

CONFIDENTIAL INFORMATION MEMORANDUM

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EXECUTIVE SUMMARY

INTRODUCTION

The company was established in 1996 and is a privately-owned manufacturer of high-quality speciality meats and is located in the Greater Toronto Area.

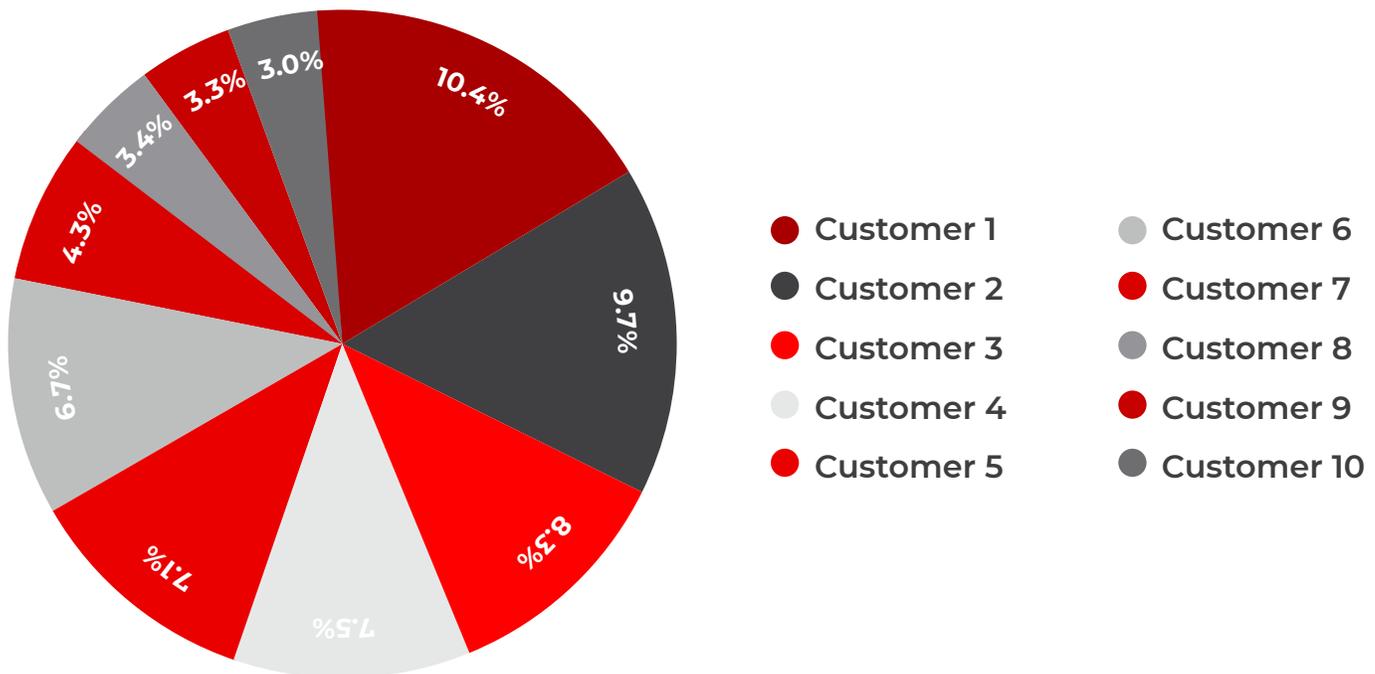
- Company has a HACCP certified quality system;
- Modernized facility that is OMAFRA licensed
- Diversified revenue stream with no one customer accounting for than 10% of revenue

The company has built a solid reputation and has a quality customer base with many high profile and respectable companies in the Food and Hospitality Business - hotels, resorts – restaurants, restaurant chains and major convention centers in the GTA.

THE OPPORTUNITY

The company has a well-diversified revenue stream with no reliance on one particular client.

TOP 10 CUSTOMERS AS % OF REVENUE



The company's manufacturing facilities have the potential for an increase of production by 25%, thus providing a nice potential for growth. All of the above make this a perfect opportunity for an existing food service company that is looking to expand within or into the GTA.

