated EBITDA Margin %	6.9%	1.4%	3.3%	18.0%	16.8%	17.0%	17.1%
<b>EBITDA Adjustments</b>	<b>\$40</b>	<b>\$72</b>	<b>\$45</b>	<b>\$33</b>	<b>\$33</b>	<b>\$33</b>	<b>\$33</b>
	0.4%	0.6%	0.3%	0.2%	0.2%	0.2%	0.2%
<b>Adj. EBITDA</b>	<b>\$757</b>	<b>\$241</b>	<b>\$477</b>	<b>\$2,574</b>	<b>\$2,726</b>	<b>\$3,132</b>	<b>\$3,590</b>
Adj. EBITDA Margin %	7.3%	2.0%	3.7%	18.3%	17.0%	17.1%	17.3%

Revenue and Gross Profit Margin



Adjusted EBITDA and Margin



## Recent Developments

- Started exporting internationally with a new distributor
- Have expanded marketing and branding efforts utilizing Instagram, Facebook and TikTok
- Continually developing new products
- During COVID, many mom-and-pop stores went out of business, so larger supermarket-type store took over, which has benefitted Pampanga as they act as distributors
- Have increased sales with the main Filipino supermarkets of Seafood City and Island Pacific
- Have started doing Demos for their distributors to help with customer knowledge and brand recognition
- Now selling online through largest online grocery store, Weee!

## II. ACQUISITION MERITS

### Top Quality & Strong Brand Recognition

Today, PFC is the leading producer of Filipino foods, with banner products capturing over seventy percent of the market share. PFC holds a top wholesale brand name, which is recognized and prevalent with many key distributors to consumers and commercial account purveyors, enhancing the Company's market presence. The Company's product offerings are differentiated in the marketplace due to their origin and flavors yet familiar enough to other consumer-adopted products to be tried by new consumers in emerging markets. PFC is considered by many the highest quality product in the industry. PFC has had long standing in the marketplace as an equal opportunity employer, and it thus enjoys strong local and regional government relationships. The Company's recognized top-quality products provide a significant competitive advantage, as PFC strives to offer the freshest, tastiest, most reliable, and safe products, with QC passing rate at a very high level, surpassing many standards. Utilizing PFC's key client relationships, potential value-add consumer product introductions, and its visibility to top retail & other commercial chains, management plans to build on and expand its market presence, leveraging the brand's strong reputation in the U.S., Europe, and Asia.

### Large Market Opportunity and Increasing Consumer Demand

The Company's longstanding presence in the expanding wholesale frozen food market, estimated at \$183B annually in 2023, provides an excellent position and opportunity for PFC to continue to expand and increase market share.

The wholesale frozen food market presents a large market opportunity with increasing demand due to several factors:

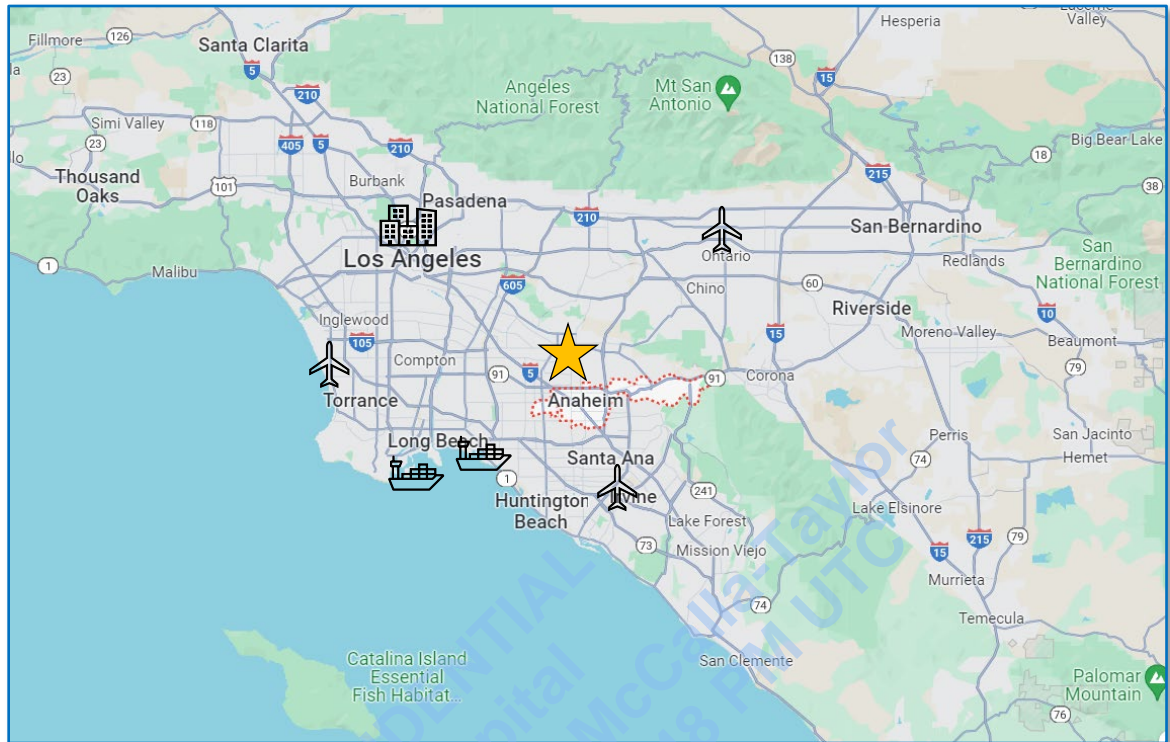
- **Changing Demographics:** As multicultural populations continue to grow, there is an increasing demand for foods that reflect the diverse cultural backgrounds of these populations.
- **Globalization and Cultural Awareness:** With increased globalization and access to information through the internet and social media, consumers are becoming more exposed to different cuisines and cultures. This exposure has sparked curiosity and interest in trying new and diverse foods, including ethnic frozen foods.
- **Convenience and Timesaving:** Frozen foods offer consumers the convenience of enjoying authentic flavors without the need for extensive preparation or cooking skills. Busy lifestyles and time constraints have fueled the demand for convenient meal solutions, making frozen foods an attractive option.
- **Product Innovation:** Manufacturers of frozen foods are continually innovating to meet the evolving tastes and preferences of consumers. They are introducing new and exciting products that showcase a wide range of cuisines, providing consumers with more choices and variety in the frozen food aisle.
- **Health and Wellness Trends:** Many consumers are seeking healthier food options, and frozen foods can cater to this demand by offering dishes made with fresh ingredients, traditional cooking methods, and authentic flavors.
- **E-commerce Expansion:** The growth of e-commerce and online grocery shopping is expected to further expand the reach of the wholesale frozen food market, allowing consumers to access a wider variety of frozen food products and driving overall market growth.
- **Retail Expansion:** The expansion of retail channels, including supermarkets, hypermarkets, convenience stores, and online retailers, has increased the accessibility of frozen foods to consumers. Wholesalers are partnering with retailers to expand their distribution networks and reach a wider audience, driving sales and growth in the wholesale frozen food market.

Overall, the combination of convenience, changing dietary habits, globalization, food safety retail expansion, the foodservice industry, and technological advancements is driving significant growth and



increasing demand in the wholesale frozen food market. This presents a lucrative market opportunity for wholesalers to capitalize on by offering a diverse range of high-quality frozen food products to meet the needs of consumers and foodservice providers.

## North American Operations



PFC operations are based in Anaheim California. The City of Anaheim is one of the nation's premier municipalities and is home to more than 347,111 residents, making it the 10<sup>th</sup> largest city within California and the 55<sup>th</sup> most populous city within the United States. Anaheim is a city 26 miles outside Los Angeles, located in Orange County, California. It's home to the Disneyland Resort, a massive complex of family-friendly, Disney-themed rides, restaurants, hotels and shops. The city's also home to pro sports teams. The Honda Center is the indoor arena where the Anaheim Ducks hockey team plays, and Angel Stadium is the home field of the Los Angeles Angels baseball team. This vibrant metropolis attracts approximately 20 million visitors (40 million in all of Orange County) each year. (Retrieved from <https://www.anaheimchamber.org/>)

### Key facts for location:

- Anaheim to Los Angeles 26 miles.
- Anaheim to Los Angeles Airport (LAX) 35.4 miles.
- Anaheim to John Wayne Airport (SNA) 14 miles.
- Anaheim to Ontario Airport (ONT) 33.4 miles.
- Anaheim to Long Beach Airport (LGB) 21.7 miles.

**LAX Airport:** Your Gateway to Anaheim and the World. LAX has nine terminals serving more than 50 domestic and international airlines. The terminals include Terminal 1 through 8 and the Tom Bradley International Terminal. Alaska Airlines and United Airlines both use Los Angeles as a hub, while American Airlines and Southwest Airlines use it as a focus city. More than five million passengers go through LAX in a month, while the average number of flights on a daily basis is around 1,200. The terminals are arranged in a U shape with all departures on the upper level of each terminal and all arrivals on the lower level. Many airlines offer curbside check-in or self-check-in services for convenience, and every terminal has its own baggage claim carousels.

Anaheim is considered a favorable location for operations for several reasons:

**Proximity to Ports:** Anaheim is strategically positioned near major ports such as the Port of Los Angeles and the Port of Long Beach. This proximity is beneficial for manufacturing as it allows for easy import of raw materials and components, and for logistics, it facilitates efficient export of finished goods. PFC to the Port of Los Angeles is 30 miles.

**Transportation Infrastructure:** The city boasts a well-developed transportation infrastructure with access to major highways like Interstate 5, Interstate 10, and State Route 91. This connectivity is advantageous for both manufacturing and logistics, ensuring efficient transportation of goods to and from the facilities.

