whipstitch CAPITAL

Healthy Living Consumer Products Update

Industry Overview
Deal Review
Top Trends

In partnership with SPINS

September 2023

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Whipstitch Capital is the Largest Independent Investment Bank in the U.S. Solely Focused on Emerging Consumer Brands

The Leading Consumer-Focused Investment Bank in the U.S.

Large, Experienced Team
Highly-specialized team led by industry veterans Nick McCoy and Mike Burgmaier

Best-in-Class Advisors
Financial advisory on M&A and institutional private placements

Highly Skilled
80+ years collective consumer investment banking experience; 170+ transactions closed

Consumer Experts
Focused exclusively on innovative consumer companies

Category-Leading Clients
Whipstitch represents category-leaders, innovators, and top-quality teams

Boston HQ
Coverage across the U.S; clients and buyers from all over the world

Whipstitch Represents Category Leaders, Innovators and Highly-Talented Teams

Select Recent/Active Mandates

Pet
High-quality treats, cleaning products and accessories for pets

Non-Alcohol Beverage
Better-for-you alcohol-free tea brewed-like-beer brand

Protein Chips
High protein chips with bold flavoring

Full Body Sweat Care
Sweat products for excessive sweaters, makeup wearers, athletes, and more

Plant-Based Superfoods
High quality, organic, and delicious-tasting superfoods

Select Prior Transactions

Since 1847 Thayers Natural Remedies	Core	Hoplark®	purely elizabeth.	uqora	Rocco & Roxie Supply Co.®	Cold-Brew High Brew Coffee	KeVita
L'Oréal Paris	Keurig Dr Pepper™	Brooklyn Brewery	SEMCAP Food & Nutrition Invest With Purpose	Pharmavite®	PetIQ	beliv	PepsiCo

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Whipstitch Founded and Led by Experienced Dealmakers with a Highly Seasoned Team

Managing Director

Nick McCoy, CFA

- 20+ years investment banking experience
- Formerly Gleacher & Co. (First Albany, now Jefferies), Allmerica Financial Corp., Wheelabrator Technologies
- MBA, Wake Forest University; BS, University of New Hampshire

Managing Director

Michael Burgmaier

- Over 20 years of investment banking, consulting and VC Experience
- Former VC and Bain & Co., Inc. Consultant
- MBA, The Tuck School of Business at Dartmouth; MPP, Duke University; BS, Boston College

Executive Director

Andress Blackwell

- Former CEO of Swerve; acquired by Whole Earth Brands in 2020
- 20+ years natural products industry experience

Director

Tim Sousa

- Ten years consumer IB and PE experience
- MBA and BS Finance, Bentley University where Tim was a NCAA student athlete

Director

Greg Ucich, CFA

- Nine years consumer IB experience
- Based in San Diego, CA – west coast coverage
- BS Economics and Finance, University of New Hampshire

Vice President

Kris Hall, CFA, CPA

- Ten years of financial advisory and strategy consulting experience
- Based in Dallas, TX – southern coverage
- BS Accounting and Finance, Villanova University

Associate

Sarika Pokala

- Three years consumer IB experience; Specialty Finance at JP Morgan
- BS Applied Economics and Management, Cornell University

Associate

Nate Cronin

- Two years consumer finance experience; three years food start-up experience
- BA Psychology, GW University and MBA, UCLA Anderson

Dir. of Operations

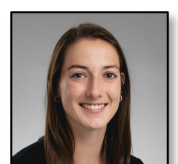
Kathy Foster

- Eight years of investment banking operations experience

Associate

Sam Zander, CPA

- Two years consumer IB experience; two years at Deloitte
- MS Accounting, USC; BS Finance, Washington State University



Analyst

Julianne Slavin

- Two years private equity investment experience
- MS Finance and BS Economics-Finance, Bentley University

Analyst

Taylor Urlich

- Three years management consulting experience
- BS Management and Business, Skidmore College

Whipstitch is Unique: 100% Founder Owned; Solely Consumer Focused; Strong Middle-Market Banking Capabilities

We Own Whipstitch

The principals own 100% of the firm

We are not going anywhere

We understand entrepreneurship

Long-Term

We work with many clients over many years

We have no quarterly quotas

We work with clients to get the best deal done at the right time

100% Consumer Focused

We only do consumer

We know it better than anyone

We know how to talk about your company and the opportunity

Connected

We know virtually every acquirer and investor in the consumer space

They ask us what we think and listen to our opinions

Regular interaction quarterly (or more) with over 50+ global strategics

Lead Industry Gatherings

We bring acquirers and investors to us with can't-miss events throughout the year

Whipstitch Works with Clients Both Before and During the Process: Our Services are Comprehensive and Best-in-Class

Pre-Process

Executive Summary & CIM

We **create** the best story possible. We know what matters. We sell. We make you look good

Financial Model

We **create** detailed, highly-complex bottoms-up financial models using airtight assumptions

Buyers List

We **leverage** our massive network to compile the best list of investors / acquirers tailored for you

Process

Calling Program

We **generate** strong interest and provide requested diligence materials

Meetings

We are on email and phones constantly and at meetings. We **manage** it all. We sell

