

WESTPEAK RESEARCH ASSOCIATION

Boston Beer Company, Inc. (NYSE: SAM)

Consumer Cyclical – Beverage Alcohol

Blind Eyes on a Weak Moat

January 25, 2025

Boston Beer Company, Inc. ("Boston Beer," "the Company") is the US's largest craft beer producer. Boston Beer has pioneered its space, creating new categories such as hard cider and spiked iced tea. Their most notable brands are Twisted Tea and Truly.

Industry Overview

The Company competes as a brewery in the highly competitive US beer industry. The industry was valued at \$129.3 billion in 2024 and is expected to grow at 2.7% CAGR to \$147.8 billion in 2029. Products within the beer and beverage alcohol industry are seen as interchangeable and based on consumer taste. This makes many products very susceptible to competition and industry trends. As of right now, consumers are looking towards moderating alcohol consumption, non-alcoholic alternatives, premiumization, and ready-to-drink ("RTD") products.

Thesis

Boston Beer has a weak moat around its product offerings due to changing consumer preferences, moderation, and competition. The market believes declining segments will normalize through stabilizing volumes. However, the increasing competition from new players has been troublesome for Boston Beer as more options exist within its respective markets. Additionally, management's focus on short-term EPS accretion has masked the deteriorating company fundamentals and hides the truth of the Company's actual performance and long-term financial health.

Valuation

Based on our analysis, we arrived at a share price target of \$190.02, which implies a 23.5% downside compared to its current share price of \$248.42. This was determined from the 50% weightage on the DCF and 50% on the comparable companies analysis. We believe Boston Beer Company is overvalued and initiate a **SELL** rating based on our current valuation.

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| Equity Research | US |
|-----------------------------|-------------|
| Price Target | US\$ 190.02 |
| Rating | Sell |
| Share Price (Jan. 24 Close) | US\$248.42 |
| Total Return | (23.5%) |

| Key Statistics | |
|------------------------------|-------------------|
| 52 Week H/L | \$371.65/\$243.20 |
| Market Capitalization | \$2.91B |
| Average Daily Trading Volume | 151K |
| Net Debt | (\$217M) |
| Enterprise Value | \$2.69B |
| Gross Margin | 44.5% |
| Diluted Shares Outstanding | 10.1M |
| Free Float | 91.2% |
| Return on Invested Capital | 6.8% |

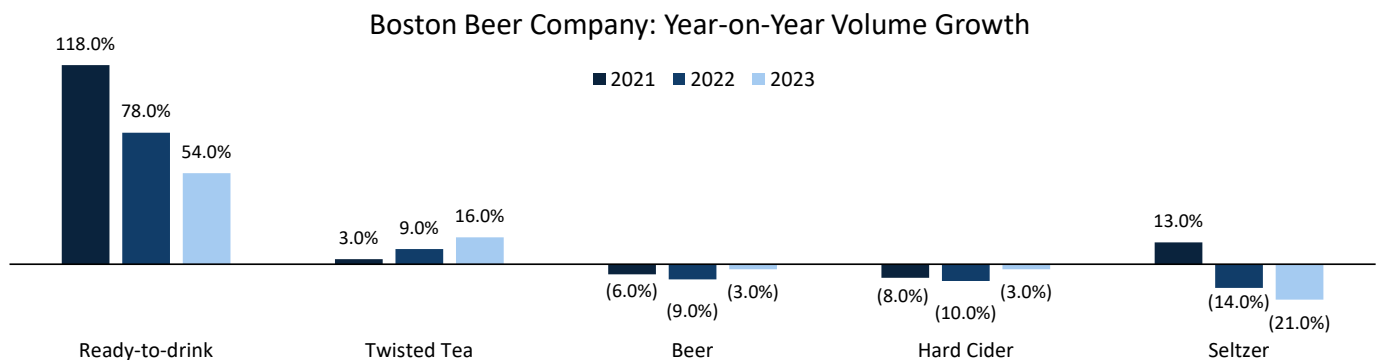
| Analyst Forecast | | | |
|------------------|---------|---------|---------|
| | 2024E | 2025E | 2026E |
| Revenue | \$1.99B | \$2.05B | \$2.11B |
| EBITDA | \$228M | \$235M | \$242M |
| Net Income | \$94M | \$116M | \$120M |
| Diluted EPS | \$8.03 | \$10.23 | \$11.13 |
| P/E | 31.0x | 24.1x | 22.2x |
| EV/EBITDA | 11.8x | 11.5x | 11.1x |



Company Overview

Boston Beer Company is a North American brewery known for producing craft beers before expanding to other beverages, such as hard ciders and teas. Initially founded in 1984, Boston Beer Company focuses on creating high-quality products with traditional brewing processes and brand image to position itself within the High-End Beer market, becoming one of the largest craft beer suppliers in the United States. Aside from the Dogfish Head brand, Boston Beer's products are seen as accessible and affordable within the industry and compared to spirits. Boston Beer's notable brands are:

- Twisted Tea, a flavoured malt beverage ("FMB") resembling iced tea and Boston Beer's biggest brand.
- Truly, the Company's seltzer brand, also offers RTD beverages such as Truly Vodka and Tequila Soda.
- Samuel Adams, the Company's first brand, is the flagship craft beer product amongst its offerings.
- Angry Orchard, the largest hard cider brand in the United States.
- Dogfish Head, acquired in 2019, offers craft beer and RTD canned cocktails.



Growth Strategies

Diversification

Boston Beer Company has effectively diversified its product offerings to many mixed drink categories, which is evident in brands such as Twisted Tea, Truly, and Angry Orchard, which dominate their respective markets. In 2024, Boston Beer launched Sun Cruiser Vodka Iced Tea, which helped Twisted Tea's effort to offset Truly's volume declines.

Branding

The Company leverages strong branding to retain a loyal customer base and attract new consumers to its products. Its most prominent brand, Twisted Tea, is the largest and most recognizable hard iced tea in the US market, which has kept it competitive against the other brands operating within the space.

Industry Analysis

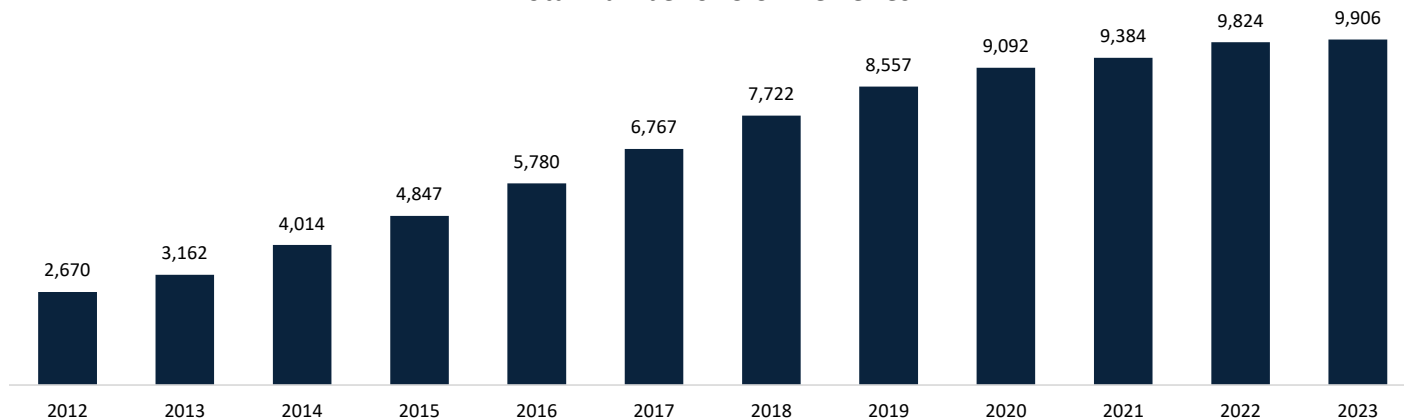
Boston Beer Company is a brewery in the highly competitive US beer industry. The industry has seen stagnating growth rates due to declining alcohol consumption per capita, health concerns, oversaturation, and changes in consumer preference. The market is valued at \$129.3 billion and is expected to grow at a 2.7% CAGR to reach \$147.8 billion in 2029.

