

Hispanic Foods

2026 Industry Update



Stout Food & Beverage Expertise

Stout professionals leverage broad, in-depth coverage across the food & beverage industry and have recently advised numerous clients participating in a variety of key industry subsectors

Comprehensive Coverage of Food & Beverage

- Stout’s food & beverage coverage team uses extensive knowledge across numerous subsector coverage areas, including trends, buyer landscape and strategy, as well as deep transaction and advisory experience to best position our clients and maximize outcomes
- Active deal activity and continuous ongoing dialogue with market-leading food & beverage businesses enables key decision making and tailor-made process recommendations to drive buyer engagement and valuations

Dedicated Coverage Team



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Managing Director



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Select Recent Food & Beverage Experience




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Sale of assets pursuant to Section 363 sale



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Subsector Coverage Areas



Ethnic Foods



Better-For-You



Specialty Ingredients



Co-Manufacturing



Branded & Private Label



Grocery Retail



Restaurants



Foodservice Equipment

Hispanic Foods – A Clear Category Leader

The ~\$40B+ Hispanic foods category is a highly influential segment, driven by shifting consumer tastes, a rapidly growing Hispanic population, and increasing economic power

Key Themes

*Strong Category Growth
Outpacing the Broader
Food Market*

*Fragmented Market with
Significant Consolidation
Opportunity*

*Industry Tailwinds Driven
by Consumer Demand
for Global Flavors*

*Authenticity Supporting
Premiumization*

*Cross-Cultural
Innovation Opportunities*



Among the Fastest-Growing Food Categories

Hispanic foods has emerged as one of the fastest-growing segments in the broader food industry, driven by demographic tailwinds, a shift in consumer preferences toward bold and authentic flavors, and growing purchasing power among the Hispanic consumer. This momentum is reflected in both expanding shelf space at major retailers and increased product innovation from established and emerging brands. While staple products like tortillas, rice, beans, and sauces remain strong, innovative products such as frozen meals, spicy flavored chips, and pre-packaged dips are gaining popularity among Hispanic and non-Hispanic consumers



Adoption Into Traditionally Non-Hispanic Products

Mainstream inclusion of Hispanic flavors in non-Hispanic foods is accelerating category growth, as ingredients like chili, lime, and spice blends are progressively integrated by brands into popular products. Strategic buyers and financial sponsors are actively targeting these scarce, authentic businesses, driving M&A activity focused on platforms that can extend into adjacent categories and capitalize on widespread consumer adoption



Rapid Growth Is Supporting Channel and Aisle Expansion

The Hispanic foods market is experiencing a clear shift as products once limited to ethnic aisles or specialty retailers have moved into mainstream channels. Hispanic products are driving growth across retail, foodservice, and e-commerce channels, extending well beyond traditional Hispanic retailers and consumers



Scarcity of Authentic Brands Driving M&A Interest

The Hispanic foods category remains highly fragmented, with a limited group of scaled, authentic brands that resonate with both Hispanic and mainstream consumers. As demand for culturally relevant and heritage-driven products increases, this scarcity is becoming more pronounced. As a result, strategic buyers and financial sponsors are actively pursuing differentiated assets in the market, driving competitive M&A processes and premium valuations for platforms that combine authenticity with scale

Sources: Towards FnB – Hispanic Foods Market Size, Growth, and Trends 2025 to 2035