It is also a perfect opportunity for an investor who would like to capitalize on an existing business that is profitable, fully licensed, certified, and well positioned for substantial growth.

EXECUTIVE SUMMARY

FINANCIAL OVERVIEW

Asking Price: \$1.65 Million

NORMALIZATION OF BUSINESS EXPENSES			
	2017	2018	2019
FYE Nov 30			
Net Income	26,449	99,984	36,999
Normalizations			
Owner's Compensation	135,689	138,000	137,757
Management Fee	6,000	68,000	78,000
Depreciation	34,821	25,101	52,719
Vehicle	3,931	6,585	6,585
Telephone	4,832	4,247	4,377
Travel		4,000	4,000
Professional Fees		4,000	4,000
FMV Salary for Bookkeeping	-30,000	-30,000	-30,000
FMV Salary for Management	-80,000	-80,000	-80,000
Normalized EBITDA	137,970	240,294	214,607

INVESTMENT MERITS

- Profitable business that has been in existence since 1996
- Long standing business relationships (10-12 years) with major clients throughout Ontario
- Well-established and diversified revenue streams
- Well-established manufacturing lines, human resources, commissary kitchen, etc.
- Represents 30% (Poultry) & 47% (Slaughtered animal products) of Canada manufactured food industry.
- Positioned for 25% growth



COMPANY OVERVIEW

OPERATION

The company currently operates with 11 employees. The owner acts as QC check and sales while his wife handles the accounting. The involvement of the owner in the daily operations is minimal and can be easily transitioned to another owner or paid manager.

As a meat processing facility, it is subject to audits and inspections from the Ontario Ministry of Agriculture, Food and Rural Affairs (OMAFRA) on a regular basis. Therefore, the company carefully screens its supplies for quality and strictly adheres to provincial food safety standards and handling practices; the company has a HACCP plan (Hazard analysis and critical control points) – a requirement for HACCP certification.

Products are customized according to special customer needs and requirements.

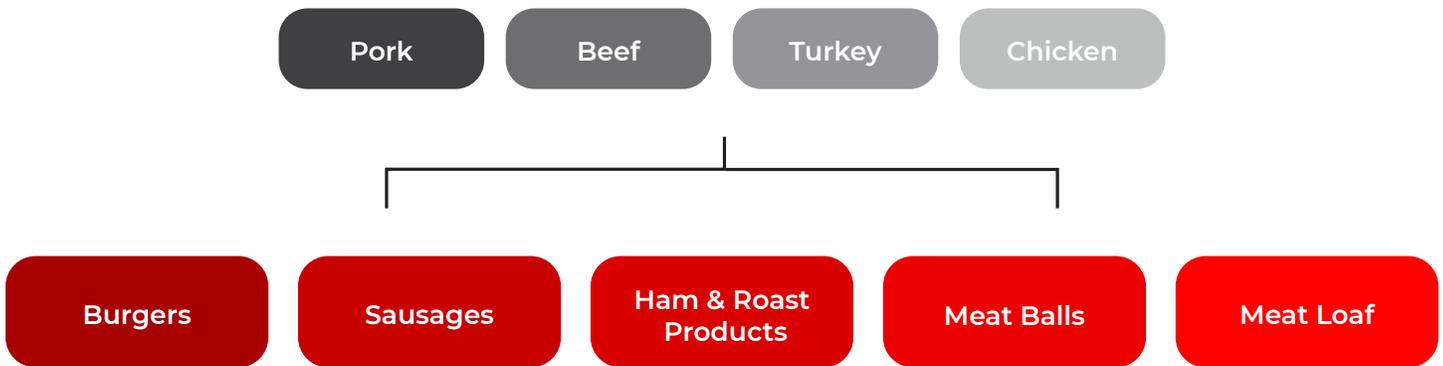
The company offers its long-standing clients short-term (3-6 months) price fixing arrangements

PRODUCT

The company's product list includes over 75 different produced items with 41% of them considered gluten-free. This category of food is essential as the "gluten-free" option has become a force in the food industry since 2009 and continues to grow; especially as it matches up with popular diets such as "grain-free", "no-carbs" and "paleo".