Boston Beer is focused on craft beer, cider, and RTD mixed spirit production, which are expected to grow at 0.7%, 1.5%, and 1.4% CAGR, respectively.

Competition

The high competition can be attributed to players such as Anheuser Busch InBev, Molson Coors, and other craft breweries. While Boston Beer dominates cider production with a 40.3% market share, different categories are less concentrated, with 5.9% in craft beer and a non-negligible share in RTD mixed spirit production. Limited growth opportunities exist as many products within the beverage alcohol industry are interchangeable and often based on consumer preferences. Despite Boston Beer's established brands, the competitive landscape has changed with an influx of new firms threatening the Company's current market share in hard iced tea, seltzer, and beer. This has caused concern for oversaturation in the hard tea market, which may be reminiscent of the seltzer crash after COVID-19.

Total Number of U.S. Breweries



Industry Trends

Moderation & Non-Alcoholic Alternatives

Many Americans are seeking to cut down their alcohol consumption, leading to non-alcoholic alternatives such as zero-alcohol beer and moderation trends such as Dry January and Sober October. This has caused pressure on the topline growth of many breweries that use volume as a key revenue driver. In 2023, management stated that the total shipping volume for Boston Beer declined by 6.2% because of moderation and changes in consumer preferences.

Premiumization

Many consumers are choosing quality over quantity when it comes to alcohol, specifically younger consumers who are looking at craft spirits and high-end brands to satisfy their needs. Additionally, the popularity of cocktail bars and taprooms for craft breweries has risen due to premiumization within the market. This has negatively affected Boston Beer's total shipping volumes as consumers are keen on premium spirit-based drinks over most of Boston Beer's current offerings.

RTD Category Popularity

In recent years, consumers have shifted towards mixed drinks and alternatives for beers as their drinks of choice. In the past, products like FMBs and seltzers have gained popularity. However, canned cocktails have been the fastest-growing section due to recreating the premium experience of a cocktail within the comforts of home. Boston Beer has benefited from Dogfish Head mixed spirit RTD beverages, Truly Vodka Soda, and Truly Tequila Soda.

Investment Theses

Weak Moat and Topline Growth Across Boston Beer Company's Portfolio

Many of Boston Beer's segments, including beer and seltzers, have declined due to changing consumer preferences, moderation, and increasing competition. While the beverage alcohol industry is stagnating, consumers have been attached to premiumization, shifting their preferences from beer to spirits or spirit-based drinks like cocktails. This has decreased total shipping volume and revenue growth for the company, mainly attributed to Truly's decline of 21% volume. Additionally, management has stated that price increases of \$97.0 million mostly drove 2022 net revenue, while the drop in net revenue had been partially offset by price increases of \$60.2 million in 2023.

The market believes management will expand margins and normalize declining segments through stabilizing shipping volumes. The street believes existing segments will return to normal because of management's focus on new product initiatives like Sun Cruiser Iced Tea, Grateful Dead Juicy Pale Ale, etc. However, many investors overlook the increasing competition among hard tea, beer, cider, and seltzer through new entrants, both small and large. While players like Anheuser-Busch InBev take up more market share in beer, the hard tea market welcomes new players like Surfside Iced Tea and Happy Dad's Hard Iced Tea (Brand by Nelk Boys). In contrast, soft drink brands like Arizona and Coca-Cola enter the alcoholic market. From 2020 to 2023, the number of hard tea brands increased from 80 to almost 150, representing an 80% rise. These problems will only become significantly more complicated with the strengthening of the US dollar, which will make out-of-country competitors cheaper, and the tariffs will put pressure on margins for Boston Beer through the cost of key ingredients sourced outside of the United States.

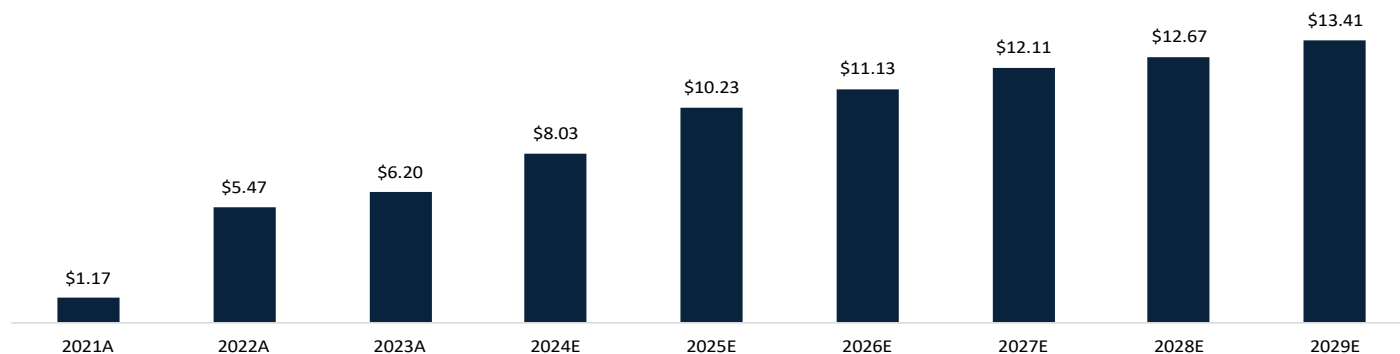
The effect of competition can be seen in Twisted Tea's decelerating growth from 12% to 5.8% over the summer of 2024 and Hard Mountain Dew's disappointing launch that failed to pick up with distributors as it competed with Coca-Cola's Jack Daniel's and Coca-Cola RTD product. To account for this, our model assumes inventory turnover is 8.5x in 2024E, 8.2x in 2025E, and 8.0x in 2026E to account for the decreasing volume that aligns with management's guidance, which resulted in a decrease of 1% in revenue with the overall volume decline is reflected for 2024.

Share Buybacks Masking Deteriorating Company Fundamentals

Besides margin expansion, analysts in the market trade the stock on an EPS basis, with management expecting \$8.00 to \$10.00 in non-GAAP EPS for 2024 (December 20, 2024, Company 8-K). Boston Beer spent \$93.8 million and \$176 million on share repurchases in 2023 and 2024, respectively. Additionally, there is \$400 million remaining until 2027 for share repurchases, for which we assume management will spend 390 million over the next three years to inflate EPS within our model. While it may be an efficient use of excess cash for the company to repurchase shares, these buybacks mask the

deteriorating business fundamentals that lead one en route to failure due to the rapidly changing dynamics of competition and changes in consumer preference. The Company has lost its ability to compete because of this over-fixation of short-term EPS to satisfy investors instead of increasing long-term financial health through projects that will initially lower ROI but help the Company maintain its market share and expand to new categories, something share repurchases do not allow.