**Access to Airports:** Anaheim is in close proximity to major airports, including Los Angeles International Airport (LAX) and John Wayne Airport (SNA). This is beneficial for the manufacturing sector, especially if there is a need for expedited shipping of products, as well as for logistics companies relying on air cargo. PFC to LAX is 34.3 miles. PFC to SNA is 18.4 miles.

**Business-friendly Environment:** California, in general, has a business-friendly environment, and Anaheim is no exception. This is advantageous for both manufacturing and logistics operations, fostering a supportive atmosphere for business growth.

**Warehouse Availability:** Anaheim offers a range of industrial and warehouse spaces, providing manufacturing businesses with suitable locations for their facilities. Additionally, the availability of warehouse spaces is crucial for logistics companies to establish distribution centers efficiently.

**Growing Market:** The region surrounding Anaheim is home to a large and growing consumer market. Being close to this market is advantageous for logistics, as it reduces the distance goods need to travel to reach consumers.

**Trade Partnerships:** Anaheim is strategically located in Southern California, which is a hub for diverse markets. This proximity allows manufacturing businesses to tap into a large and varied consumer base, and logistics companies can efficiently reach their target markets. The state of California has strong trade partnerships and connections globally. This makes it an ideal location for logistics companies involved in international trade.

**Skilled Workforce:** The city of Anaheim and the region surrounding it has access to a skilled workforce. This is essential for manufacturing, where skilled labor is required, and for logistics operations that need trained personnel for efficient distribution processes.

In conclusion, Anaheim's combination of proximity to ports, excellent transportation infrastructure, availability of industrial spaces, business-friendly environment, skilled workforce, market access, and trade connectivity make it an advantageous location for both manufacturing and logistics operations.

### Highly Experienced Management Team

With over 80 years of combined industry experience among its top management, the Company's success is fueled by its CEO Coni Reyes, President Rey Reyes, and COO Anthony Reyes and their solid middle management team. PFC's energetic and dynamic management provides a strong, committed and respected senior team that brings a depth of knowledge with their collective experience in plant operations, pricing, distribution and marketing. Their experience in the regulatory environment, business trends, pricing dynamics and consumer appetite, allow them to offer some of the highest quality product at competitive prices while quickly adjusting to changes in market demand. The Company's top management initiatives and keen eye to spot opportunities or enter a new market while quickly assessing its dynamics, are apparent. PFC management desire for continued profitable growth, which includes acquisitions, is clear. The Company's senior and middle management team

are committed to PFC' long-term success, and its employees' tenure with the company's existing operations provides an example of a stable and loyal staff base to build on.

**Reason for Sale** Coni Reyes and her family have been very successful in building PFC over the last 40 years. Initially starting out of the garage, the Company later leased the current building, and eventually purchased it. The family has worked tirelessly, pushing for its consistent annual growth in a focused and driven effort. However, at this stage it has become apparent that in order to allow the Company to reach Coni's ultimate vision -- building PFC into a dominant industry leader, the best step at this juncture is to seek a leading financial partner with the requisite resources to catapult the Company to the next level, while achieving some liquidity for its principal shareholders as part of the family's estate planning goals.

Senior management is open to maintaining a meaningful equity stake in PFC, and is dedicated to continue growing the Company while being able to take advantage of various add-on/roll-up opportunities that exist in the market. Having a strong financial partner would enable the Company to more easily access larger Working Capital lines of credit, which are essential for expanding the business in a meaningful way. Marketing -wise, the Company could also benefit from the reach and deep connections with leading consumer products companies or retailing outlets (both domestically in the U.S. as well as internationally) that a potential large financial partner can introduce PFC to, as well as deepen its "bench" with an Advisory Board or seasoned Directors having relevant industry experience in the upper echelons of the food & beverage industry. PFC' senior and middle management teams are actively engaged in operating and driving growth as an experienced, young and energetic group that can integrate other entities into it and manage broader platform; they are always ready to learn and open for new productive ideas, are very capable, and look forward to continuing to build the Company for the next several years in cooperation with its new majority financial/strategic partner.

**Barriers to Entry** In order to become a leading wholesale frozen food manufacturer, considerable time, capital, regional market relationships and regulatory knowledge are required. Specifically, the following factors position the Company for success and would be difficult to be easily or quickly replicated by a new market entrant:

**Capital Requirements:** Establishing a wholesale frozen food business requires significant upfront capital for facilities, equipment, inventory, transportation, and marketing. The cost of building and maintaining cold storage facilities can be particularly high.

**Regulatory Compliance:** Compliance with health, safety, and food regulations is critical in the frozen food industry. Obtaining necessary permits, adhering to food safety standards, and meeting labeling requirements can be complex and costly. The FDA has strict guidelines for food safety, labeling and packaging, and new wholesalers may not have the resources or knowledge to meet these requirements.

**Economies of Scale:** Existing wholesale frozen food companies may benefit from economies of scale, allowing them to produce and distribute goods at lower average costs. New entrants may struggle to compete on price due to this advantage.

**Distribution Networks:** Established wholesalers often have well-developed distribution networks with relationships with retailers, restaurants, and other customers. Building such networks from scratch can be challenging and time-consuming.

**Brand Recognition:** Building brand recognition and trust in the frozen food market can be difficult for new entrants. Consumers often prefer established brands they recognize and trust, making it hard for newcomers to gain market share.

**Supply Chain Management:** Managing the supply chain in the frozen food industry requires expertise in sourcing raw materials, maintaining quality during transportation and storage, and managing inventory effectively. Lack of experience in these areas can pose significant barriers.

**Technological Requirements:** Utilizing technology for inventory management, logistics optimization, and quality control is crucial in the wholesale frozen food industry. New entrants may face barriers if they lack access to or understanding of the necessary technologies.

**Competition:** The wholesale frozen food industry is competitive, with established players often dominating market share. Intense competition can make it challenging for new entrants to differentiate themselves and gain a foothold in the market.

Overall, overcoming these barriers requires careful planning, substantial investment, industry knowledge, and a competitive strategy tailored to the specific market dynamics and consumer preferences.

PFC is operating in a highly regulated industry, where the combination of brand recognition, economies of scale, distribution networks, supply chain efficiency, product innovation, quality control, regulatory compliance, and customer relationships gives established wholesale frozen food manufacturers a significant competitive edge in the market.

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Prepared For: Renee McCallum-Taylor  
August 19, 2024, 07:48 PM UTC



### III. MARKET ANALYSIS, INDUSTRY DRIVERS AND COMPARABLES

#### **Regulatory Environment for Food and Fish**

The U.S. Department of Agriculture (USDA) is the body within the Government that is responsible for providing leadership on food, agriculture, natural resources, rural development, nutrition, and related issues based on public policy, the best available science, and effective management. Within the 29 agencies the USDA houses, the Food Safety and Inspection Service (FSIS), who's mission is to enhance public health and well-being by protecting the public from foodborne illness and ensuring that the nation's meat, poultry and egg products are safe, wholesome, and correctly packaged. FSIS is in PFC every day, making sure product meets the USDA's strict guidelines. The local Department of Health visits the facility once a year.



#### **Competitive Landscape**

The Filipino food manufacturing market is fragmented, with little consolidation to date. There are large Asian food manufacturing brands, however the Filipino subsector has yet to get rolled up by larger brands or PE firms.

Key players in the industry, other than PFC, include:

##### **Martin Purefoods Corporation**

Based in Pomona, California, Martin Purefoods Corporation is a Filipino food company, producing Sausages, Hot Dogs, Marinated Meats, Egg Rolls, Canned Items and various Specialty Products. The Company has been in business for over 25 years. Estimated revenues of approximately \$10-20MM.

##### **Ramar Foods® International**

Based in Pittsburg, California, Ramar Foods® International is a leading manufacturer of Filipino food, with a range of products that includes ice cream, meats, dim sum snacks, and more. The Company has been in business for over 50 years. Estimated revenues of approximately \$10-20MM.

## Comparables

The companies listed below represent the key publicly traded companies which operate in the seafood, meat processing and foods distribution industry. This information provides a general picture of the valuation metrics for this market, as well as recent transaction history for companies in this space.