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Market and Industry

Population Growth Is Powering Food Category Momentum

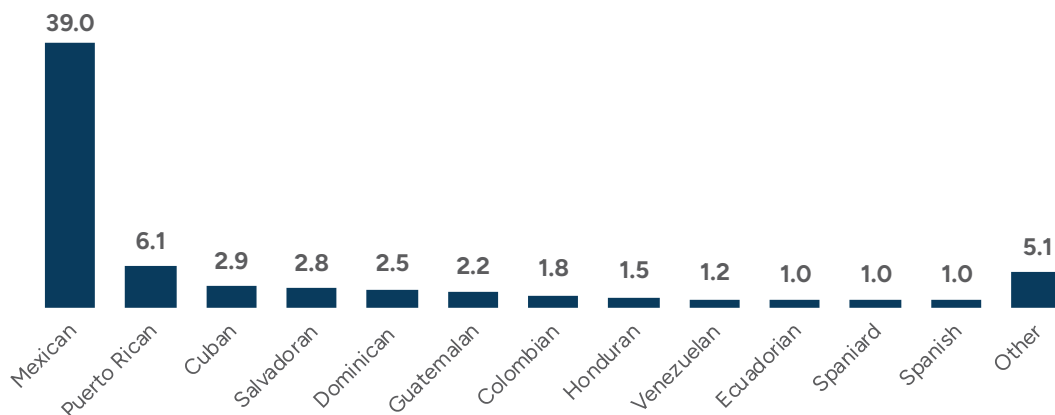
Hispanics are one of the fastest-growing demographics in the U.S., influencing palates of non-Hispanic consumers and driving greater momentum of the Hispanic foods category

U.S. Population Growth by Demographic (2010-2026) (in Millions)

Population Demographic	2010	2020	2026	CAGR (2010 – 2026)	Total Growth
Non-Hispanic White	196.8	191.7	188.7	(0.3%)	(4.1%)
Hispanic	50.5	62.1	70.0	2.1%	38.6%
Non-Hispanic Black	37.7	39.9	41.7	0.6%	10.6%
Non-Hispanic Asian & Pacific Islanders	14.9	20.2	22.8	2.7%	52.8%

Key Takeaway: The Hispanic population had the largest absolute increase of ~20M people from 2010 to 2026 and one of the fastest growth rates, ~39%, serving as a primary demand driver for the Hispanic foods category

U.S. Hispanics by Country of Origin (2023) (in Millions)



Sources: Claritas 2025 Hispanic Market Report, U.S. Census Bureau 2024 Hispanic or Latino Origin by Specific Origin, U.S. Census Bureau Growth Between the US Hispanic and Non-Hispanic Populations

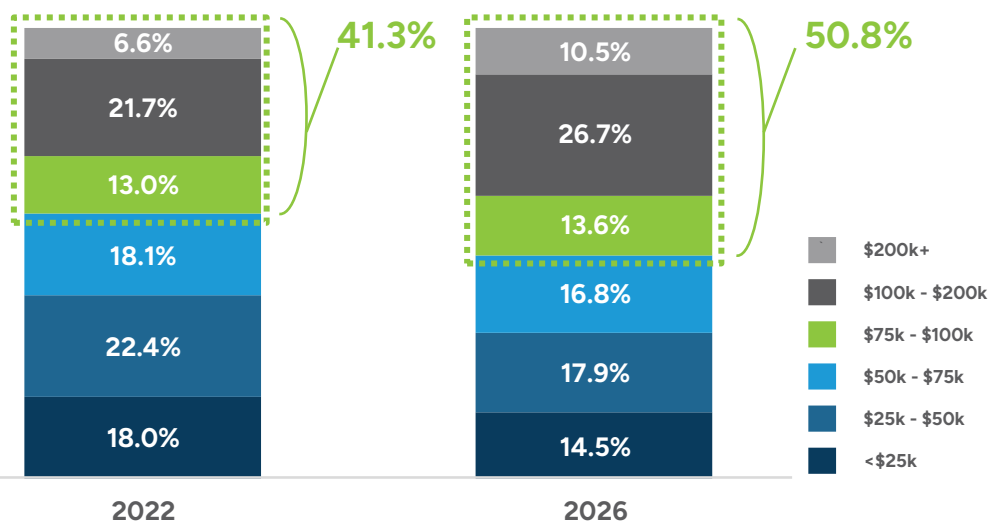
Headline Metrics

- Hispanics now represent **~20% of the U.S. population** and are among the fastest-growing demographic groups, outpacing population growth of other demographics
- From 2022 to 2023 alone, the U.S. Hispanic population grew by ~1.2 million, with approximately **2/3 of growth from natural increase** and 1/3 from international migration
- Mexicans make up **~57% of the Hispanic population** in the U.S., outnumbering the second largest group by more than **6x**, driving the widespread influence of Mexican cuisine across the country