"The global gluten-free food market is expected to post a compound annual growth rate of nearly 12% from 2018 – 2022" - Technavio

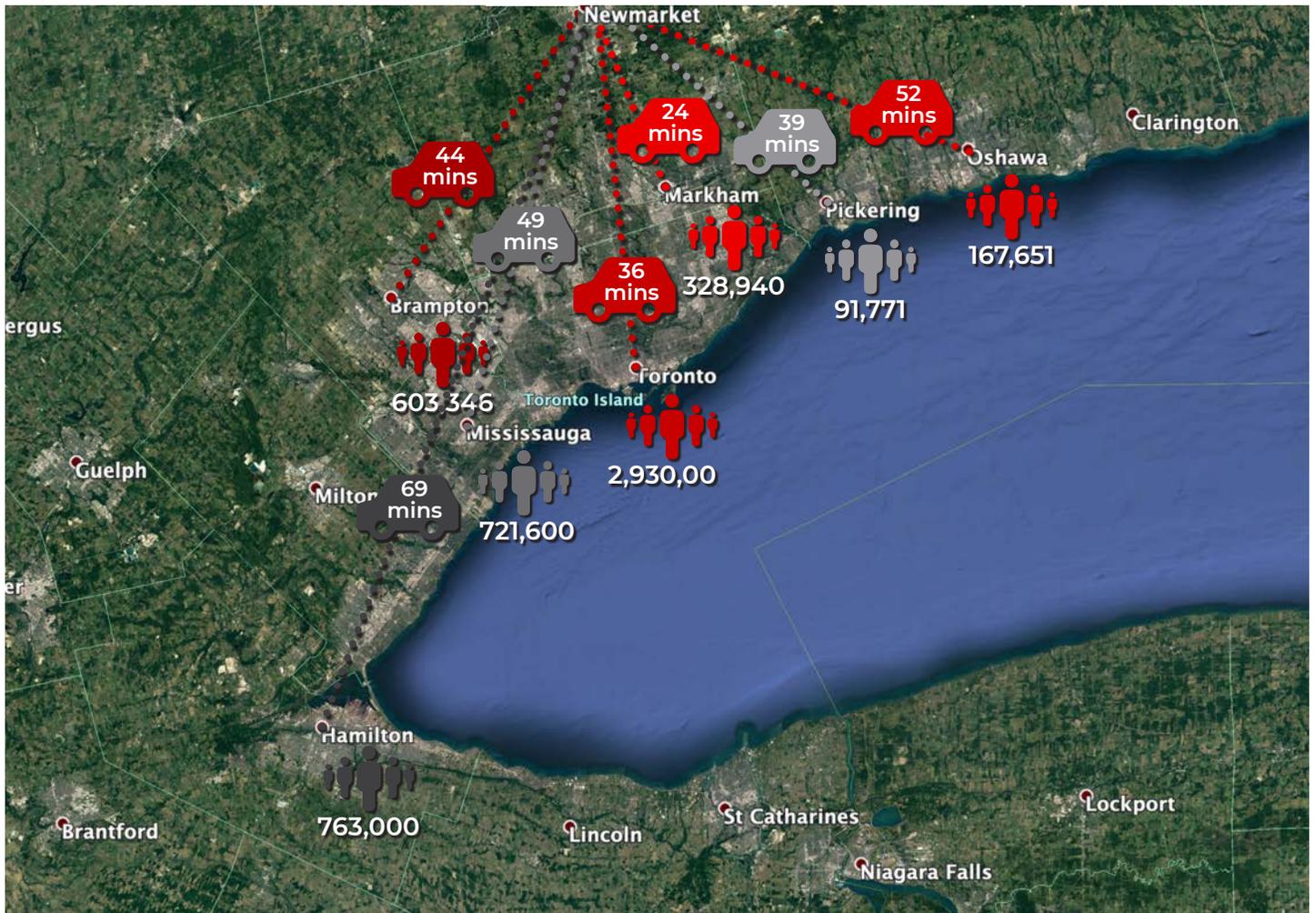
The company is well positioned to exploit this popular growth given that almost 50% of its products are gluten-free.