### Public Companies

Company Information			Market Data				Income Statement		Market Multiples	
							Last Twelve Months			
Company Name	Ticker Symbol	Stock Price	% of 52-wk High	Market Cap	Enterprise Value	Debt/Total Capital*	LTM Revenue	LTM EBITDA	LTM Revenue Multiple	LTM EBITDA Multiple
		\$0.00		\$MM	\$MM	%	\$MM	\$MM	0.00x	0.00x
1) Kraft Heinz	NAS:KHC	\$ 35.37	-8.2%	\$ 42,950	\$ 62,035	29.3%	\$ 26,562	\$ 5,443	2.34x	11.40x
2) General Mills (Food Products)	NYS:GIS	\$ 68.75	-18.7%	\$ 38,813	\$ 50,993	56.4%	\$ 20,161	\$ 4,098	2.53x	12.44x
3) Sysco	NYS:SY	\$ 72.82	0.2%	\$ 36,263	\$ 48,818	86.0%	\$ 74,564	\$ 4,265	0.63x	11.45x
4) Tyson Foods (Food Products)	NYS:TSN	\$ 57.25	11.5%	\$ 20,382	\$ 29,294	37.6%	\$ 52,879	\$ 1,183	0.55x	24.76x
5) Hormel Foods	NYS:HRL	\$ 30.98	-24.0%	\$ 16,987	\$ 19,297	32.5%	\$ 12,046	\$ 1,281	1.60x	15.28x
6) Conagra Brands	NYS:CAG	\$ 29.88	-14.9%	\$ 14,285	\$ 22,954	48.5%	\$ 12,118	\$ 1,854	1.89x	12.38x
7) Campbell Soup	NYS:CPB	\$ 44.38	-13.8%	\$ 13,230	\$ 17,583	54.0%	\$ 9,271	\$ 1,604	1.90x	10.96x
8) US Foods Holding	NYS:USFD	\$ 52.83	27.7%	\$ 12,989	\$ 17,621	50.4%	\$ 36,004	\$ 1,382	0.49x	12.75x
9) Pilgrim's Pride	NAS:PPC	\$ 35.92	58.1%	\$ 8,513	\$ 11,284	50.9%	\$ 17,559	\$ 1,179	0.64x	9.57x
10) Lancaster Colony	NAS:LANC	\$ 185.60	-8.8%	\$ 5,106	\$ 4,953	1.2%	\$ 1,874	\$ 231	2.64x	21.48x
11) Flowers Foods	NYS:FLO	\$ 23.22	-8.7%	\$ 4,903	\$ 6,243	49.6%	\$ 5,133	\$ 337	1.22x	18.51x
12) Premium Brands Holding	TSE:PBH	\$ 89.40	-12.0%	\$ 2,901	\$ 4,943	61.4%	\$ 4,663	\$ 319	1.07x	15.63x
13) Maple Leaf Foods	TSE:MFI	\$ 22.60	-13.4%	\$ 2,028	\$ 3,447	57.8%	\$ 3,592	\$ 317	0.97x	10.96x
14) Treehouse Foods	NYS:THS	\$ 36.31	-25.6%	\$ 1,910	\$ 3,268	49.1%	\$ 3,438	\$ 226	0.95x	14.51x
15) Utz Brands	NYS:UTZ	\$ 18.54	12.0%	\$ 1,511	\$ 3,024	37.7%	\$ 1,433	\$ 141	2.11x	21.42x
16) B&G Foods	NYS:BGS	\$ 9.54	-29.5%	\$ 754	\$ 2,816	72.9%	\$ 2,026	\$ 95	1.39x	29.75x
17) United Natural Foods	NYS:UNFI	\$ 12.01	-56.2%	\$ 714	\$ 4,360	68.5%	\$ 28,877	\$ 281	0.14x	15.52x
18) Mama's Creations	NAS:MAMA	\$ 6.86	171.7%	\$ 257	\$ 259	40.1%	\$ 106	\$ 12	2.51x	22.33x
19) Farmer Brothers	NAS:FARM	\$ 2.91	59.9%	\$ 61	\$ 111	56.1%	\$ 342	\$ 7	0.43x	7.15x
20) Bridgford Foods	NAS:BRD	\$ 10.10	-13.3%	\$ 92	\$ 86	5.0%	\$ 245	\$ 12	0.35x	7.05x
				Highest \$ 42,950	\$ 62,035	86.0%	\$ 74,564	\$ 5,443	2.64x	29.75x
				Lowest \$ 61	\$ 86	1.2%	\$ 106	\$ 7	0.14x	7.05x
				Mean \$ 11,232	\$ 15,669	47.2%	\$ 15,645	\$ 1,213	1.32x	15.26x
				Median \$ 5,004	\$ 5,598	50.0%	\$ 7,202	\$ 328	1.14x	13.63x

\*As of: June 2, 2024

Based on the analysis above, public companies in this niche have a valuation mean representing a multiple of 15.3x EBITDA. M&A transaction valuation multiples come in slightly lower at a mean of 9.4x.

Management acknowledges that a discount must be applied for the facts that it is a smaller company and is not publicly traded, but privately held. Nonetheless, the valuations indicate strong interest by the investor community and strategic acquirers, rewarding a growing company in the food processing business.

## Comparable Transactions

(\$ in millions)

6/2/2024

	Deal Date	Acquirer Name Target Name	Target Business Description	Implied Enterprise Value (\$MM)	Revenue (\$MM)	EBITDA (\$MM)	Implied Enterprise Value as Multiple of LTM:			
							Revenue	EBITDA	EBITDA Margin	
1)	22-Jul-22	Cargill Sanderson Farms	Operator of a poultry processing company based in Laurel, Mississippi.	\$ 3,703.9	\$ 5,623.6	\$ 1,306.1	0.8x	3.5x	23.2%	
2)	13-Dec-21	The Hershey Dot's Pretzels	Producer of gourmet seasoned pretzels intended to supply homemade salty snacks.	\$ 894.2	\$ 160.0	\$ 59.0	5.6x	15.2x	36.9%	
3)	07-Jun-21	Utz Brands Festida Foods	Manufacturer and provider of co-packing services for tortilla chips, corn chips, and pellet snacks based in Grand Rapids, Michigan.	\$ 43.2	\$ 14.0	\$ 6.0	2.9x	6.7x	42.9%	
4)	14-Dec-20	Utz Brands Truco Enterprises	Producer of tortilla chips, salsas and queso dips serving through grocery retailers, club stores and mass merchandisers in the United States and internationally.	\$ 480.0	\$ 195.0	\$ 50.0	2.5x	9.6x	25.6%	
5)	15-Sep-20	Groupe Lactalis Kraft Heinz (Cheese Business)	Manufacturer of cheese products based in Chicago, Illinois.	\$ 3,200.0	\$ 1,800.0	\$ 267.0	1.8x	12.0x	14.8%	
6)	30-Nov-18	Tyson Foods (Food Products) Keystone Foods	Manufacturer and custom distributor of protein products.	\$ 2,300.0	\$ 11,788.4	\$ 702.4	0.2x	3.3x	6.0%	
7)	26-Oct-18	Conagra Brands Pinnacle Foods	Producer and supplier of packaged consumer food products specializing in shelf-stable and frozen foods.	\$ 10,819.6	\$ 3,153.9	\$ 606.5	3.5x	18.0x	19.2%	
8)	31-Jan-18	The Hershey Amplify Snack Brands	Manufacturer and supplier of food products based in Austin, Texas.	\$ 1,462.3	\$ 371.7	\$ 79.8	2.3x	10.8x	21.5%	
9)	16-Oct-17	Grupo Bimbo East Salt Bakeries	Producer of sandwich buns and rolls created for the bakery industry sectors.	\$ 650.0	\$ 420.0	\$ 70.0	1.5x	9.3x	16.7%	
10)	02-Oct-17	B&G Foods Back To Nature Foods	Producer of organic and healthy foods made with recipes inspired by nature and selected ingredients.	\$ 162.8	\$ 80.0	\$ 17.0	2.0x	9.6x	21.3%	
11)	07-Jun-17	Tyson Foods (Food Products) AdvancePierre Foods	Producer and distributor of packaged sandwiches, cooked and uncooked meat products.	\$ 4,185.9	\$ 1,576.5	\$ 285.6	2.0x	11.2x	18.1%	
12)	30-May-17	High Liner Foods Rubicon Resources	Importer and distributor of seafood.	\$ 100.6	\$ 234.0	\$ 16.0	0.4x	6.3x	6.8%	
13)	06-Jan-17	Pilgrim's Pride GNP Company	Seller of branded and custom chicken products.	\$ 350.0	-	\$ 67.3	-	5.2x		
14)	22-Dec-16	Charoen Pokphand Foods Bellisio Foods	Operator of a frozen food company intended to provide frozen food products.	\$ 1,075.0	\$ 668.0	\$ 85.0	1.6x	12.9x	12.7%	
15)	02-Dec-16	B&G Foods Victoria Fine Foods	Producer of Italian food products.	\$ 71.9	\$ 41.0	\$ 9.0	1.8x	8.0x	22.0%	
				Min	\$ 43.2	\$ 14.0	\$ 6.0	0.2x	3.3x	6.0%
				25th Percentile	\$ 256.4	\$ 168.8	\$ 33.5	1.6x	6.5x	15.3%
				Median	\$ 894.2	\$ 395.8	\$ 70.0	1.9x	9.6x	20.2%
				75th Percentile	\$ 2,750.0	\$ 1,744.1	\$ 276.3	2.4x	11.6x	22.9%
				Max	\$ 10,819.6	\$ 11,788.4	\$ 1,306.1	5.6x	18.0x	42.9%
				Mean	\$ 1,966.6	\$ 1,866.1	\$ 241.8	2.1x	9.4x	20.5%

## IV. COMPANY HISTORY

Anaheim,  
California  
Headquarters



Over three decades ago, Connie Reyes embarked on a culinary journey. Armed with little more than cherished family recipes and an unwavering determination, Coni pioneered the selling of original premium tocino, longaniza and other Filipino frozen food products formulated on superior quality and great taste, all made from family recipes passed down for generations. That strategy worked as the products were immediately accepted and demand grew.

Today, the Pampanga Food Company (PFC) has become the leading producer of Filipino frozen food with banner products capturing over seventy percent of market share. PFC brand names – Pampanga, Cabalen, Mr Swifts and private labels – appear on stores throughout the United States even as far as Guam and Saipan, including U.S. Armed Forces commissaries in California, Washington and Virginia through various network of distributors in Los Angeles, San Francisco, New York, Chicago, Portland, Houston, Georgia, Seattle, and Hawaii.

PFC's line of products began with sausage and specialty seasoned meats called tocino and tapa. The success of these products was phenomenal – PFC quickly emerged as the market leader in the Filipino food industry. PFC soon expanded its line of products, introducing gourmet sausages and hot dogs that have since gained substantial market share. Subsequently, the company entered into the mainstream Asian and American markets, introducing new product lines in egg rolls, and gourmet sausages.

From its humble beginnings, the family operation has expanded three times and is now located in Anaheim, California in a 32,100 square foot facility to house the processing, cooking, frozen storage and packing processes. PFC utilizes high volume state-of-the-art equipment to ensure quality and consistency of products, capable to meet surges in demand.

PFC takes extra steps to make sure each product that comes out of a PFC plant meets customers' expectations – QA specialists make sure of that. PFC safety and cleanliness record is above industry standards. All ingredients pass through a vendor certification program to ensure top quality. Finally, all PFC products have USDA certification.