Rising Hispanic Household Income Driving Increased Spending Power

With rapidly rising household income and purchasing power, Hispanics are becoming a highly influential consumer group within the U.S., driving growth in grocery retail spending and shaping purchasing decisions

Increased Annual U.S. Hispanic Household Income (2022-2026)



Households with \$75k+ annual income increased from 41.3% to 50.8% from 2022 to 2026

Key Takeaway: The upward trend in Hispanic household income has outpaced that of non-Hispanic households, reflecting stronger wage growth and broader economic participation. Notably, growing representation in higher income brackets highlights meaningful upward mobility across generations, signaling a shift toward greater purchasing power and long-term economic stability within the demographic

\$4.1T
Estimated Purchasing Power of U.S. Hispanics

~23.0%
Contribution to U.S. Dollar Growth

14.7%
Hispanics as a % of Total U.S. Households

~15.0%
% of Total Consumer Spending

Key Catalysts for Increased Household Income

- 1 Rapid U.S. Hispanic population growth is increasing the number of income-earning households, driving aggregate household income expansion
- 2 Both U.S.-born and immigrant Hispanics have a higher labor force participation rate than the overall U.S. average
- 3 Continued shift from lower-wage roles into higher-paying sectors, creating increased upward mobility across generations
- 4 Rising high school and college completion rates are providing greater access to higher-paying, skilled jobs, supported by Hispanic representation in essential and growing industries

Sources: Claritas 2025 Hispanic Market Report, The 2025 Official LDC U.S. Latino GDP Report, American Immigration Council – The Economic Contributions of Hispanic Americans, Nielsen – How Hispanic Households are Redefining Retail

Hispanic Consumers Over-Index in Grocery Retail Shopping

U.S. Hispanic consumers demonstrate high engagement in grocery shopping, frequently over-indexing on grocery spend compared to the general population, as they prioritize cooking fresh and authentic meals at home



Hispanic consumers tend to over-index on staple grocery items such as fresh meats, rice, and beans, reflecting a strong cultural emphasis on home-cooked, authentic meals. This focus drives a preference for brands with cultural roots. At the same time, private label is gaining traction as a cost-effective alternative. Overall, Hispanic shoppers prefer fresh ingredients, with grocery retail representing the key channel to prepare high-quality, traditional dishes while maintaining longstanding culinary traditions



Hispanic households are larger on average, contributing to more frequent, family-oriented meals, grocery trips with greater basket sizes, and a tendency to cook at home rather than dine out. This dynamic translates into comparable annual food at home expenditures per person compared to all non-Hispanic / Latino groups, with spending concentrated on grocery consumption rather than foodservice or dining out

How Hispanic Consumers Shop at Grocery Retail



Over-index in meats, poultry, and other perishable products



Prefer to purchase meat from meat counters and butcher shops vs. pre-packaged items



Gravitate toward brands that highlight unique customs and heritages and are ethnically "authentic"



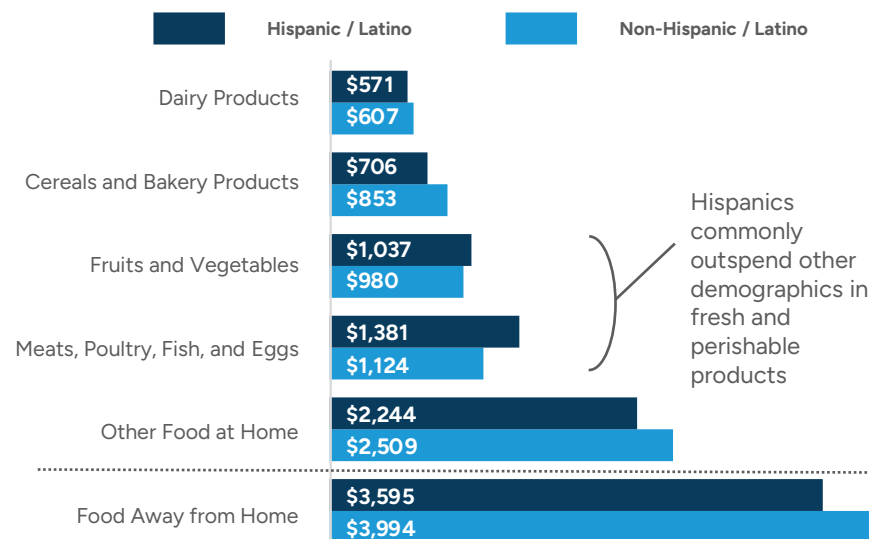
May choose private label as a more affordable option