Boston Beer Company: Diluted EPS



Since Michael Spillane replaced David A. Burwick as CEO in March 2024, Boston Beer has paid \$126 million in share repurchases to increase investor confidence, increasing diluted EPS from \$6.20 to \$8.03 per share from 2023 to 2024. However, Boston Beer failed to maintain growth during peak season (Q2 and Q3), with 2024 Q2's revenue declining 4.0%. Management should focus on improving its competitive positioning through long-term projects and not repurchase shares. Boston Beer trades at a P/E of 31.0x, significantly higher than the industry average of 14.9x.

Valuation

Discounted Cash Flow Analysis

For 2024E revenue, we accounted for management's guidance of declining low single-digit volume ahead of earnings with a 1% revenue decline and inventory turnover of 8.5x. 2025 is expected to grow 3% for future revenue growth before tapering to 2.2% in 2029. We assumed a constant 44.5% gross margin to keep in line with management's expectations and assumed a steady 7.9% operating margin. Our DCF analysis assumes a cost of equity of 8.6%, after-tax cost of debt of 4.2%, WACC of 8.5%, perpetuity growth rate of 2.0%, and terminal EV/EBITDA multiple of 9.6x. The company uses little leverage within its capital structure, and future share repurchases have been factored into the valuation.

Comparable Company Analysis

Comparable Company Peer List

The firms selected as peers were Molson Coors Beverage Company (NYSE: TAP), Constellation Brands, Inc. (NYSE: STZ), Chongqing Brewery Co, Ltd. (SHSE: 600132), Heineken N.V. (AMS: HEIA), Asahi Group Holdings, Ltd. (TYO: 2502), Brown-Forman Corporation (NYSE: BF.B), Anheuser-Busch InBev SA/NV (EBR: ABI), Keurig Dr. Pepper Inc. (NASDAQ: KDP), PepsiCo, Inc. (NASDAQ: PEP), Sapporo Holdings Ltd. (TYO: 2501). Most of these companies operate or have segments within the

beverage alcohol industry, mainly selecting breweries. The exceptions are Brown-Forman, a distillery, and Keurig and PepsiCo, primarily soft drink companies. The rationale is that most craft beer producers are private and significantly smaller than Boston Beer's operations, which leads to a few of our peers being in different regions or closely related markets.

Implied Multiples

We used EV/EBITDA and P/E multiples to compare the selected industry peers to Boston Beer. The industry-chosen peers achieved a median 2025E EV/EBITDA of 9.6x and a median 2025E P/E of 15.0x. EV/EBITDA multiples ranged from 6.1x to 19.4x, while P/E multiples ranged from 9.3x to 56.5x.

Catalysts

Increasing Competition in the Hard Iced Tea Industry

Twisted Tea has seen increasing competition as more companies began to offer their hard tea beverages as a lighter, healthier alternative to beer or spirits. While Twisted Tea is estimated to have an 84.5% market share, its high sugar content will deter health-conscious consumers from entering this market. This threatens the topline growth of Boston Beer Company, as seen through Twisted Tea's decelerating growth from 12.0% to 5.8% caused by competition and increasing alternatives. In 2024, the hard tea market saw the release of Happy Dad's Hard Iced Tea, High Noon Original Iced Tea, etc. As more players saturate the market, Twisted Tea's market share will increase, and more options will become available.

Dry January and Sober October

As moderation and non-alcoholic alternatives become increasingly popular, trends like Dry January and Sober October emerged, contributing to declining shipment volumes across the industry. This has caused Boston Beer's operations to be cyclical, with the off-season being Q1 and Q4, making it increasingly challenging to create topline growth. Revenue is expected to decline during those months, making it challenging to recoup previous losses.

Risks

Twisted Tea's Branding Creates a Defensive Moat

Twisted Tea is the most popular and recognizable hard tea brand. Its strong branding is built on two decades of history, as it was the first of its kind when Boston Beer launched it in 2001. While there are concerns about increasing competition within the hard tea market, Twisted Tea may become immune to its competition due to its significant presence within the market and customer loyalty to the traditional spiked tea product.

Growth of New Product Diversification

Boston Beer's new products and offerings can potentially replicate the same top-line growth of Twisted Tea if the products see tremendous success. Sun Cruiser Iced Tea & Vodka was launched this year and has seen substantial volume growth and boosted net sales. If this trend of successful diversification continues, the massive dependence on Twisted Tea will cease to exist as other brands within the portfolio will offer the same or larger top-line growth than the flagship brand.

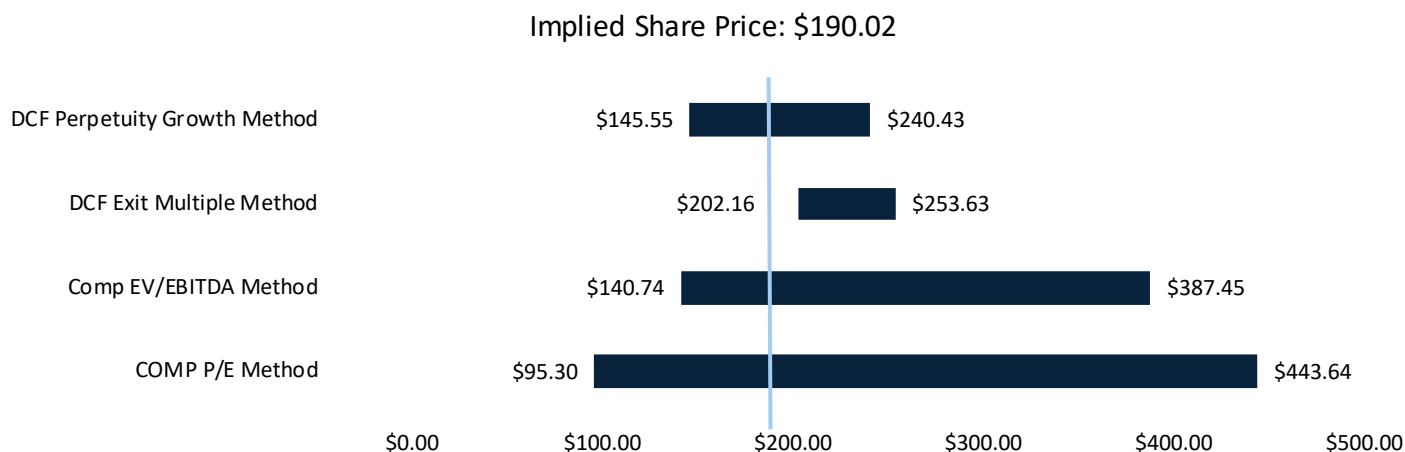
Management Allocates Capital to Sales and Production Capabilities

Since 2021, capital expenditures have decreased significantly as Boston Beer felt it did not need to invest in new equipment to create organic growth. Suppose management decides to acquire another company, buy a new factory, or create a more substantial marketing team. In that case, our view of management's focus on developing artificial EPS will be invalid.

Recommendation

We believe that Boston Beer Company is overvalued at its current price of \$248.42 and initiate a **SELL** rating with a price target of \$190.02 with a 23.5% downside. The weighting of our valuation techniques is as follows:

- A 25% weighting on the perpetuity growth DCF method that returns an implied price of \$178.54.
- A 25% weighting on the EV/EBITDA multiple DCF approach, returning an implied price of \$226.87.
- A 20% weighting on the EV/EBITDA comparable company analysis with an implied price of \$210.99.
- A 30% weighting on the P/E multiple from comparable company analysis with an implied price of \$154.88.