# COMPANY'S DEVELOPMENT TIMELINE SUMMARY

## PAMPANGA FOOD COMPANY FOUNDED

- In 1984, Coni Reyes starts producing Tocino & Sweet Sausage two days a week at a small USDA plant
- 1987 - Pampanga Food Company, Inc is incorporated
- 1988 - Plant undergoes first expansion



## PRODUCT EXPANSION

- Add SKUs to product offering

## REAL ESTATE

- Purchased 1835 Orangethorp - Unit B



## DISTRIBUTION

- Started selling products through online grocery stores, Weee!
- 47 Product Lines

## NEW EQUIPMENT

- Addition of automation equipment

## SOCIAL MEDIA

- Big push for brand recognition on Social Media

Weee!



1984 - 1989

1990 - 1999

2000 - 2009

2010 - 2019

2020 - 2022



## REAL ESTATE

- Purchased 1835 Orangethorp warehouse and adjacent 1814-1808 warehouses



## PRODUCTION

- Increased production with new product lines of Eggrolls, Chicharon and Empanadas

## DISTRIBUTION & MARKETING

- Brought on new distribution partners and started a marketing program to bring awareness of the brand



## CONTINUED PRODUCT LINE DEVELOPMENT

- Added dozens of product lines to their existing offering

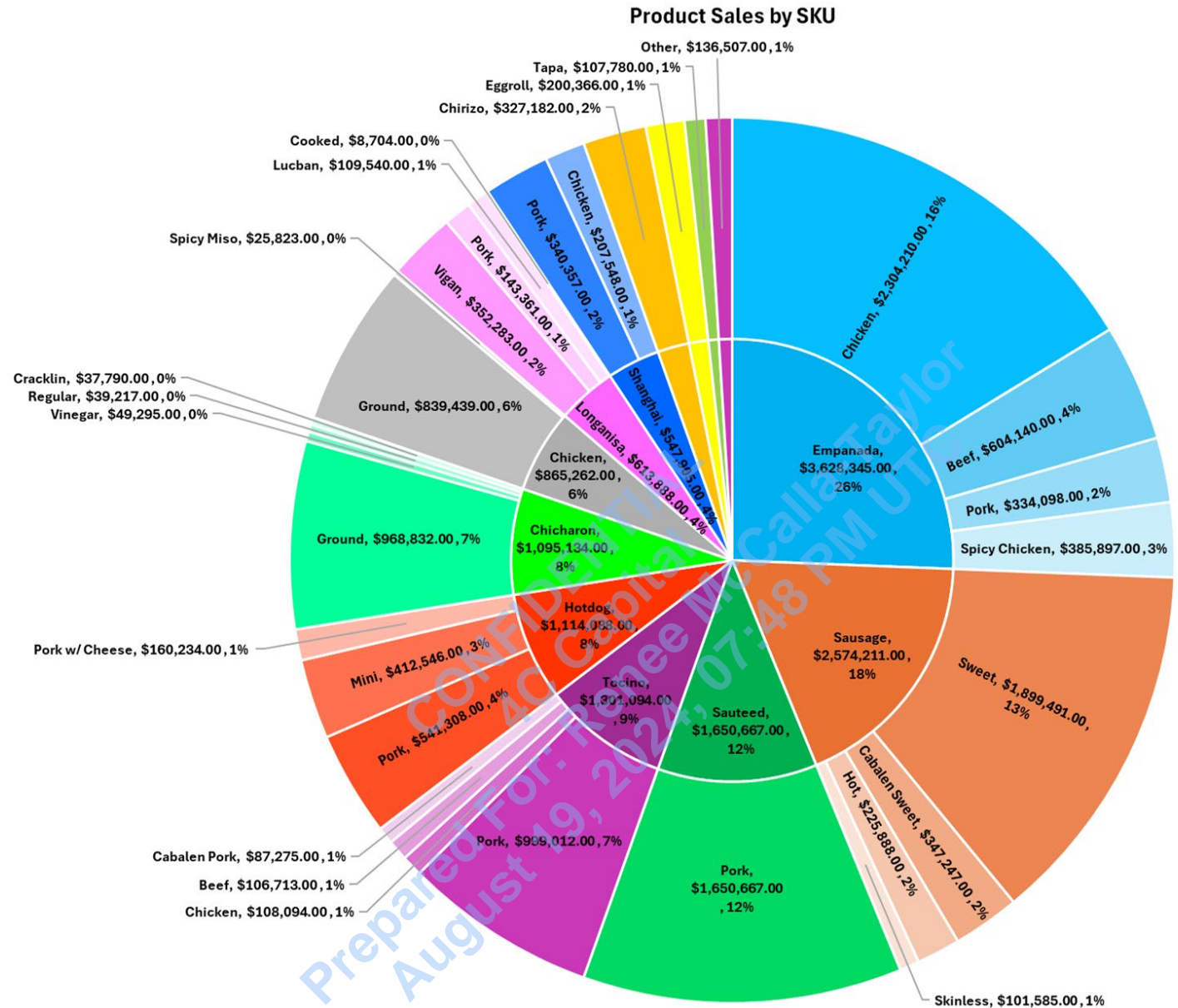


## DISTRIBUTION

- Strengthen distributor relationships locally
- Begin to export to distributor in New Zealand

## V. PRODUCTS

PFC has expanded its product line to 47 products between their Brands and Private Label Production:





**Pampanga Food  
Co. Products**



Beef Tapa



Beef Tocino



Chicharon Cracklin



Chicharon Ground



Chicharon Regular



Chicharon Vinegar & Salt  
Flavor



Chicharon with Vinegar  
Packet



Chicken Lumpia



Chicken Lumpia Party Pack



Chicken Shanghai Style Egg  
Roll



Chicken Shanghai Style Egg  
Roll Party Pack



Chicken Tocino



Chorizo De Cebu



Cracklins



Fully Cooked Pork Longanisa



Ground Chicharon



Hot Sausage



Lucban Longanisa



Lucban Pork Longanisa



Pampanga Hot Sausage



Pampanga Tender Juicy Mini Pork Hotdog – Bulk Packaging



Pampanga Tender Juicy Pork Hotdog – Bulk Packaging



Pork BBQ in Wooden Skewers



Pork Hamonado Longanisa



Pork Lumpia



Pork Lumpia Party Pack



Pork Shanghai Style Egg Roll



Pork Shanghai Style Egg Roll Party Pack



Pork Siopao (Steamed Bun)



Pork Tocino



Skinless Sausage



Spicy Chorizo De Cebu





Spicy Miso Chicken



Sweet Sausage



Vegetable Egg Roll with Beef



Vegetable Egg Roll with Chicken



Vegetable Egg Roll with Pork



Vegan Ilocos Longanisa

- Tocino
- Tapa
- Spring Rolls
- Egg Rolls
- Longanisa
- Sausages
- Hot Dogs
- Egg Rolls
- Empanadas
- Chicharron

## Mister Swifts



Jumbo Pork Hotdog



Tender Juicy Hotdog Pork & Cheese



Tender Juicy Pork Hotdog



Tender Mini Pork Hotdog

- Jumbo Pork Hotdogs
- Tender Juicy Pork Hotdog
- Tender Juicy Pork and Cheese Hotdogs
- Tender Mini Pork Hotdogs