Key Takeaway: Hispanic consumers approach grocery shopping with a strong focus on value and authenticity, over-indexing in staple categories, and considering private label offerings as a cost-effective way to meet everyday needs

Average Annual Food Expenditure Per Person in the U.S. (2023)

\$ in Actuals



Key Takeaway: Hispanic consumers spend approximately in line with non-Hispanic consumers on a per-person basis, supporting sustained expansion of the Hispanic foods market

Sources: LEK Consulting Claritas 2025 Hispanic Market Report, Grocery Dive: How Grocers Can Better Cater to Latino Shoppers, U.S. Bureau of Labor Statistics: Consumer Expenditures in 2023

Emerging Trends Shaping Hispanic Foods

The Hispanic foods category is proving to be durable, driven by sustained consumer demand for bold and authentic flavors across a growing range of food types and consumption occasions

Emerging Trends...

...Supported by Consumer Dynamics That Are Here to Stay

1	<i>Diet-Friendly</i>		<p>Hispanic food businesses are catering to evolving dietary preferences and restrictions, including plant-based, dairy-free, and gluten-free options, with innovations such as grain-free tortillas, alternative protein fillings, and clean-label ingredients that maintain authentic flavors</p>
2	<i>Hispanic-Inspired & Spicy Snacks</i>		<p>Mainstream brands are increasingly incorporating Hispanic-inspired flavors such as chili, lime, and chamoy, while partnering with popular hot sauce brands to infuse flavors into widely consumed snacks like chips, nuts, and popcorn</p>
3	<i>Fusion Foods</i>		<p>Fusion foods are gaining traction as Hispanic flavors intersect with global cuisines, creating innovative dishes such as Korean BBQ tacos, sushi burritos, and birria ramen. These cross-cultural combinations are resonating with younger consumers and expanding Hispanic flavors into new categories and dining occasions</p>
4	<i>Better-for-You</i>		<p>The Better-for-You market is experiencing strong growth, driven by demand for healthier, authentic options like low-carb tortillas and clean-label products. This shift, fueled by changing demographics and health-conscious consumers, is driving innovation across categories</p>

Staple Foods Remain Strong While Growing Categories Gain Traction

Core Hispanic food staples such as tortillas, rice, beans, and sauces continue to represent a stable and highly profitable segment, and adjacent categories like frozen foods, snacks, and convenience offerings are gaining momentum driven by consumer demand for the cuisine and its flavors