Boston Beer is overvalued due to its weak moat across its portfolio and over-fixation of EPS that masks deteriorating company fundamentals. The market believes segments will normalize by stabilizing shipping volumes and diversification with new product offerings. However, the increasing competition through new entrants within the hard tea market and the increasing presence of more prominent players in the beer industry threaten the market share that Boston Beer currently holds within its respective offerings. Additionally, with moderation and premiumization at the top of consumers' minds, many are moving away from Boston Beer's products and prefer high-end spirits or spirit-based drinks like cocktails.

Management has been focused on EPS accretion through share repurchases, which has made investors happy. However, this overlooks the Company's ability to remain competitive as more competitors seek to gain revenue in Boston Beer's existing markets. Instead, the company should focus on increasing long-term financial health through projects that will help the Company maintain its market share and expand to new categories. According to our analysis, the market is overconfident in Boston Beer Company's future performance and has overlooked the risks associated with the Company's operations.

Appendix 1: Income Statement

| Income Statement | | | | | | | | | |
|--|---------------|---------------|---------------|---------------|----------------|----------------|----------------|----------------|----------------|
| | 2021A | 2022A | 2023A | 2024E | 2025E | 2026E | 2027E | 2028E | 2029E |
| Net Revenue | 2,057,622.00 | 2,090,334.00 | 2,008,625.00 | 1,988,538.75 | 2,048,194.91 | 2,107,592.56 | 2,164,497.56 | 2,218,610.00 | 2,267,419.42 |
| COGS | 1,259,830.00 | 1,228,348.00 | 1,156,256.00 | 1,103,639.01 | 1,136,748.18 | 1,169,713.87 | 1,201,296.15 | 1,231,328.55 | 1,258,417.78 |
| Gross Profit | 797,792.00 | 861,986.00 | 852,369.00 | 884,899.74 | 911,446.74 | 937,878.69 | 963,201.42 | 987,281.45 | 1,009,001.64 |
| Operating Expenses | 717,995.00 | 690,095.00 | 664,468.00 | 656,898.48 | 676,605.44 | 696,226.99 | 715,025.12 | 732,900.75 | 749,024.57 |
| EBITDA | 79,797.00 | 171,891.00 | 187,901.00 | 228,001.26 | 234,841.30 | 241,651.70 | 248,176.29 | 254,380.70 | 259,977.08 |
| D&A | 71,800.00 | 81,100.00 | 87,900.00 | 70,928.99 | 71,409.47 | 72,096.22 | 72,963.97 | 73,980.58 | 75,116.33 |
| EBIT | 7,997.00 | 90,791.00 | 100,001.00 | 157,072.27 | 163,431.83 | 169,555.48 | 175,212.32 | 180,400.12 | 184,860.74 |
| Net Interest Expense (Income) | 110.00 | (2,561.00) | (10,995.00) | (12,013.85) | (10,966.20) | (10,736.69) | (10,663.99) | (14,023.28) | (20,925.69) |
| Other Expense (Income) | 978.00 | 1,916.00 | 1,408.00 | 26,795.00 | - | - | - | - | - |
| Pretax Income | 6,909.00 | 91,436.00 | 109,588.00 | 142,291.12 | 174,398.03 | 180,292.17 | 185,876.32 | 194,423.40 | 205,786.43 |
| Taxes | (7,644.00) | 24,173.00 | 33,338.00 | 48,378.98 | 59,295.33 | 61,299.34 | 63,197.95 | 66,103.96 | 69,967.39 |
| Net Income | 14,553.00 | 67,263.00 | 76,250.00 | 93,912.14 | 115,102.70 | 118,992.83 | 122,678.37 | 128,319.45 | 135,819.04 |
| FX Adjustment | (32.00) | (269.00) | 166.00 | (181.00) | - | - | - | - | - |
| Defined Benefit Plans Liability Adjustment | 90.00 | 253.00 | (13.00) | - | - | - | - | - | - |
| Comprehensive Income | 14,611.00 | 67,247.00 | 76,403.00 | 93,731.14 | 115,102.70 | 118,992.83 | 122,678.37 | 128,319.45 | 135,819.04 |
| Diluted Earnings Per Share (EPS) | \$1.17 | \$5.47 | \$6.20 | \$8.03 | \$10.30 | \$11.17 | \$12.11 | \$12.67 | \$13.41 |
| Drivers | | | | | | | | | |
| Revenue Growth (YoY) | | 1.6% | (3.9%) | (1.0%) | 3.0% | 2.9% | 2.7% | 2.5% | 2.2% |
| Gross Margin | 38.8% | 41.2% | 42.4% | 44.5% | 44.5% | 44.5% | 44.5% | 44.5% | 44.5% |
| Operating Expenses as % of Revenue | 34.9% | 33.0% | 33.1% | 33.0% | 33.0% | 33.0% | 33.0% | 33.0% | 33.0% |
| Effective Tax Rate | (110.6%) | 26.4% | 30.4% | 34.0% | 34.0% | 34.0% | 34.0% | 34.0% | 34.0% |