## Cabalen



- Tocino
- Sweet Sausage

## Señor Rey



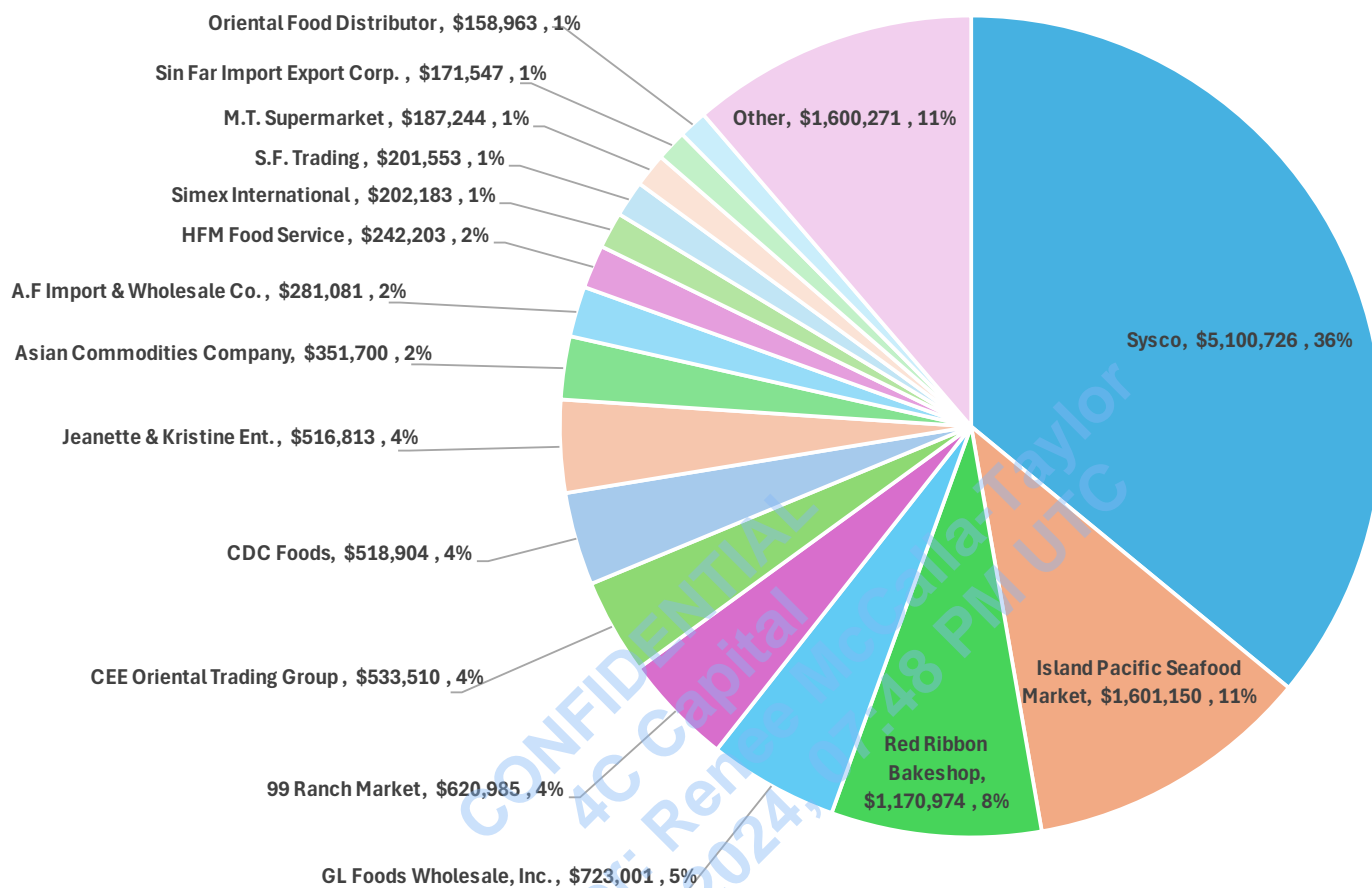
- Chorizo

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## VI. CUSTOMERS

### Sales by Customer

### Customers



## VII. MARKETING AND BRANDING

### **Customer Service and Community Leadership**

Since its inception, management successfully concentrated on establishing trusting, long-term relationships with its institutional customer base, wholesale distributors, its employees, and the local government. The Company with its management team also personifies a high profile, socially responsible employer. PFC maintains a stable, loyal workforce who enjoy working at the plant, where staff have seen low turnover over the years.

### **Trade Show, Promotional Strategy**

Management actively attends key Filipino events, festivals, and churches. In addition, their distributors regularly attend major trade shows and have started doing tasting demos in stores.

### **Internationally Sales**

PFC sells various cooked foods, including Sausages and Hot Dogs internationally to countries such as New Zealand and Canada.

### **Corporate Website**

The Company has a recently revamped, updated and robust website, which can be accessed at <https://pampangafood.com>. The website is both informative and easy to navigate, serving as a window for potential customers and vendors who want to learn about the Company, its history, product offerings, nutritional value, and contact information for more detailed requests or discussions.

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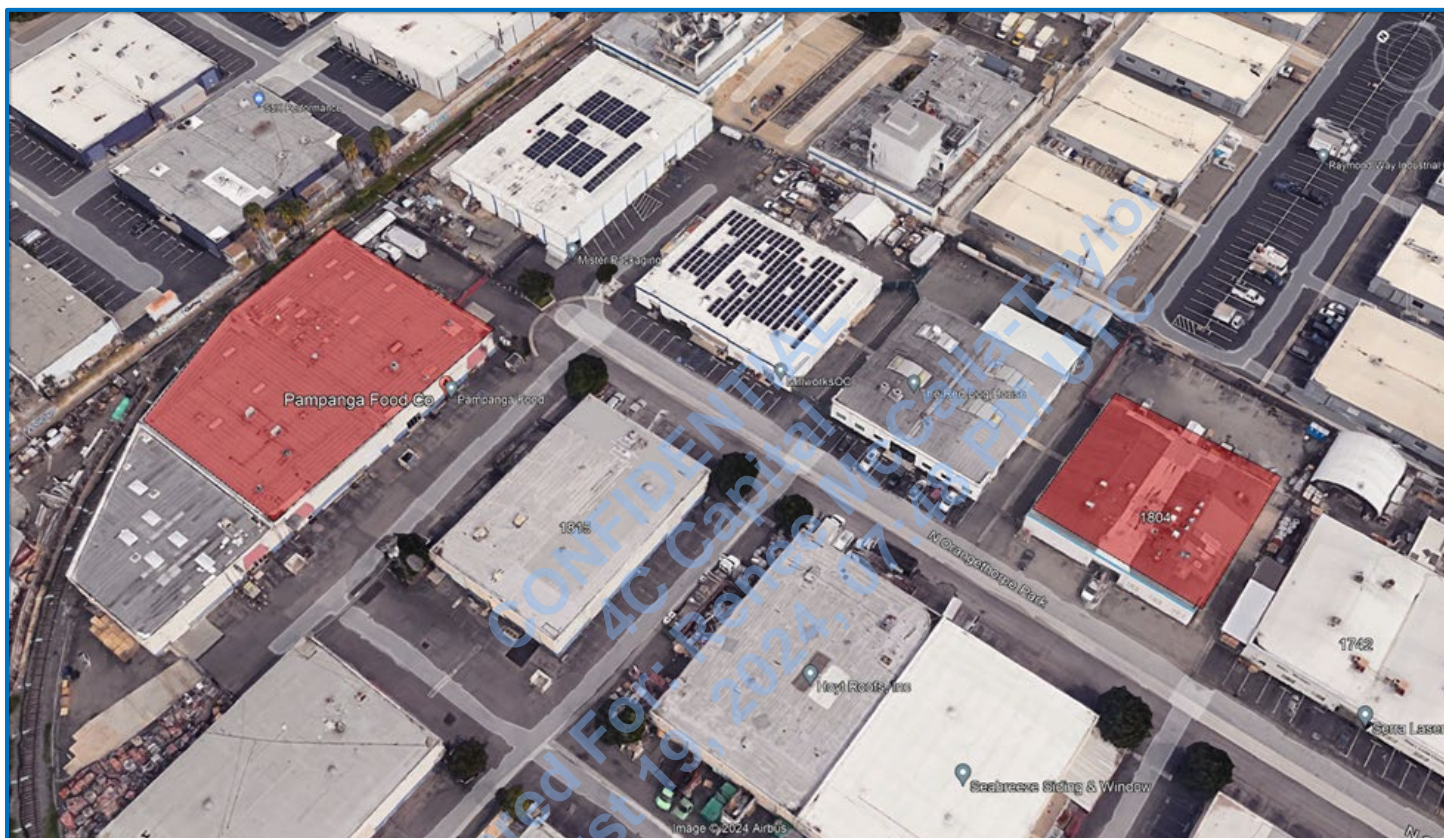


## VIII. PLANT PROCESSING FACILITIES

### Plant Processing Facilities

The Company is headquartered at 1835 N. Orangethorpe Park, Unit A, Anaheim, CA 92801. PFC owns the three buildings for a total of 32,100 square feet of processing and cold storage facilities. Two are used for processing, one is used for storage. The buildings include high production state-of-the-art equipment, walk in coolers and freezers, blast freezer, multiple processing rooms for baking and cooking, spice room, packaging room and warehouse storage. All PFC products have USDA certification.

The facility's value is estimated at nearly \$9MM, excluding equipment. Typical working schedule is 8 hours/day, 5 days/week.



## Plant Layout - Building 1804 - 1808

### Equipment List

#### I - Bakery Room

- Dough Sheeter 4.0 – or Compass 3000 (Rondo)
- Topline + Sheeter 700 (Rondo)
- Steam Boiler
- Depositor 500 (Reiser)
- Spiral Mixer Titan (Kemper)
- S.S. Dough Press (Rondo)
- S.S. Dough Press (Rondo)
- Topline Control Cabinet (Rondo)
- Water Heater
- Bakery Cooler #1
- Blast Freezer

#### II - Cooking Room

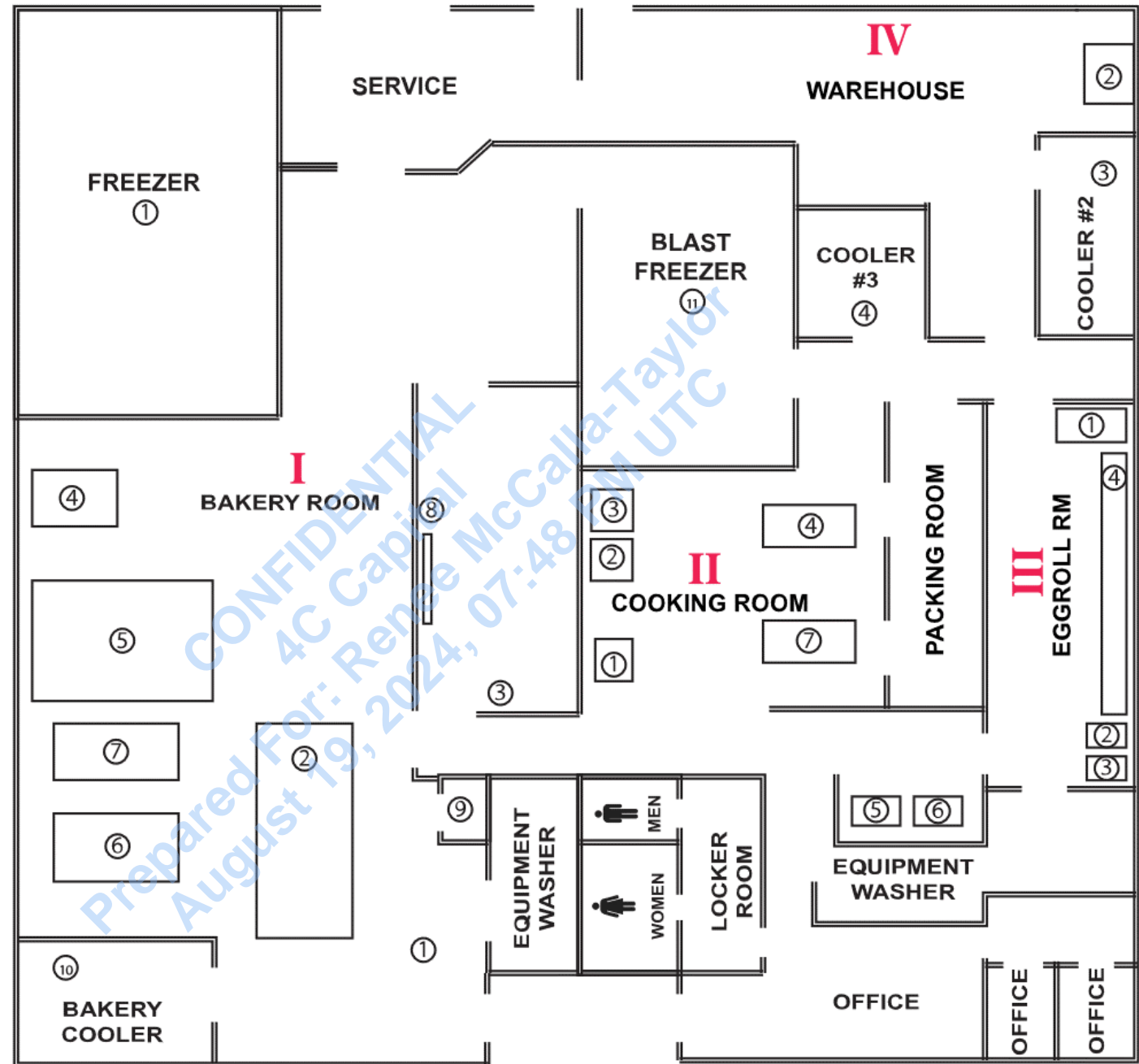
- Braising Pan (Legion or Groen)
- Gas Mixing Kettle (Cleveland)
- Gas Mixing Kettle (Cleveland)
- Meat Grinder (Holymatic)
- Electrical Braising Pan (Groen)
- Skillet Cooker (Cleveland)
- Dicer (Treif Zebra)