Staple Categories



Tortillas



Rice



Sauces



Beans



Meats



Spices

Growing Categories



Frozen Meals



Spicy Chips



Pre-Packaged Dips



Meat Snacks

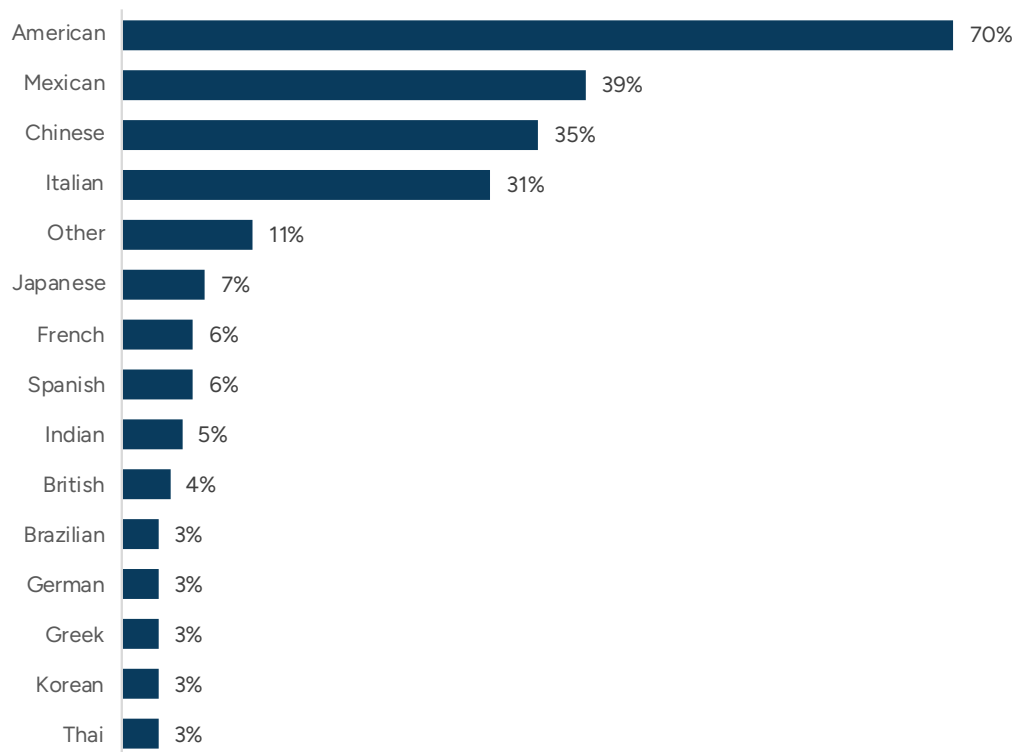


Packaged Beverages




The Rise of Global Flavors in Everyday Consumption

Consumer preferences are shifting toward diverse and global flavors, driving integration into everyday food and beverage options and contributing to the expansion of the Hispanic foods market

Cuisine Preferences in the U.S. (2024)



Global Flavor Trends

-  39% of consumers prefer Mexican cuisine, further supporting Hispanic foods category growth
-  70% of operators report rising demand for global flavors, underscoring the category's growing role
-  Birria has grown 350% on menus in four years, showcasing the desirability of Hispanic-specific cuisine

 **Key Takeaway:** Global cuisines have become embedded in everyday U.S. consumption, with Mexican food ranking as a leading preference, highlighting the growing influence of international flavors and reinforcing the mainstream adoption of Hispanic cuisine. Despite American cuisine remaining the most preferred, the strong presence of global cuisines underscores a meaningful shift in consumer taste toward more diverse, international flavor profiles




51%
% of Global Consumers Seeking International Cuisines



47%
% of U.S. Consumers Ate Globally Influenced Food in the Past Week



60%
Hispanic Foods as a % of Ethnic Food Sales in 2025



11%
Share of all U.S. Restaurants Serving Mexican Food

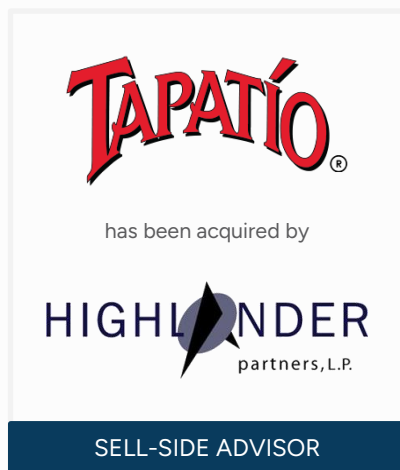
Sources: Innova Market Insights – Global Flavor Trends 2026, Statista – Favorite Cuisines of Consumers in the United States in 2024, Datassential – Global Flavors Are Redefining American Restaurant Trends in 2025, Datassential – New Classics, New Energy: How to Reimagine 2026’s Must-Have Flavors on Your Menu, Market Reports World – Hispanic Foods Market Size, PEW Research – About 1 in 10 Restaurants in the U.S. Serve Mexican Food