Appendix 2: Balance Sheet

| Balance Sheet | | | | | | | | | |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| | 2021A | 2022A | 2023A | 2024E | 2025E | 2026E | 2027E | 2028E | 2029E |
| Cash and Equivalents | 26,853.00 | 180,560.00 | 298,491.00 | 222,553.54 | 216,094.40 | 213,373.34 | 213,186.40 | 347,744.75 | 489,282.83 |
| Restricted Cash | 39,468.00 | - | - | - | - | - | - | - | - |
| Accounts Receivable | 55,022.00 | 56,672.00 | 66,997.00 | 90,031.28 | 92,732.22 | 95,421.46 | 97,997.84 | 100,447.78 | 102,657.63 |
| Inventory | 149,118.00 | 148,450.00 | 115,773.00 | 130,061.34 | 138,627.83 | 146,214.23 | 154,012.33 | 162,016.91 | 170,056.46 |
| Prepaid Expenses and Other | 21,462.00 | 27,461.00 | 20,538.00 | 19,885.39 | 20,481.95 | 21,075.93 | 21,644.98 | 22,186.10 | 22,674.19 |
| Income Tax Receivable | 53,418.00 | 10,126.00 | 1,711.00 | 1,988.54 | 2,048.19 | 2,107.59 | 2,164.50 | 2,218.61 | 2,267.42 |
| Current Assets | 345,341.00 | 423,269.00 | 503,510.00 | 464,520.09 | 469,984.59 | 478,192.55 | 489,006.04 | 634,614.16 | 786,938.53 |
| Property, Plant, and Equipment, Net | 664,815.00 | 667,909.00 | 642,509.00 | 646,877.00 | 653,120.18 | 661,008.83 | 670,250.70 | 680,575.76 | 691,645.18 |
| Operating Right-Of-Use Assets | 52,774.00 | 43,768.00 | 35,559.00 | 36,546.36 | 37,574.45 | 38,636.81 | 39,721.15 | 40,816.02 | 41,904.03 |
| Goodwill | 112,529.00 | 112,529.00 | 112,529.00 | 112,529.00 | 112,529.00 | 112,529.00 | 112,529.00 | 112,529.00 | 112,529.00 |
| Intangible Assets | 103,677.00 | 76,324.00 | 59,644.00 | 16,807.00 | 16,554.00 | 16,301.00 | 16,048.00 | 15,795.00 | 15,542.00 |
| Third-party Production Prepayments | 88,294.00 | 61,339.00 | 33,581.00 | 18,015.00 | 18,015.00 | 18,015.00 | 18,015.00 | 18,015.00 | 18,015.00 |
| Note Receivable | - | - | - | 16,606.00 | 16,606.00 | 16,606.00 | 16,606.00 | 16,606.00 | 16,606.00 |
| Other Assets | 19,354.00 | 35,635.00 | 42,661.00 | 35,307.51 | 35,599.94 | 35,962.36 | 36,382.08 | 36,847.37 | 37,343.38 |
| Long-Term Assets | 1,041,443.00 | 997,504.00 | 926,483.00 | 882,687.87 | 889,998.58 | 899,058.99 | 909,551.92 | 921,184.15 | 933,584.59 |
| Total Assets | 1,386,784.00 | 1,420,773.00 | 1,429,993.00 | 1,347,207.96 | 1,359,983.17 | 1,377,251.54 | 1,398,557.95 | 1,555,798.30 | 1,720,523.12 |
| Accounts Payable | 85,920.00 | 84,248.00 | 87,245.00 | 78,079.09 | 80,421.47 | 82,753.69 | 84,988.04 | 87,112.74 | 89,029.22 |
| Accrued Expenses and Other Current Liabilities | 161,552.00 | 111,153.00 | 126,930.00 | 121,400.29 | 125,042.30 | 128,668.53 | 132,142.58 | 135,446.14 | 138,425.96 |
| Current Operating Lease Liabilities | 7,634.00 | 8,866.00 | 9,113.00 | 6,602.00 | 6,602.00 | 6,602.00 | 6,602.00 | 6,602.00 | 6,602.00 |
| Revolver | - | - | - | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Current Liabilities | 255,106.00 | 204,267.00 | 223,288.00 | 206,081.38 | 212,065.77 | 218,024.21 | 223,732.61 | 229,160.88 | 234,057.17 |
| Deferred Income Taxes, Net | 87,495.00 | 96,592.00 | 85,721.00 | 89,698.08 | 93,794.47 | 98,009.65 | 102,338.65 | 106,775.87 | 111,310.71 |
| Non-Current Operating Lease Liabilities | 53,849.00 | 45,274.00 | 36,161.00 | 31,592.00 | 31,592.00 | 31,592.00 | 31,592.00 | 31,592.00 | 31,592.00 |
| Other Liabilities | 6,925.00 | 6,091.00 | 6,894.00 | 6,151.00 | 6,151.00 | 6,151.00 | 6,151.00 | 6,151.00 | 6,151.00 |
| Long-Term Liabilities | 148,269.00 | 147,957.00 | 128,776.00 | 127,441.08 | 131,537.47 | 135,752.65 | 140,081.65 | 144,518.87 | 149,053.71 |
| Total Liabilities | 403,375.00 | 352,224.00 | 352,064.00 | 333,522.46 | 343,603.23 | 353,776.87 | 363,814.26 | 373,679.75 | 383,110.88 |
| Stockholder's Equity | 983,409.00 | 1,068,549.00 | 1,077,929.00 | 1,013,685.50 | 1,016,379.94 | 1,023,474.67 | 1,034,743.69 | 1,182,118.56 | 1,337,412.24 |
| Total Liabilities + Stockholder's Equity | 1,386,784.00 | 1,420,773.00 | 1,429,993.00 | 1,347,207.96 | 1,359,983.17 | 1,377,251.54 | 1,398,557.95 | 1,555,798.30 | 1,720,523.12 |
| Assets = Liabilities + Equity | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| <u>Drivers</u> | | | | | | | | | |
| Other Assets as % of Long-Term Assets | 1.9% | 3.6% | 4.6% | 4.0% | 4.0% | 4.0% | 4.0% | 4.0% | 4.0% |

Appendix 3: Cash Flow Statement

| Cash Flow Statement | | | | | | | | | |
|--|--------------|-------------|-------------|--------------|--------------|--------------|--------------|-------------|-------------|
| | 2021A | 2022A | 2023A | 2024E | 2025E | 2026E | 2027E | 2028E | 2029E |
| Net Income | 14,553.00 | 67,263.00 | 76,250.00 | 93,912.14 | 115,102.70 | 118,992.83 | 122,678.37 | 128,319.45 | 135,819.04 |
| Depreciation and Amortization | 72,096.00 | 81,356.00 | 88,141.00 | 70,528.99 | 71,409.47 | 72,096.22 | 72,963.97 | 73,980.58 | 75,116.33 |
| Impairment of Intangible Asset | - | 27,100.00 | 16,426.00 | 42,584.00 | - | - | - | - | - |
| Impairment of Brewery Assets | 18,499.00 | 2,782.00 | 5,396.00 | 4,497.56 | 4,528.14 | 4,571.84 | 4,627.06 | 4,691.75 | 4,764.03 |
| Change in Right-Of-Use assets | 8,018.00 | 7,972.00 | 7,678.00 | 4,978.26 | 5,116.49 | 5,260.42 | 5,409.15 | 5,560.96 | 5,714.24 |
| Stock-Based Compensation Expenses | 18,615.00 | 13,988.00 | 16,971.00 | 17,079.36 | 17,591.74 | 18,101.90 | 18,590.65 | 19,055.42 | 19,474.64 |
| Deferred Income Taxes | (5,225.00) | 9,097.00 | (10,871.00) | 3,977.08 | 4,096.39 | 4,215.19 | 4,329.00 | 4,437.22 | 4,534.84 |
| Other Non-Cash Expense (Income) | (399.00) | 89.00 | 224.00 | 220.00 | - | - | - | - | - |
| Third-Party Production Prepayments | (16,635.00) | 26,955.00 | 27,758.00 | 15,566.00 | - | - | - | - | - |
| Other Assets | (5,699.00) | (14,031.00) | (5,849.00) | 7,353.49 | (292.43) | (362.42) | (419.72) | (465.29) | (496.02) |
| Losses on Sales of PP&E (Gains) | - | - | - | (263.00) | - | - | - | - | - |
| Change in Net Working Capital | (47,526.00) | (22,626.00) | 43,027.00 | (54,154.17) | (5,939.26) | (4,970.57) | (5,292.03) | (5,621.51) | (5,890.00) |
| Cash Flow from Operations | 56,297.00 | 199,945.00 | 265,151.00 | 206,679.71 | 211,613.24 | 217,905.42 | 222,886.46 | 229,958.58 | 239,037.11 |
| Capex | (147,919.00) | (90,582.00) | (64,087.00) | (79,541.55) | (81,927.80) | (84,303.70) | (86,579.90) | (88,744.40) | (90,696.78) |
| Proceeds from Sale of PP&E | 1,157.00 | 2,076.00 | 1,709.00 | 23.00 | - | - | - | - | - |
| Other Investing Activities | 145.00 | - | - | (25,965.62) | (6,144.58) | (6,322.78) | (6,493.49) | (6,655.83) | (6,802.26) |
| Cash Flow from Investing Activities | (146,617.00) | (88,506.00) | (62,378.00) | (105,484.17) | (88,072.38) | (90,626.48) | (93,073.40) | (95,400.23) | (97,499.04) |
| Revolver Draw (Paydown) | - | - | - | - | - | - | - | - | - |
| Share Repurchase | - | - | (92,877.00) | (175,953.00) | (130,000.00) | (130,000.00) | (130,000.00) | - | - |
| Option Proceeds | 10,465.00 | 7,946.00 | 11,723.00 | 2,699.00 | - | - | - | - | - |
| Net Cash Paid on Finance Leases and Notes Payable | (1,570.00) | (1,672.00) | (1,575.00) | (1,473.00) | - | - | - | - | - |
| Payment of Tax Withholding on Stock-Based Payment Awards and Investment Shares | (15,536.00) | (3,474.00) | (2,113.00) | (2,406.00) | - | - | - | - | - |
| Cash Flow from Financing Activities | (6,641.00) | 2,800.00 | (84,842.00) | (177,133.00) | (130,000.00) | (130,000.00) | (130,000.00) | - | - |
| Beginning Cash | 163,282.00 | 66,321.00 | 180,560.00 | 298,491.00 | 222,553.54 | 216,094.40 | 213,373.34 | 213,186.40 | 347,744.75 |
| Change in Cash | (96,961.00) | 114,239.00 | 117,931.00 | (75,937.46) | (6,459.14) | (2,721.06) | (186.94) | 134,558.35 | 141,538.07 |
| Ending in Cash | 66,321.00 | 180,560.00 | 298,491.00 | 222,553.54 | 216,094.40 | 213,373.34 | 213,186.40 | 347,744.75 | 489,282.83 |
| Income Statement = Cash Flow Statement | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Cash Flow Statement = Balance Sheet | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| <u>Drivers</u> | | | | | | | | | |
| Stock-Based Compensation Expenses as % of Operating Expenses | 2.6% | 2.0% | 2.6% | 2.6% | 2.6% | 2.6% | 2.6% | 2.6% | 2.6% |
| Deferred Income Tax as % of Revenue | (0.3%) | 0.4% | (0.5%) | 0.2% | 0.2% | 0.2% | 0.2% | 0.2% | 0.2% |