The company DOES NOT USE hearts, textured beef, mechanical separated beef, frozen imports or other low-quality fillers. The company uses "Fresh Ontario Beef Chucks" and muscle meat.

COMPANY OVERVIEW

LOCATION & FACILITIES



The company is located North of the GTA, in York Region, the fastest growing region in Canada.

Building: 2,290 SF (Office)
9,162 SF (production & Packaging)

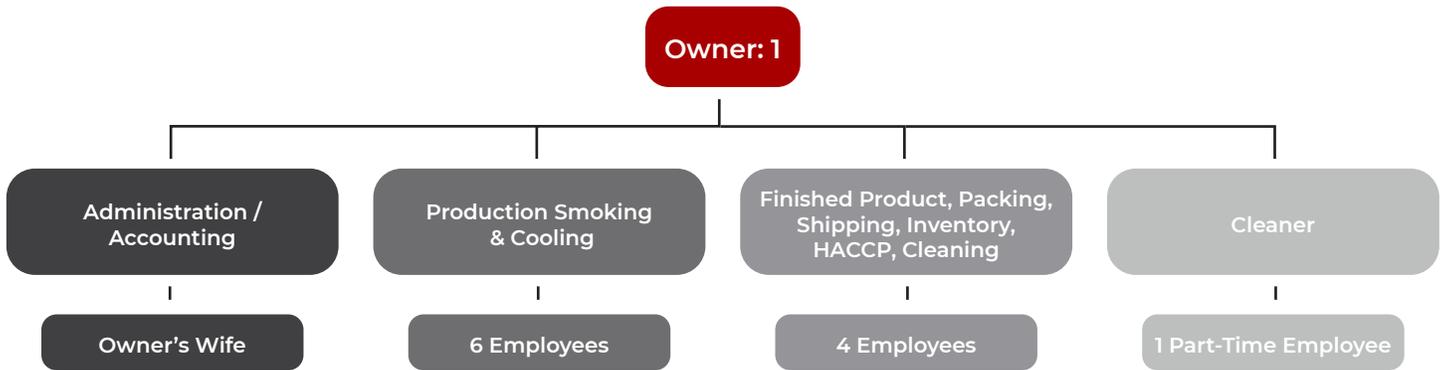
Gross Rent: \$8,830/month

Lease: 2022
5-year option for renewal



COMPANY OVERVIEW

COMPANY ORGANIZATIONAL CHART



FINANCIALS

All capital investments made into the business have been completely repaid and no further investments are needed in the near future. Below is a list of the assets owned by the company.

EQUIPMENT	
Leaseholds	300,000
Furniture & Tools	32,945
Computers & Tech Equipment	93,460
Commissary Kitchen & Equipment	448,640
Packaging Equipment	105,825
Ovens	18,350
Freezers And Coolers	140,000
Smoke House Equipment	114,500
Total	1,253,720



HISTORICAL BALANCE SHEET			
	2017	2018	2019
Assets - Current			
Cash	52,544	52,544	23,652
Accounts Receivable	183,385	176,211	185,601
Commodity Taxes Recoverable			
Prepaid Expenses & Deposits	6,443	6,443	6,443
Inventory	95,846	91,220	88,488
Income Taxes Recoverable	14,611	8,301	
Total Current Assets	300,285	326,418	312,545
Capital			
Office Furniture A Equipment	12,002	12,002	12,002
Computers	16,823	17,651	17,651
Machinery	1,244,877	1,284,877	1,356,600
Leasehold Improvements	137,303	138,230	146,608
Vehicle	66,281	74,520	74,520
Accumulated Depreciation	-1,362,867	-1,329,486	-1,382,605
Total Capital Assets	114,419	157,794	225,126
Total Assets	414,704	484,212	537,721
Liabilities			
Current			
Bank Loans			
Accounts Payable	110,633	76,929	107,140
Income Taxes Payable	10,270		
Total Current Liabilities	162,065	87,199	107,140
Long Term Liabilities			
Deferred Contribution	6,000		
Long Term Debt			
Lutz International	6,000	64,370	45,758
Total Long Term Liabilities	168,065	151,569	173,698
Total Liabilities			
Equity			
Common Shares	100	100	100
Retained Earnings	246,539	332,543	364,023
Total Liabilities & Equity	414,704	484,212	537,721