Sector Activity

Recent Case Study: Tapatio Acquired by Highlander Partners

Stout served as exclusive financial advisor to Tapatio in its sale to Highlander, executing a targeted and highly competitive sale process



Business Description

- Tapatio is a leading authentic Hispanic-focused hot sauce brand with a rich, established heritage and a highly loyal base of consumers across the globe

Process Summary and Outcome

- Engaged by Tapatio to serve as its exclusive financial advisor
- Highly targeted process to ensure confidentiality while also achieving a full valuation
- The process garnered significant interest from strategic (large F&B / CPG companies) and financial buyers; both buyer types strongly desired enhancing their Hispanic foods exposure
- Successfully closed the transaction with Highlander Partners and negotiated favorable deal terms for the management team



Closed
January 2026



Transaction Type
Sell-Side Advisory



Industry
Branded Food (Hispanic)



Products
Hot Sauce

Key Positioning Themes

- ✓ **One of the Largest Independent Hot Sauce & Flavor Platforms**
- ✓ **Notable Hispanic Brand Positioned Well Within Food and Demographic Trends**
- ✓ **Highly Attractive EBITDA Margin Profile with Nominal CapEx Requirements**
- ✓ **Multiple Transformational Growth Levers Across Products and Channels**
- ✓ **Scaled, Reliable Operating Platform Backed by Proven Quality and Supply Chain Strength**
- ✓ **Significant Pricing Power & Consumer Demand**

Select Recent M&A Transactions

Date	Target	Acquiror / Investor	Acquiror Type	Target Sector
Apr-26			Hybrid (Pritzker Private Capital)	Variety Flour Tortillas
Apr-26			Sponsor	Latino Dairy, Meats, and Frozen Foods Brand
Jan-26			Sponsor	Mexican Hot Sauce Brand
Jan-26			Hybrid (AUA & Avance)	Hispanic Sausages and Deli Meats
Dec-25			Strategic	Mexican Fast-Food Chain
Nov-25			Strategic	Frozen Mexican Prepared Foods
Aug-25			Strategic	Hispanic Cheese Manufacturer
Jul-25			Strategic	Better-For-You Mexican Sauce and Foods
Jun-25			Hybrid (Pritzker Private Capital)	Tortillas, Wraps, and Chips
Jun-25			Strategic	Corn and Wheat Tortillas

Source: Company website, Capital IQ, Stout proprietary database

Select Recent M&A Transactions

Date	Target	Acquiror / Investor	Acquiror Type	Target Sector
Apr-25			Sponsor	Shelf-Stable Mexican Foods
Mar-25			Strategic	Drinkable Yogurt and Dairy
Jan-25			Hybrid (Shore Capital Partners)	Mexican Pan Dulce Bakery
Jan-25			Strategic	Mexican-American Snacks and Tortillas
Dec-24			Sponsor	Latin American Dairy and Food Products
Dec-24			Strategic	Full-Service Mexican Restaurants
Nov-24			Strategic	Refrigerated Hispanic Prepared Foods
Oct-24			Hybrid (CapVest Partners)	Hispanic Desserts and Puddings
Oct-24			Strategic	Tex-Mex Restaurant Chain
Sep-24			Hybrid (Nexus Capital Management)	Corn-Based Snack Manufacturer
Sep-24			Sponsor	Latin American Food Products

Source: Company website, Capital IQ, Stout proprietary database

Select Recent M&A Transactions

Date	Target	Acquiror / Investor	Acquiror Type	Target Sector
Aug-24			Strategic	Fast-Casual Burrito Chain
May-24			Sponsor	Tortilla Chips and Salsa
May-24			Hybrid (Quad-C Management)	Mexican Food Distributor
Apr-24			Strategic	Hispanic Sweet Baked Goods
Oct-23			Sponsor	Hispanic Food Importer
Aug-23			Hybrid (Riverarch Equity Partners)	Mexican Spices and Chiles
Jul-23			Hybrid (Littlejohn & Co.)	Latino Specialty Food Distributor
Jun-23			Hybrid (Apollo)	Hispanic Grocery Retailer
May-23			Strategic	Mexican Cheese and Cream Producer
Feb-23			Hybrid (CREO Capital Partners)	Fresh Guacamole and Dips
Feb-23			Strategic	Hispanic Food Trade Expo