Appendix 4: Schedules

| Working Capital Schedule | | | | | | | | | |
|---|------------|------------|-------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | 2021A | 2022A | 2023A | 2024E | 2025E | 2026E | 2027E | 2028E | 2029E |
| Accounts Receivable | 55,022.00 | 56,672.00 | 66,997.00 | 90,031.28 | 92,732.22 | 95,421.46 | 97,997.84 | 100,447.78 | 102,657.63 |
| Inventory | 149,118.00 | 148,450.00 | 115,773.00 | 130,061.34 | 138,627.83 | 146,214.23 | 154,012.33 | 162,016.91 | 170,056.46 |
| Prepaid Expenses and Other | 21,462.00 | 27,461.00 | 20,538.00 | 19,885.39 | 20,481.95 | 21,075.93 | 21,644.98 | 22,186.10 | 22,674.19 |
| Income Tax Receivable | 53,418.00 | 10,126.00 | 1,711.00 | 1,988.54 | 2,048.19 | 2,107.59 | 2,164.50 | 2,218.61 | 2,267.42 |
| Total Non-Cash Current Assets | 279,020.00 | 242,709.00 | 205,019.00 | 241,966.55 | 253,890.19 | 264,819.21 | 275,819.64 | 286,869.41 | 297,655.70 |
| Accounts Payable | 85,920.00 | 84,248.00 | 87,245.00 | 78,079.09 | 80,421.47 | 82,753.69 | 84,988.04 | 87,112.74 | 89,029.22 |
| Accrued Expenses and Other Current Liabilities | 161,552.00 | 111,153.00 | 126,930.00 | 121,400.29 | 125,042.30 | 128,668.53 | 132,142.58 | 135,446.14 | 138,425.96 |
| Current Operating Lease Liabilities | 7,634.00 | 8,866.00 | 9,113.00 | 6,602.00 | 6,602.00 | 6,602.00 | 6,602.00 | 6,602.00 | 6,602.00 |
| Total Non-Debt Current Liabilities | 255,106.00 | 204,267.00 | 223,288.00 | 206,081.38 | 212,065.77 | 218,024.21 | 223,732.61 | 229,160.88 | 234,057.17 |
| Net Working Capital | 23,914.00 | 38,442.00 | (18,269.00) | 35,885.17 | 41,824.43 | 46,795.00 | 52,087.02 | 57,708.53 | 63,598.53 |
| Change in Net Working Capital | | 14,528.00 | (56,711.00) | 54,154.17 | 5,939.26 | 4,970.57 | 5,292.03 | 5,621.51 | 5,890.00 |
| Drivers | | | | | | | | | |
| Days Sales Outstanding | 10 | 10 | 12 | 17 | 17 | 17 | 17 | 17 | 17 |
| Inventory Turnover | 8.4x | 8.3x | 8.8x | 8.5x | 8.2x | 8.0x | 7.8x | 7.6x | 7.4x |
| Prepaid Expenses as % of Revenue | 1.0% | 1.3% | 1.0% | 1.0% | 1.0% | 1.0% | 1.0% | 1.0% | 1.0% |
| Income Tax Receivable as % of Revenue | 2.6% | 0.5% | 0.1% | 0.1% | 0.1% | 0.1% | 0.1% | 0.1% | 0.1% |
| Days Payables Outstanding (DPO) | 25 | 25 | 28 | 26 | 26 | 26 | 26 | 26 | 26 |
| Accrued Liabilities as % of COGS | 12.8% | 9.0% | 11.0% | 11.0% | 11.0% | 11.0% | 11.0% | 11.0% | 11.0% |
| PP&E and Intangible Schedule | | | | | | | | | |
| | 2021A | 2022A | 2023A | 2024E | 2025E | 2026E | 2027E | 2028E | 2029E |
| Beginning PP&E Balance | | | 667,909.00 | 642,509.00 | 646,877.00 | 653,120.18 | 661,008.83 | 670,250.70 | 680,575.76 |
| Depreciation | | | (87,646.00) | (70,675.99) | (71,156.47) | (71,843.22) | (72,710.97) | (73,727.58) | (74,863.33) |
| Impairment of Brewery Assets | | | (5,396.00) | (4,497.56) | (4,528.14) | (4,571.84) | (4,627.06) | (4,691.75) | (4,764.03) |
| Capex | | | 67,642.00 | 79,541.55 | 81,927.80 | 84,303.70 | 86,579.90 | 88,744.40 | 90,696.78 |
| Ending PP&E | | | 642,509.00 | 646,877.00 | 653,120.18 | 661,008.83 | 670,250.70 | 680,575.76 | 691,645.18 |
| Beginning Intangible Balance | | | 76,324.00 | 59,644.00 | 16,807.00 | 16,554.00 | 16,301.00 | 16,048.00 | 15,795.00 |
| Impairment | | | (16,426.00) | (42,584.00) | - | - | - | - | - |
| Amortization | | | (254.00) | (253.00) | (253.00) | (253.00) | (253.00) | (253.00) | (253.00) |
| Additions | | | - | - | - | - | - | - | - |
| Ending Intangible Balance | | | 59,644.00 | 16,807.00 | 16,554.00 | 16,301.00 | 16,048.00 | 15,795.00 | 15,542.00 |
| Beginning Right-Of-Use Assets Balance | | | 43,768.00 | 35,559.00 | 36,546.36 | 37,574.45 | 38,636.81 | 39,721.15 | 40,816.02 |
| Change in Right-of-Use Assets | | | (7,678.00) | (4,978.26) | (5,116.49) | (5,260.42) | (5,409.15) | (5,560.96) | (5,714.24) |
| Additions | | | 531.00 | 5,965.62 | 6,144.58 | 6,322.78 | 6,493.49 | 6,655.83 | 6,802.26 |
| Ending Right-Of-Use Assets Balance | | | 35,559.00 | 36,546.36 | 37,574.45 | 38,636.81 | 39,721.15 | 40,816.02 | 41,901.03 |
| Goodwill | | | 112,529.00 | 112,529.00 | 112,529.00 | 112,529.00 | 112,529.00 | 112,529.00 | 112,529.00 |
| Drivers | | | | | | | | | |
| Capex as % of Revenue | | | 3.4% | 4.0% | 4.0% | 4.0% | 4.0% | 4.0% | 4.0% |
| Depreciation as % of Beginning PP&E | | | 13.1% | 11.0% | 11.0% | 11.0% | 11.0% | 11.0% | 11.0% |
| Impairment of Brewery Assets as % of Beginning PP&E | | | 0.8% | 0.7% | 0.7% | 0.7% | 0.7% | 0.7% | 0.7% |
| Change in right-of-use assets as % of Beginning Right-Of-Use Assets | | | 17.5% | 14.0% | 14.0% | 14.0% | 14.0% | 14.0% | 14.0% |
| Additions in Right-of-Use Assets as % of revenue | | | 0.0% | 0.3% | 0.3% | 0.3% | 0.3% | 0.3% | 0.3% |
| Equity Schedule | | | | | | | | | |
| | 2021A | 2022A | 2023A | 2024E | 2025E | 2026E | 2027E | 2028E | 2029E |
| Shareholder's Equity | | | | | | | | | |
| Beginning Balance | | | | 1,077,929.00 | 1,013,685.50 | 1,016,379.94 | 1,023,474.67 | 1,034,743.69 | 1,182,118.56 |
| Net Income | | | | 93,912.14 | 115,102.70 | 118,992.83 | 122,678.37 | 128,319.45 | 135,819.04 |
| Stock-based Compensation Expense | | | | (17,079.36) | (17,591.74) | (18,101.90) | (18,590.65) | (19,055.42) | (19,474.64) |
| Share Repurchase | | | | (175,953.00) | (130,000.00) | (130,000.00) | (130,000.00) | - | - |
| Option Proceeds | | | | 2,699.00 | - | - | - | - | - |
| Other Equity | | | | (1,981.00) | - | - | - | - | - |
| Ending Balance | | | | 1,013,685.50 | 1,016,379.94 | 1,023,474.67 | 1,034,743.69 | 1,182,118.56 | 1,337,412.24 |
| Debt Paydown & Interest Schedule | | | | | | | | | |
| | 2021A | 2022A | 2023A | 2024E | 2025E | 2026E | 2027E | 2028E | 2029E |
| Cash Flow Available for Financing Activities | | | | 101,195.54 | 123,540.86 | 127,278.94 | 129,813.06 | 134,558.35 | 141,538.07 |
| Share Repurchases | | | | (175,953.00) | (130,000.00) | (130,000.00) | (130,000.00) | - | - |
| Options Proceeds | | | | 2,699.00 | - | - | - | - | - |
| Plus: Beginning Cash Balance | | | | 298,491.00 | 222,553.54 | 216,094.40 | 213,373.34 | 213,186.40 | 347,744.75 |
| Less: Minimum Cash Balance | | | | (50,000.00) | (50,000.00) | (50,000.00) | (50,000.00) | (50,000.00) | (50,000.00) |
| Cash Available for Debt Paydown | | | | 176,432.54 | 166,094.40 | 163,373.34 | 163,186.40 | 297,744.75 | 439,282.83 |
| Credit Facility (Revolver) | | | | | | | | | |
| Cash Available for Revolver | | | | 176,432.54 | 166,094.40 | 163,373.34 | 163,186.40 | 297,744.75 | 439,282.83 |
| Beginning Revolver Balance | | | | - | - | - | - | - | - |
| Draw (Paydown) | | | | - | - | - | - | - | - |
| Ending Revolver Balance | | | | - | - | - | - | - | - |
| Interest | | | | | | | | | |
| Revolver Interest Rate | | | | 5.4% | 5.4% | 5.4% | 5.4% | 5.4% | 5.4% |
| Revolver Interest Expense | | | | - | - | - | - | - | - |
| Total Interest Expense | | | | - | - | - | - | - | - |
| Average Cash Balance | | | | 240,276.91 | 219,323.97 | 214,733.87 | 213,279.87 | 280,465.58 | 418,513.79 |
| Cash Interest Rate | | | | 5.0% | 5.0% | 5.0% | 5.0% | 5.0% | 5.0% |
| Interest Income | | | | 12,013.85 | 10,966.20 | 10,736.69 | 10,663.99 | 14,023.28 | 20,925.69 |
| Net Interest Expense (Income) | | | | (12,013.85) | (10,966.20) | (10,736.69) | (10,663.99) | (14,023.28) | (20,925.69) |