#### III - Eggroll Room

- Vacuum Packaging (Multivac)
- New Egg Roll Machine
- Vegetable Mixer
- Chopper

#### IV - Warehouse

- Freezer
- Air Compressor
- Cooler #2
- Cooler #3



## Plant Layout - Building 1805

### Equipment List

#### I - Processing Room #1

- Stuffer VF200 (Handtmann)
- Bowl Cutter (Reiser)
- Vacuum Tumbler
- Vacuum Packaging (Variovac)
- Ice Maker (Hozzizaki)
- Stuffer VF616 (Handtmann)

#### II - Processing Room #2

- Slicer (Grasselli)
- Oven A
- Oven B
- Smoke House Cooler

#### III - Processing Room #3

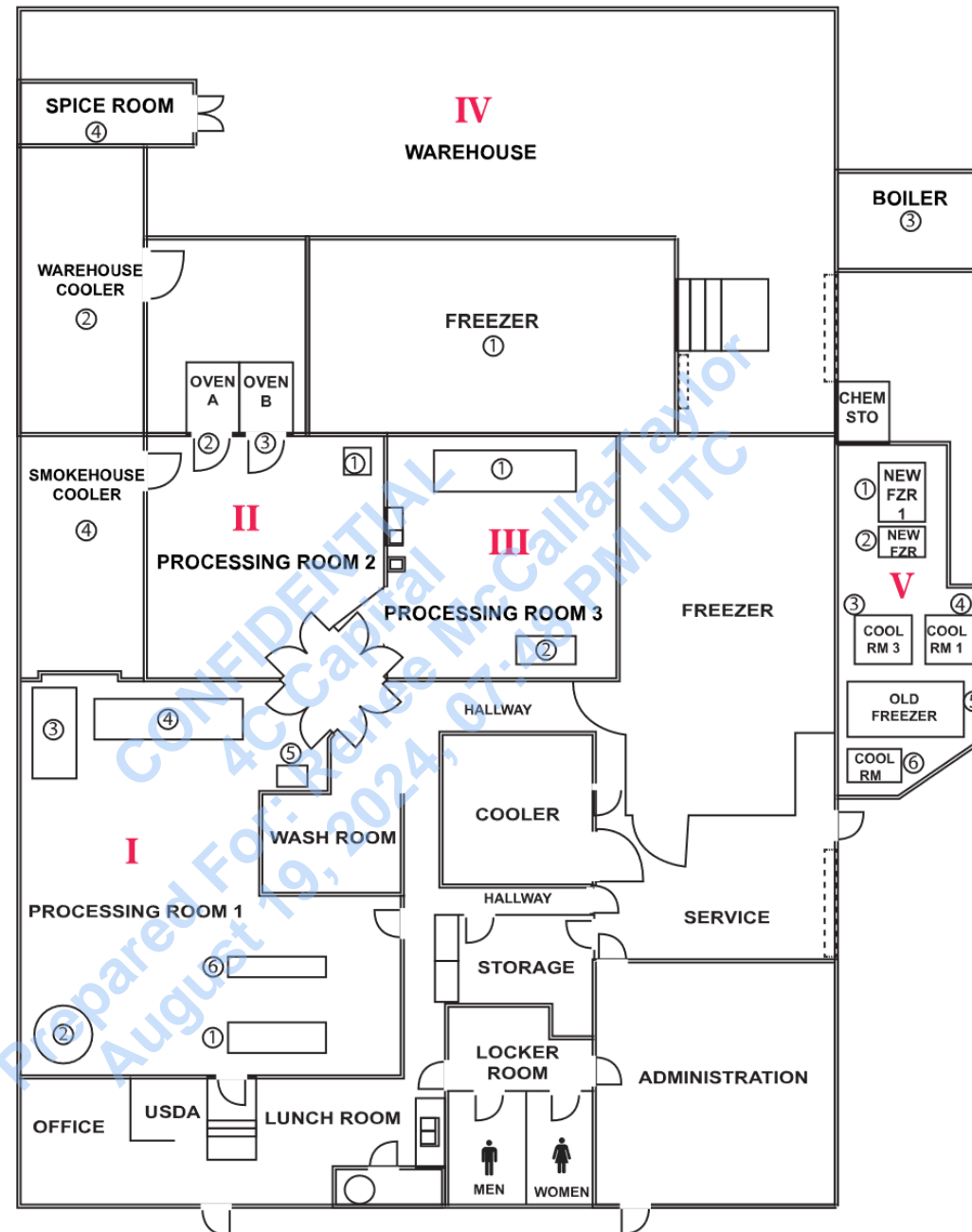
- Vacuum Packaging (Multivac)
- Peeler

#### IV - Warehouse

- Freezer
- Walk-in Cooler
- Parker Boiler
- Spice Room (Ross Ribbon Blender Mixer)

#### V - Warehouse (Yard)

- Condensing Unit – New Freezer
- Condensing Unit – New Freezer
- Condensing Unit – A/C Processing Room #1
- Condensing Unit – A/C Processing Room #3
- Condensing Unit – Freezer
- Condensing Unit – Walk-in Cooler



## IX. MANAGEMENT, EMPLOYEES AND OWNERSHIP

### **Experienced Senior and Middle Management Team**

The Company is supported by a strong executive management team with proven operational and financial track record in the food processing and marketing industry. PFC management is well known, respected, and supported for over 3 decades by the local community of Anaheim, where its plant is located. The combined experience of the top three members comprising the executive management team exceeds 70 years across all functions of the food processing, operations, government relations, finance, and global distribution. Augmenting the senior management team is a strong middle management group which has been with the Company for many years with little turnover, as outlined below.

### **Management Team**

#### **Coni Reyes** *CEO*

Coni Reyes is the company's founder and current leader. Coni embodies the essence of culinary tradition and innovation. With a deep-rooted passion for promoting Filipino cuisine globally, Coni plays a pivotal role in steering the company toward success. Her strategic vision not only focuses on maintaining the authenticity of Filipino flavors but also explores avenues for modernization and expansion. Much like other executives in the food industry, such as Indra Nooyi of PepsiCo or Denise Morrison of Campbell Soup Company, Coni recognizes the importance of adapting to changing consumer preferences while staying true to the company's cultural heritage. Through her leadership, Coni not only drives growth but also fosters a sense of pride and identity within the Filipino community, showcasing the richness of Filipino cuisine to the world.

#### **Rey Reyes**

##### *President & Production Manager*

Rey, Coni's husband, manages the day-to-day operations of the plant, including processing oversight, pricing, logistics and distribution. An integral part of the success of the Company over the past 30+ years, he's been involved in continually improving operational and production processes, implementing new technologies to increase production efficiency. He is an excellent communicator and a team player, who effectively delegates tasks for reaching plans/goals most efficiently.

#### **Anthony Reyes**

##### *CFO & Operations Manager*

Anthony, Coni and Rey's son, has been involved with the plant for over 5 years. He is a CFA Charter holder, and has also previously worked as a trading analyst at a Hedge Fund, however he recently rejoined the company full time and is the likely Successor CEO.

#### **John Sudario**

##### *National Sales Manager*

John has over 20 years' experience in the industry and key relationships with major accounts. John is in charge of product management, pricing promotions, and marketing. John is assisted by James Lopez, Sales & Marketing Associate, who assists in the implementation of these duties.

#### **Eusebio Montano**

##### *Plant Manager*

Has been with the company for over 30 years. He is the head of both production plants.

#### **Leandro Baltazar**

##### *Accounting Manager*

as the controller responsible for managing a company's accounting operations.