Source: Company website, Capital IQ, Stout proprietary database

Public Company Partnerships Driving Growth in Hispanic Foods

Public company joint ventures and strategic partnerships in Hispanic/Mexican foods demonstrate how branded food companies are leveraging collaborative structures to expand portfolios, enter new channels, and drive category growth

Hormel + Herdez Del Fuerte form MegaMex

Structure: 50/50 Joint Venture



- Formed in 2009, MegaMex is a 50/50 joint venture between Hormel Foods and Herdez del Fuerte created to market Mexican foods in the U.S.
- Launched with ~\$200M of revenue and brands including CHI-CHI'S, HERDEZ, LA VICTORIA, EMBASA, and DOÑA MARÍA, supported by an independent management team
- Has since grown to ~\$934M¹ in revenue; acquired Fresherized Foods in 2011, adding WHOLLY Guacamole (America's #1 refrigerated guacamole brand), and now has 4,000+ employees across retail, foodservice, and convenience channels

Representative Products



McCormick + Grupo Herdez form McCormick de Mexico

Structure: 75/25 Joint Venture²



- Formed in 1947, McCormick de Mexico is a 50/50 joint venture between McCormick and Grupo Herdez created to establish a leading condiments and sauces platform in Mexico
- In January 2026, McCormick acquired an additional 25% stake from Grupo Herdez for \$750M (~12x 2025 EBITDA), increasing ownership to a controlling 75%
- Generates ~\$810M in annual net sales, led by flagship Mayonesa (~70% market share) and supported by strong brand equity and broad distribution across Mexico

Representative Products



Source: Public financial disclosures, press releases, and Food Navigator USA

(1) 2025A financial results converting MXN to USD as of 3/24/2026 spot rate

(2) Initially structured as a 50/50 JV; McCormick acquired an additional 25% stake in January 2026 for \$750M

A top-down view of a table with various Mexican dishes. In the top left, there is a large black bowl filled with tortilla chips, a small bowl of guacamole, a red chili pepper, and a lime wedge. In the top right, a black plate holds a burrito cut into wedges, topped with cheese, jalapeños, and a dollop of sour cream. In the center, a small metal cup contains yellow cheese sauce. In the bottom left, a red plate features several tacos with shredded cheese, tomatoes, and jalapeños. In the bottom center, a small bowl contains a fresh salsa of tomatoes, onions, and jalapeños, with two red chili peppers and a lime wedge nearby. In the bottom right, a blue plate shows a burrito with cheese and jalapeños, accompanied by another lime wedge. The background is a dark, textured surface.

Connect With Us

Overview of Stout — Leading Growth-Focused Investment Bank

Stout is a global investment bank and advisory firm serving a wide range of clients, including public corporations, private equity firms, and privately owned companies across numerous industries