Appendix 5: DCF Analysis

| Discounted Cash Flow Analysis | | | | | |
|--|-----------|-----------|-----------|-----------|-----------|
| Discount Rate Calculation | | | | | |
| <i>All figures in mm USD</i> | | | | | |
| Cost of Equity | | | | | |
| Risk-free Rate | 4.6% | | | | |
| Expected Market Return | 10.5% | | | | |
| Market Risk Premium | 5.9% | | | | |
| Unlevered Beta | 0.67 | | | | |
| Levered Beta | 0.68 | | | | |
| Cost of Equity | 8.6% | | | | |
| Cost of Debt | | | | | |
| Pre-tax Cost of Debt | 4.6% | | | | |
| Effective Tax Rate | 34.0% | | | | |
| Debt Adjustment Factor | 1.38 | | | | |
| Cost of Debt | 4.2% | | | | |
| WACC | | | | | |
| Market Value of Equity | 2,516.49 | | | | |
| Market Value of Debt | 38.20 | | | | |
| Total Capitalization | 2,554.69 | | | | |
| Cost of Equity | 8.6% | | | | |
| Cost of Debt | 4.2% | | | | |
| WACC | 8.5% | | | | |
| Free Cash Flow | | | | | |
| <i>All figures in mm USD</i> | | | | | |
| | 31-Dec-25 | 31-Dec-26 | 31-Dec-27 | 31-Dec-28 | 31-Dec-29 |
| | 2025E | 2026E | 2027E | 2028E | 2029E |
| EBIT | 163.43 | 169.56 | 175.21 | 180.40 | 184.86 |
| Less: Tax Expense | (55.57) | (57.65) | (59.57) | (61.34) | (62.85) |
| Add: Depreciation and Amortization | 71.41 | 72.10 | 72.96 | 73.98 | 75.12 |
| Less: Capital Expenditures | (81.93) | (84.30) | (86.58) | (88.74) | (90.70) |
| Less: Change in Net Working Capital | 5.94 | 4.97 | 5.29 | 5.62 | 5.89 |
| Unlevered Free Cash Flow | 103.29 | 104.67 | 107.32 | 109.92 | 112.32 |
| Discount Factor | 0.92 | 0.85 | 0.78 | 0.72 | 0.66 |
| Discount Year | 1.00 | 2.00 | 3.00 | 4.00 | 5.00 |
| Present Value of Unlevered Free Cash Flow | 95.18 | 88.89 | 83.99 | 79.28 | 74.65 |
| Mid-Year Convention | No | | | | |