**Lolita Madarang***Human Resources*

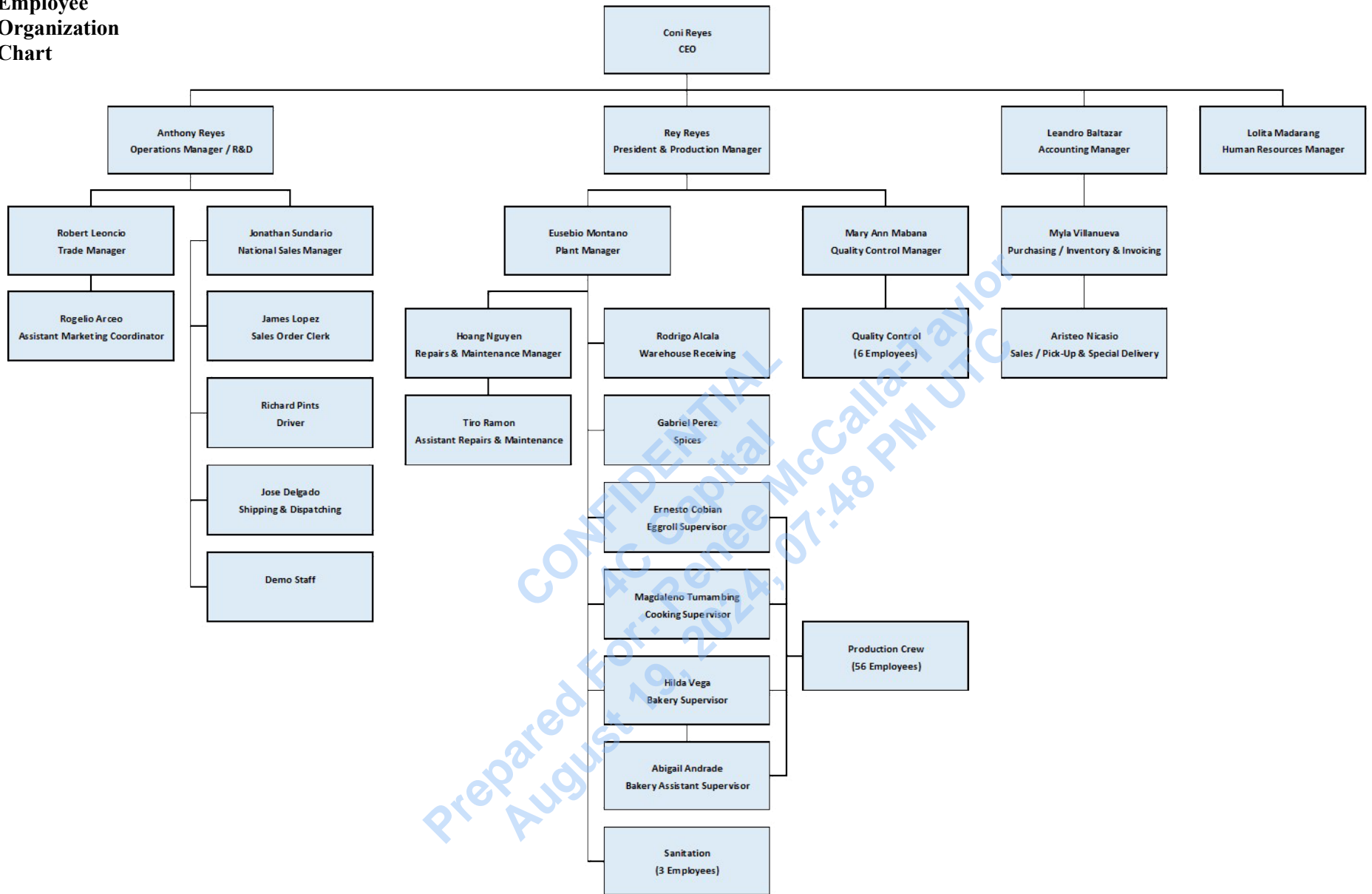
Lolita has been with the Company for 15 years.

Along with other middle management staff, the group represents a combined experience of over 100 years in the frozen food industry, a background that is evident in their understanding of market trends and strategic planning. Such management leadership and brand quality allow the Company to offer high-quality products at solid pricing to the marketplace while providing stability, commitment, and a reliable core group to continue growing the company in the future.

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# Employee Organization Chart



<b>Employees</b>	The Company has approximately 100 employees. Turnover of employees is low, due to the loyalty and care the Company's culture fosters and a general family-like atmosphere, which create a pleasant environment. Overall, the Company operations are part of the local fiber of the community it operates in, and together they form a powerful and influential ethical ecosystem comprised of people, positive economic activity, and local government cooperation.
<b>Shareholders</b>	Pampanga is formed as an S-Corporation with 100% owned by the family trust.
<b>Legal</b>	Pampanga does not have any current material legal disputes with its customers, banks, employees, or suppliers. The Company carries an insurance liability policy for its plant.

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## X. FINANCIAL PERFORMANCE

**Pampanga Food Company, Inc.**  
Financial Statements & Projections  
Fiscal Year End - December 31

	F2020A	F2021A	F2022A	F2023A	LTM 2/29/2024	YTD 2/29/2024	F2024P	F2025P	F2026P
<b>Sales</b>	\$ 10,355,489	\$ 12,218,871	\$ 13,008,857	\$ 14,089,924	\$ 14,627,989	\$ 2,673,117	\$ 16,038,700	\$ 18,263,322	\$ 20,803,518
<b>Cost of Goods</b>									
Inventory, Beginning of Year	\$ 520,127	\$ 309,785	\$ 484,773	\$ 555,844	\$ -	\$ -	\$ 1,358,904	\$ 1,562,740	\$ 1,797,151
Purchases	\$ 4,702,368	\$ 6,574,829	\$ 6,394,930	\$ 6,193,418	\$ 6,525,178	\$ 1,138,480	\$ 6,830,882	\$ 7,778,349	\$ 8,860,218
Freight	\$ 29,407	\$ 30,722	\$ 76,417	\$ 5,493	\$ 14,928	\$ 7,752	\$ 46,512	\$ 52,964	\$ 60,330
Wages, Labor, Subcontracts, Commissions and Storage	\$ 1,938,588	\$ 2,432,638	\$ 2,732,467	\$ 2,734,483	\$ 2,768,031	\$ 488,646	\$ 2,931,874	\$ 3,338,535	\$ 3,802,883
	\$ 7,190,490	\$ 9,347,974	\$ 9,688,587	\$ 9,489,238	\$ 9,308,137	\$ 1,634,878	\$ 11,168,173	\$ 12,732,588	\$ 14,520,583
Inventory, End of Year	\$ 309,785	\$ 484,773	\$ 555,844	\$ 1,358,904	\$ -	\$ -	\$ 1,562,740	\$ 1,797,151	\$ 2,066,724
<b>Total Cost of Goods</b>	\$ 6,880,705	\$ 8,863,201	\$ 9,132,743	\$ 8,130,334	\$ 9,308,137	\$ 1,634,878	\$ 9,605,433	\$ 10,935,437	\$ 12,453,859
<b>Total Cost of Goods Margin %</b>	66.4%	72.5%	70.2%	57.7%	63.6%	61.2%	59.9%	59.9%	59.9%
<b>Gross Profit</b>	\$ 3,474,784	\$ 3,355,670	\$ 3,876,114	\$ 5,959,590	\$ 6,122,912	\$ 1,038,239	\$ 6,433,267	\$ 7,327,885	\$ 8,349,659
<b>Gross Profit Margin %</b>	33.6%	27.5%	29.8%	42.3%	41.9%	38.8%	40.1%	40.1%	40.1%
<b>Selling, General &amp; Administrative</b>									
Advertising & Promotions	\$ 97,670	\$ 117,751	\$ 52,838	\$ 126,722	\$ 146,010	\$ 25,288	\$ 151,726	\$ 172,771	\$ 196,801
Bad Debts	\$ -	\$ 4,395	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Business Taxes, Licenses and Memberships	\$ 11,567	\$ 11,103	\$ 14,801	\$ 12,572	\$ 13,210	\$ 2,138	\$ 12,831	\$ 14,611	\$ 16,643
Commissions and Fees	\$ 2,105	\$ 2,922	\$ 2,045	\$ 2,445	\$ 916	\$ 401	\$ 2,406	\$ 2,739	\$ 3,121
Donations	\$ 34,390	\$ 39,022	\$ 26,654	\$ 20,601	\$ 22,034	\$ 3,333	\$ 20,000	\$ 20,000	\$ 20,000
Fuel	\$ 47,351	\$ 61,854	\$ 70,820	\$ 68,535	\$ 71,779	\$ 11,667	\$ 70,000	\$ 75,000	\$ 80,000
Insurance	\$ 154,343	\$ 149,200	\$ 191,875	\$ 229,931	\$ 237,597	\$ 40,500	\$ 243,000	\$ 257,000	\$ 282,000
Meals and Entertainment	\$ 35,963	\$ 35,606	\$ 50,332	\$ 54,199	\$ 58,468	\$ 10,833	\$ 65,000	\$ 72,500	\$ 80,000
Office	\$ 103,401	\$ 107,626	\$ 119,300	\$ 169,621	\$ 190,739	\$ 29,602	\$ 177,614	\$ 201,418	\$ 228,598
Pest Control	\$ 21,879	\$ 20,415	\$ 24,632	\$ 26,885	\$ 27,218	\$ 4,544	\$ 27,266	\$ 31,048	\$ 35,366
Professional Fees	\$ 122,329	\$ 213,599	\$ 138,304	\$ 134,450	\$ 141,154	\$ 23,847	\$ 143,681	\$ 163,353	\$ 183,687
Property Taxes	\$ 32,389	\$ 24,764	\$ 34,964	\$ 20,287	\$ 34,060	\$ 5,346	\$ 32,077	\$ 36,527	\$ 41,607
Repairs and Maintenance	\$ 214,829	\$ 321,989	\$ 521,825	\$ 412,343	\$ 420,243	\$ 85,540	\$ 513,238	\$ 584,426	\$ 665,713
Rent	\$ 440,246	\$ 386,000	\$ 364,000	\$ 445,140	\$ 447,427	\$ 81,530	\$ 489,180	\$ 557,031	\$ 634,507
Rental Equipment	\$ 50,533	\$ 21,624	\$ 24,557	\$ 2,586	\$ 267	\$ 267	\$ 1,604	\$ 1,826	\$ 2,080
Salaries & Wages	\$ 686,589	\$ 711,364	\$ 896,075	\$ 895,531	\$ 903,484	\$ 157,046	\$ 942,274	\$ 1,072,970	\$ 1,222,207
Supplies	\$ 243,858	\$ 452,594	\$ 381,100	\$ 295,292	\$ 305,032	\$ 54,799	\$ 328,793	\$ 374,398	\$ 426,472
Telephone	\$ 31,936	\$ 26,772	\$ 24,552	\$ 17,911	\$ 17,572	\$ 3,208	\$ 19,246	\$ 21,916	\$ 24,964
Training	\$ -	\$ 28,989	\$ 32,249	\$ 35,004	\$ 37,358	\$ 5,346	\$ 32,077	\$ 36,527	\$ 41,607
Travel	\$ 153	\$ 3,646	\$ 11,074	\$ 29,666	\$ 33,166	\$ 5,346	\$ 32,077	\$ 36,527	\$ 41,607
Utilities	\$ 275,933	\$ 243,933	\$ 312,971	\$ 309,490	\$ 318,548	\$ 56,670	\$ 340,020	\$ 387,182	\$ 441,035
Vehicles	\$ 42,475	\$ 76,254	\$ 50,911	\$ 39,006	\$ 30,699	\$ -	\$ -	\$ -	\$ -
<b>Total SG&amp;A</b>	\$ 2,757,107	\$ 3,186,071	\$ 3,444,085	\$ 3,418,538	\$ 3,533,532	\$ 623,391	\$ 3,740,345	\$ 4,229,350	\$ 4,792,836
<b>Total SG&amp;A Margin %</b>	26.6%	26.1%	26.5%	24.3%	24.2%	23.3%	23.3%	23.2%	23.0%
<b>EBITDA</b>	\$ 717,677	\$ 169,599	\$ 432,029	\$ 2,541,052	\$ 2,587,380	\$ 414,848	\$ 2,692,922	\$ 3,098,535	\$ 3,556,823
<b>EBITDA Margin %</b>	6.9%	1.4%	3.3%	18.0%	17.7%	15.5%	16.8%	17.0%	17.1%
<b>Addbacks &amp; Adjustments</b>	\$ 39,770	\$ 71,558	\$ 44,632	\$ 33,328	\$ 30,576	\$ 5,555	\$ 33,328	\$ 33,328	\$ 33,328
<b>Addbacks &amp; Adjustments Margin %</b>	0.4%	0.6%	0.3%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%
<b>Adjusted EBITDA</b>	\$ 757,447	\$ 241,157	\$ 476,661	\$ 2,574,380	\$ 2,617,955	\$ 420,402	\$ 2,726,250	\$ 3,131,863	\$ 3,590,151
<b>Adjusted EBITDA Margin %</b>	7.3%	2.0%	3.7%	18.3%	17.9%	15.7%	17.0%	17.1%	17.3%