300+

Fortune 500 Clients Served Annually

1,300+

Professionals Globally

120+

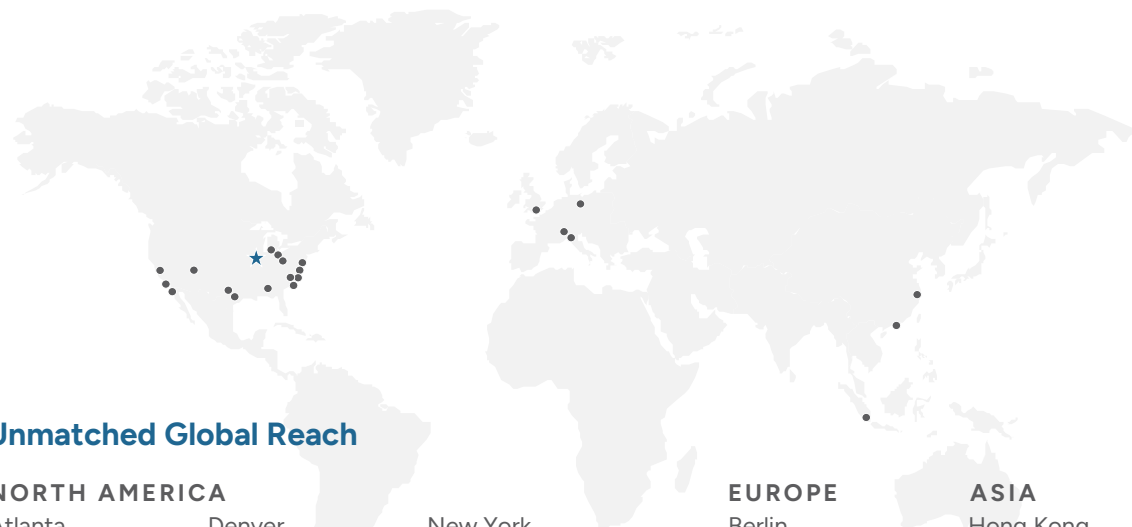
M&A Professionals

20%

Cross-Border Engagements

25

Stout Offices Globally



Unmatched Global Reach

NORTH AMERICA

- | | | |
|-----------|--------------|----------------|
| Atlanta | Denver | New York |
| Baltimore | Detroit | Philadelphia |
| Charlotte | Grand Rapids | San Diego |
| Chicago | Houston | San Francisco |
| Cleveland | Irvine | Tysons Corner |
| Dallas | Los Angeles | Washington, DC |

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- Berlin
- Lausanne
- London
- Milan

ASIA

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Deep Domain Expertise



INVESTMENT BANKING

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- Capital Markets Advisory
- ESOP Advisory
- Special Situations and Distressed M&A

TRANSACTION ADVISORY

- Due Diligence – Financial, Tax, IT, Legal Claims
- Integration & Separation
- Interim Management & Business Transformation
- Transaction Accounting & Internal Controls

VALUATION ADVISORY

- Fairness & Solvency Opinions
- Corporate Tax Planning and Compliance
- ESOP Valuations & Opinions
- Financial Reporting and Valuation Disputes
- Trust and Estate Planning




















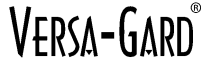























ACCOUNTING & REPORTING ADVISORY

- Accounting & Risk Advisory
- Accounting & Finance Operations
- Financial Statement Preparation & SEC Filings
- Public Company Readiness

DISPUTES, CLAIMS, & INVESTIGATIONS

- Claims, Contract Compliance, & Corp. Investigations
- Expert Testimony and Consulting
- Regulatory Compliance and Financial Crimes

Select Food & Beverage Experience

 <p>has been acquired by</p>  <p>SELL-SIDE ADVISOR</p>	 <p>has been acquired by</p>  <p>SELL-SIDE ADVISOR</p>	 <p>Sale of assets pursuant to Section 363 sale</p>  <p>SELL-SIDE ADVISOR</p>	 <p>has been acquired by</p>  <p>SELL-SIDE ADVISOR</p>	 <p>a portfolio company of</p>  <p>has been acquired by</p>  <p>SELL-SIDE ADVISOR</p>	 <p>has been acquired by</p>  <p>SELL-SIDE ADVISOR</p>
 <p>has been acquired by</p>  <p>SELL-SIDE ADVISOR</p>	 <p>has been acquired by</p>  <p>SELL-SIDE ADVISOR</p>	 <p>a portfolio company of</p>  <p>has been acquired by</p>  <p>SELL-SIDE ADVISOR</p>	 <p>has been acquired by</p>  <p>a portfolio company of</p>  <p>SELL-SIDE ADVISOR</p>	 <p>a portfolio company of</p>  <p>has been acquired by</p>  <p>SELL-SIDE ADVISOR</p>	 <p>a portfolio company of</p>  <p>has been acquired by</p>  <p>SELL-SIDE ADVISOR</p>
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Note: Transaction experience may include work by Stout professionals while at prior firms



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