



ACT

CAPITAL

ADVISORS

**Pacific Northwest Dairy Farm
& Artisanal Cheese Producer**

ACT Client #21903

Available for Acquisition

Company Overview

ACT Capital is pleased to offer a Pacific Northwest Dairy Farm & Artisanal Cheese Producer for acquisition. The Company's primary business is the production and sale of bulk milk, which it sells to a large regional dairy cooperative. In 2015, the Company launched a line of branded artisanal cheeses, which are sold through high-end grocers and other retailers. The Company is highly stable with excellent margins relative to industry peers, supported by three generations of institutional knowledge around farming, and employs a robust risk-mitigation program to hedge commodity price volatility affecting key operational inputs. The Company and has operations across the Pacific Northwest.

Investment Highlights

Highly-Profitable, Vertically-Integrated Dairy. The Company's dairy operations are vertically integrated with its agronomy operations providing approximately 80% of the feed to its dairy herd and its dairy herd satisfying 100% of the bulk milk requirements of its branded cheese-making business. As a result, the Company's bulk milk business's Net Income margin grew from 18.0% in 2018 to 21.6% in 2020, which is significantly higher than industry averages. During the same period, its bulk milk business's EBITDA Margin grew from 29.7% to 32.0%.

Consistent Earnings Profile. The Company produces exceptionally stable earnings for a commodity-based business. It employs a sophisticated hedging and insurance program to mitigate against commodity price fluctuation in its cost inputs and milk products. It also aggressively manages production goals to maximize profitability over production volume, which has produced a stable, consistent earnings profile.

Market Leader in Herd Health and Production Efficiency. The Company minimizes herd loss while maximizing milk production per cow through its scientific approach to feed composition and breeding techniques. The Company's herd has a productive life ~25% longer than industry counterparts.

Sustainable and Humane Farming Practices. The Company's operations adhere to the highest environmental, safety, and animal-welfare standards. In addition to federal and state regulatory oversight, the Company's dairy and cheese-making operations are subject to rigorous audits by its dairy cooperative, NGOs, industry certifiers, and its wholesale and food-service customers. The Company consistently exceeds environmental, safety, and animal-welfare requirements set by governmental and non-governmental auditors, enhancing market access and brand image.

Ready Market for Bulk Milk Sales. The Company sells substantially all of its bulk milk production to the Northwest Dairy Association, a regional dairy cooperative that markets its milk products under the Darigold® brand. The Northwest Dairy Association is the fourth largest dairy co-op in the United States, processing and selling nearly 10 billion pounds of milk per year. The Company's co-op arrangements ensure a stable and ready channel through which it markets and sells milk production throughout the U.S. and abroad.

Rapidly Growing Branded, Artisanal Cheesemaking Business. The Company operates a newly-built cheesemaking facility where it produces five varieties of craft Italian cheese – both fresh and aged – from a portion of its fresh milk production. These artisanal cheeses are sold to a network of wholesale and retail customers under the recognizable consumer brand. The Company's cheese business seen robust grown since its inception in 2015. In 2020, Revenue from this business was \$1.7 million.

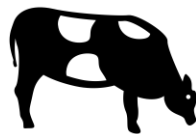
Large, Attractive Farmland Real Estate Portfolio. The Company's operations in Washington and Oregon are located in prime agricultural regions with ready access to water rights. These areas are well suited to grass production for feed and are within the ideal thermoneutral zone for dairy cows. The Company operates on a combination of owned and leased land.

Integrated. Risk-Controlled. Sustainable.

The Company has developed an integrated, closed-loop process that ensures quality and sustainability while enhancing the Company’s overall profitability. The Company grows its own feed crops on owned and leased farmland. These crops are then processed into feed for the Company’s livestock herd adhering to strict dietary principles. The bulk milk produced by the Company’s livestock herd is sold to its dairy cooperative for processing and sale. It also uses a portion of its bulk milk production to produce a variety of branded artisanal cheeses using traditional methods and equipment.



Agronomy



Livestock



Bulk Milk



Artisanal Cheese

Financial Information (Historical & Pro-Forma)

FYE 12/31	2018	2019	2020	2021E	2022E	2023E
Revenue	\$19.7MM	\$21.8MM	\$24.0MM	\$27.3MM	\$30.0MM	\$32.6MM
Net Income <i>(Margin)</i>	\$2.2MM <i>11.0%</i>	\$3.3MM <i>15.1%</i>	\$4.1MM <i>17.2%</i>	\$4.9MM <i>18.0%</i>	\$5.6MM <i>18.6%</i>	\$6.2MM <i>19.1%</i>
EBITDA <i>(Margin)</i>	\$4.9MM <i>25.0%</i>	\$5.9MM <i>27.3%</i>	\$6.9MM <i>28.7%</i>	\$8.4MM <i>30.8%</i>	\$9.5MM <i>31.7%</i>	\$10.6MM <i>32.6%</i>

Contact Information & Next Steps

Interested parties should execute the attached Non-Disclosure Agreement (“NDA”) and return to ACT Capital Advisors with a written request to receive the Confidential Information Memorandum (“CIM”).

NDA’s and CIM requests should be submitted to Michael Seeley, ACT Vice President.

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