### Summary Historical Overview

The Company financial results have not been reviewed by an independent CPA group, however Coni is a CPA and Anthony has his CFA designation, so both are very proficient with financials. Upon an interested buyer party, the company intends to conduct a Quality of Earnings. The Company's yearend is Dec. 31

While the official financial statements have been presented in the data room, we at GTS, in coordination with the Company's Finance dept., have created an Excel spreadsheet outlining the results and aggregating certain expense categories for brevity and an easier comparison/analysis. We also built a 3-year financial forecast model reflecting management's plans and beliefs for the operations results going forward. In that financial model, we calculated adjustments/addbacks for non-recurring/unusual costs or benefits, as well as other necessary adjustments to present the "true"/normalized cash flow of the Company on an ongoing basis post-acquisition. Support for all adjustments and addbacks can be presented during the financial due diligence session. The full financial model for the company can be shared with prospective investors as a separate Excel file, a copy of which also resides in the data room that was set up for this transaction, to be utilized during the Due Diligence phase of the transaction.

The Company's results during the period of FY'23 ending 12/31/2023 were strong, indicating revenues of \$14.1MM, 8.3% higher than FY'22 revenue base, and increased Gross Profit margins from 29.8% to 42.3%, along with 14.6% increase in EBITDA to \$2.5MM, all indicating the Company is on track for a growth year in FY'24 per the forecast shown. The Company has consistently grown revenue increasing by roughly \$1MM per year over each of the last 3 years.

**Pampanga Food Company, Inc.**

**Balance Sheet**

**December 31st**

**In C\$**

	F2020	F2021	F2022	F2023
<b>Assets</b>				
<b>Current Assets</b>				
Cash	\$ 630,900	\$ 954,642	\$ 203,126	\$ 886,590
Loan Receivable - Seyer	-	45,000	10,000	5,000
Accounts Receivable	674,013	984,174	733,069	1,313,373
Advances Employees	48,821	71,194	15,127	41,706
Prepaid Expenses	6,124	-	2,032	1,477
Inventory	309,786	484,773	694,578	434,268
Loan to Shareholders	182,145	176,585	175,085	145,800
<b>Total Current Assets</b>	<b>\$ 1,851,788</b>	<b>\$ 2,716,368</b>	<b>\$ 1,833,017</b>	<b>\$ 2,828,214</b>
<b>Long Term Assets</b>				
Machinery & Equipment	3,244,710	3,383,998	3,943,151	4,424,577
Automobiles	403,005	403,005	403,005	403,005
Leasehold Improvement	370,091	370,091	392,966	372,986
Accumulated Depreciation / Amortization	(3,135,825)	(3,352,187)	(3,570,375)	(3,859,541)
<b>Total Long Term Assets</b>	<b>\$ 881,980</b>	<b>\$ 804,907</b>	<b>\$ 1,168,748</b>	<b>\$ 1,341,027</b>
<b>Other Assets</b>				
Investment In Land	\$ 140,383	\$ 140,383	\$ 140,383	\$ 140,383
Deposits	40,632	79,709	181,633	24,273
<b>Total Other Assets</b>	<b>\$ 181,015</b>	<b>\$ 220,092</b>	<b>\$ 322,016</b>	<b>\$ 164,656</b>
<b>Total Assets</b>	<b>\$ 2,914,783</b>	<b>\$ 3,741,366</b>	<b>\$ 3,323,780</b>	<b>\$ 4,333,897</b>
<b>Liabilities</b>				
<b>Current Liabilities</b>				
Loan Payable - PPP	464,700	-	-	-
Note - Martinez	15,162	11,372	-	-
Note - Lipeles Law Group	83,333	-	-	-
Irrevocable Payable	-	-	-	3,874
Accounts Payable	559,618	1,175,323	780,356	1,062,226
Pension Payable	4,845	5,760	7,210	-
Payroll Tax Payable	-	-	488	1,079
State Income Tax Payable	10,061	28,944	6,523	6,523
Auto Loan Payable	50,449	43,537	45,782	61,731
Capital Lease Payable	107,508	110,286	136,762	142,397
<b>Total Current Liabilities</b>	<b>\$ 1,295,675</b>	<b>\$ 1,375,222</b>	<b>\$ 977,120</b>	<b>\$ 1,277,829</b>
<b>Long Term Liabilities</b>				
SBA Loan	150,000	500,000	491,297	442,897
Note - Martinez	11,372	-	-	-
Note - Lipeles Law Group	-	-	-	-
Auto Loan Payable	215,988	166,714	120,932	113,555
Capital Lease Payable	283,639	273,304	336,764	255,469
<b>Total Long Term Liabilities</b>	<b>\$ 660,998</b>	<b>\$ 940,018</b>	<b>\$ 948,993</b>	<b>\$ 811,920</b>
<b>Total Liabilities</b>	<b>\$ 1,956,674</b>	<b>\$ 2,315,240</b>	<b>\$ 1,926,113</b>	<b>\$ 2,089,750</b>
<b>Shareholders' Equity</b>				
Common Stock	144,139	144,139	144,139	144,139
Retained Earnings	348,772	813,970	1,281,988	1,253,528
Distributions	(23,800)	(187,777)	(153,149)	(97,456)
Net Income	488,998	655,794	124,689	943,937
<b>Total Shareholders' Equity</b>	<b>\$ 958,109</b>	<b>\$ 1,426,126</b>	<b>\$ 1,397,667</b>	<b>\$ 2,244,147</b>
<b>Total Liabilities and Equity</b>	<b>\$ 2,914,783</b>	<b>\$ 3,741,366</b>	<b>\$ 3,323,780</b>	<b>\$ 4,333,897</b>

**Debt,  
Working  
Capital &  
Capital**

As of 7/1/2024, the Company has low amount of long-term debt; with an SBA loan in place and some Capital Leases Payable, all equating to less than \$1MM. Most of the leases will be done by 2025.

**Expenditures** The Company does not currently utilize a Working Capital Line of Credit. Payment terms from the Co's clients are within the range of Net 30 – Net 45.

PFC spends about \$250,000-500,000 per year on basic maintenance CapEx, with additional discretionary amounts slated for equipment upgrades/improvements. Over the last 3 years, the Company invested approximately \$1MM in upgrading its equipment at the plant. Generally, PFC does not require major capital expenditures in the next several years to grow its revenue base further and continue operating profitably.

In summary, PFC' management has positioned the Company for consistent and stable growth, believing that with the appropriate investor/buyer, its current efficiencies, dynamic management team, inherent production capacity, and continued equipment improvement, it is well positioned for significant long-term success. PFC plans to continue capitalizing on its superior location, solid global sourcing and distribution relationships, as well as strong brand recognition at the wholesale and commercial level. The integration of potential acquisition opportunities with the support of its new financial partner would put the Company on track to become a dominant player in the North American Filipino Food Market, solidifying its position as one of the premier leaders in the industry.

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Prepared For: Renee McCalla  
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