| Valuation | | | | | |
|------------------------------------|----------|--------|--------|--------|--------|
| Perpetuity Growth Rate | | | | | |
| Perpetuity Growth Rate | 2.0% | | | | |
| PV Sum of UFCF | 422.00 | | | | |
| Terminal Value | 1,169.21 | | | | |
| Enterprise Value | 1,591.21 | | | | |
| Add: Cash | 255.60 | | | | |
| Less: Debt | (38.20) | | | | |
| Less: Other EV Adjustments | - | | | | |
| Equity Value | 1,808.61 | | | | |
| Shares Outstanding | 10.13 | | | | |
| Implied Share Price | 178.54 | | | | |
| Current Share Price | 248.42 | | | | |
| Total Return | (28.1%) | | | | |
| Exit Multiple Method | | | | | |
| Exit Multiple (EV/EBITDA) | 9.6x | | | | |
| PV Sum of UFCF | 422.00 | | | | |
| Terminal Value | 1,658.84 | | | | |
| Enterprise Value | 2,080.84 | | | | |
| Add: Cash | 255.60 | | | | |
| Less: Debt | (38.20) | | | | |
| Less: Other EV Adjustments | - | | | | |
| Equity Value | 2,298.24 | | | | |
| Shares Outstanding | 10.13 | | | | |
| Implied Share Price | 226.87 | | | | |
| Current Share Price | 248.42 | | | | |
| Total Return | (8.7%) | | | | |
| <i>All Figures in mm USD</i> | | | | | |
| WACC | | | | | |
| | 9.51% | 9.01% | 8.51% | 8.01% | 7.51% |
| Perpetuity Growth Rate | 173.36 | 185.95 | 200.81 | 218.65 | 240.43 |
| 2.50% | 164.92 | 175.92 | 188.75 | 203.91 | 222.08 |
| 2.00% | 157.61 | 167.33 | 178.54 | 191.62 | 207.07 |
| 1.50% | 151.20 | 159.88 | 169.79 | 181.22 | 194.55 |
| 1.00% | 145.55 | 153.36 | 162.20 | 172.30 | 183.95 |
| Exit Multiple (EV / EBITDA) | | | | | |
| | 234.74 | 239.28 | 243.93 | 248.72 | 253.63 |
| 10.6x | 226.60 | 230.94 | 235.40 | 239.99 | 244.70 |
| 10.1x | 218.45 | 222.61 | 226.87 | 231.26 | 235.76 |
| 9.6x | 210.30 | 214.27 | 218.35 | 222.53 | 226.83 |
| 9.1x | 202.16 | 205.94 | 209.82 | 213.80 | 217.90 |
| 8.6x | | | | | |

Appendix 6: Comps Analysis

| | | Balance Sheet Data | | EV/EBITDA Multiple | | | P/E Multiple | | |
|-------------------------------|--------------------|--------------------|-----------------|-------------------------|------------------|------------------|-------------------|------------------|------------------|
| | | Enterprise | | 2023A | 2024E | 2025E | 2023A P/E | 2024E P/E | 2025E P/E |
| Company | Ticker | Equity Value | Value | EV/EBITDA | EV/EBITDA | EV/EBITDA | | | |
| Molson Coors Beverage Company | (NYSE: TAP) | 11,240.32 | 16,894.42 | 6.8x | 6.9x | 6.8x | 12.4x | 10.0x | 9.3x |
| Constellation Brands, Inc. | (NYSE: STZ) | 33,453.04 | 45,269.94 | 11.4x | 11.4x | 10.5x | 19.4x | 27.3x | 12.1x |
| Chongqing Brewery Co., Ltd. | (SHSE: 600132) | 3,586.44 | 3,391.64 | 6.4x | 6.4x | 6.1x | 19.0x | 19.6x | 18.7x |
| Heineken N.V. | (AMS: HEIA) | 39,271.32 | 59,518.22 | 8.4x | 8.9x | 8.4x | 15.7x | 24.2x | 14.8x |
| Asahi Group Holdings, Ltd. | (TYO: 2502) | 15,507.06 | 24,926.56 | 8.5x | 9.1x | 8.7x | 13.2x | 12.3x | 11.2x |
| Brown-Forman Corporation | (NYSE: BF.B) | 15,819.18 | 18,571.18 | 11.9x | 14.7x | 13.9x | 15.5x | 18.5x | 17.5x |
| Anheuser-Busch Inbev SA/NV | (EBR: ABI) | 98,135.88 | 179,275.88 | 8.9x | 8.6x | 8.4x | 18.8x | 16.6x | 13.9x |
| Keurig Dr Pepper Inc. | (NASDAQ: KDP) | 42,423.19 | 58,484.19 | 13.7x | 13.0x | 12.4x | 20.1x | 16.3x | 15.3x |
| PepsiCo, Inc. | (NASDAQ: PEP) | 205,487.36 | 242,602.36 | 13.9x | 13.6x | 13.1x | 22.7x | 19.1x | 17.7x |
| Sapporo Holdings Ltd. | (TYO: 2501) | 3,519.19 | 5,042.69 | 19.4x | 18.9x | 18.4x | 56.5x | 47.0x | 43.1x |
| Boston Beer Company | (NYSE: SAM) | 2,906.51 | 2,689.11 | | | | | | |
| High | | | | 19.4x | 18.9x | 18.4x | 56.5x | 47.0x | 43.1x |
| 75th Percentile | | | | 13.7x | 13.9x | 13.3x | 20.8x | 24.9x | 18.0x |
| Median | | | | 10.2x | 10.2x | 9.6x | 18.9x | 18.8x | 15.0x |
| Mean | | | | 10.9x | 11.2x | 10.7x | 21.3x | 21.1x | 17.4x |
| 25th Percentile | | | | 8.0x | 8.2x | 8.0x | 14.9x | 15.3x | 11.9x |
| Low | | | | 6.4x | 6.4x | 6.1x | 12.4x | 10.0x | 9.3x |
| | | | | EV/EBITDA Implied Price | | | P/E Implied Price | | |
| High | | | | \$ 330.06 | \$ 387.32 | \$ 387.45 | \$ 350.04 | \$ 377.54 | \$ 443.64 |
| 75th Percentile | | | | \$ 238.94 | \$ 289.58 | \$ 285.26 | \$ 128.67 | \$ 200.22 | \$ 185.13 |
| Median | | | | \$ 181.84 | \$ 218.00 | \$ 210.99 | \$ 117.27 | \$ 151.12 | \$ 154.88 |
| Mean | | | | \$ 194.12 | \$ 235.97 | \$ 232.71 | \$ 132.25 | \$ 169.30 | \$ 178.74 |
| 25th Percentile | | | | \$ 147.12 | \$ 177.96 | \$ 178.86 | \$ 92.55 | \$ 122.63 | \$ 122.29 |
| Low | | | | \$ 121.16 | \$ 144.00 | \$ 140.74 | \$ 76.66 | \$ 80.62 | \$ 95.30 |

Appendix 7: Summary Page

| Valuation Mix | | Percentage |
|---------------------------|---------------|-------------|
| DCF - Perpetuity Growth | 178.54 | 25% |
| DCF - Exit Multiple | 226.87 | 25% |
| Trading Comps - EV/EBITDA | 210.99 | 20% |
| Trading Comps - P/E | 154.88 | 30% |
| Price Target | 190.02 | 100% |

| | |
|----------------------|---------------|
| Current Price | 248.42 |
| Implied Price | 190.02 |
| Total Return | -23.5% |

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