HISTORICAL INCOME & EXPENSE REPORTS			
	2017	2018	2019
Income Statements			
Sales	2,322,294	2,336,672	2,429,704
Cost Of Sates	1,295,021	1,238,743	1,341,126
Gross Profit	1,027,273	1,097,929	1,088,578
Gross Profit %	44%	47%	45%
Expenses			
Advertising	5,930	7,216	5,430
Depreciation	34,821	25,101	52,715
Bank Charges & Interest	2,157	3,151	1,887
Consulting Fees	1,925	2,764	2,426
Insurance	12,744	13,321	14,087
Freight	67,193	60,011	61,262
Mngmt Fee	6,000	68,000	78,000
Office Supplies	7,910	7,930	7,227
Professional Fees	15,770	8,535	5,410
Property Taxes	36,074	37,219	37,213
Net Rent	68,712	68,712	70,261
Repairs/Maintenance	99,079	98,361	108,278
Salaries And Benefits	418,434	386,750	392,436
Telephone	6,248	4,377	3,720
Travel	4,832	4,247	3,282
Utilities	73,345	66,757	66,060
Vehicle	3,931	6,585	3,758
Total Operating Expenses	865,135	869,037	913,822
Income Before Taxes Etc	162,138	228,892	174,756
Gain On Disposal Of Property		9,701	
Management Bonuses Expense	135,689	138,609	137,757
Income Before Taxes Etc	26,449	99,984	36,993
Income Taxes	6,807	13,980	5,609
Net Income	19,642	86,004	31,380

MARKET OVERVIEW

INDUSTRY OVERVIEW

The processed meat and poultry industry grew by 2.8% (compound annual growth rate) over the past five (5) years. Growth was expected to be flat at 0.3% until 2023 but the current COVID-19 situation could affect this projection.

The growth of healthy eating and diets increases the pressure on the meat and poultry industry so the need to be adaptive to these new trends such as gluten-free are essential to growth.



ROYAL LEPAGE COMMERCIAL

HISTORY

Innovation and service excellence have developed and propelled the Royal LePage brand since 1913. Royal LePage helped pioneer the growth and development of commercial real estate in Canada. Our leadership heritage in commercial real estate gives meaningful vision to today's national network of dedicated commercial real estate professionals and their clients alike.

OUR PROFESSIONALS

Royal LePage Commercial professionals meet criteria for knowledge, experience, and performance, providing credible, quality representation you can rely on. With more than 250 agents in 70 locations across Canada, its strength is based on the number of commercial real estate professionals already established in our large urban centres, cities and towns, equipped with the local market knowledge and expertise to serve businesses and investors. They engender a culture of collaboration where knowledge, information, and resources are developed and discreetly shared between large urban centres and smaller markets, coast-to-coast.

PARTNERS FOR SUCCESS

This partnership mentality is further extended to our respected industry associates, all with the goal of collaborating to meet unique client needs. Whatever your commercial real estate need, Royal LePage Commercial delivers – wherever you are, or wherever you need to be.

BIOGRAPHIES

PETER M. BURDON

Business owner, CEO of Construction Industry Associations, Sale and Leaseback specialist, TRREB Commercial Board, Land and investment properties, financing.

MICHAEL CORMACK

Michael is an experienced leader and company President with a successful history of working in the corporate world for over 40 years, including 16 years in the investment banking industry. Demonstrated track record in private company divestitures, mergers, acquisitions, venture capital raises and the capital markets. As a global business professional, Michael continually explores new as well as established company opportunities that result in “win-win business transactions” for the benefit of both target sellers and buyers alike.