Diligence

We **manage** the Data Room. We know what will be asked and we have answers ready (you will look good)

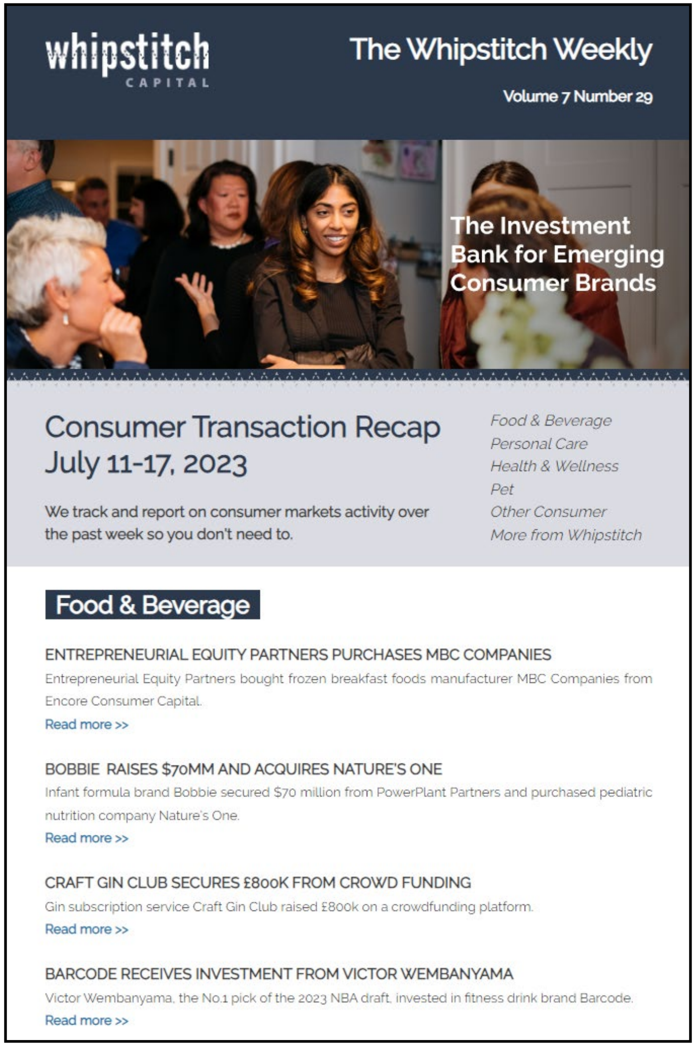
Marketplace

We **create** a competitive process designed to generate multiple offers

Closing

We **lead** negotiations with investors/acquirers to help create the best-possible outcomes

Be Sure to Subscribe to "The Whipstitch Weekly" - Our Industry-Leading Weekly Deal Recap Newsletter



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The Whipstitch Weekly

Volume 7 Number 29

The Investment Bank for Emerging Consumer Brands

Consumer Transaction Recap
July 11-17, 2023

We track and report on consumer markets activity over the past week so you don't need to.

Food & Beverage
Personal Care
Health & Wellness
Pet
Other Consumer
More from Whipstitch

Food & Beverage

ENTREPRENEURIAL EQUITY PARTNERS PURCHASES MBC COMPANIES

Entrepreneurial Equity Partners bought frozen breakfast foods manufacturer MBC Companies from Encore Consumer Capital.

Read more >>

BOBBIE RAISES $70MM AND ACQUIRES NATURE'S ONE

Infant formula brand Bobbie secured $70 million from PowerPlant Partners and purchased pediatric nutrition company Nature's One.

Read more >>

CRAFT GIN CLUB SECURES £800K FROM CROWD FUNDING

Gin subscription service Craft Gin Club raised £800k on a crowdfunding platform.

Read more >>

BARCODE RECEIVES INVESTMENT FROM VICTOR WEMBANYAMA

Victor Wembanyama, the No.1 pick of the 2023 NBA draft, invested in fitness drink brand Barcode.

Read more >>

- Whipstitch distributes weekly transaction newsletters to over 15,000 consumer industry professionals
- Covers food and beverage, supplements, pet, retail, beauty and personal care
- Shared extensively within strategic acquirers and private equity firms
- Constant interaction with buyer/ investor universe – Whipstitch is the knowledge leader in consumer M&A
- Non-traditional buyers and investors see the newsletter and constantly ask to participate in our processes

DEAL DIFFERENT.™

Click to Subscribe!

SPINS / Whipstitch Partnership Offers Comprehensive Data Set and Unrivaled Market Analysis Capabilities

Established Partnership Provides Whipstitch With Detailed Market Information on Every Brand and Category Tracked by SPINS

- Investors and acquirers pay up when they see a strong data story
- We know the data inside and out, and we know the right story to tell
- Whipstitch clients get favorable access to SPINS data packages

Clear Value-Driver for Whipstitch Clients

Select Deals Led by the Whipstitch Team

High Brew Coffee / beliv	Rocco & Roxie Supply Co. / PetIQ	keystone Natural Holdings / House Foods	Hoplark / Brooklyn Brewery	purely elizabeth. / SEMCAP Food & Nutrition	uqora / Pharmavite
Hope Spread Good Things / Savencia Fromage & Dairy	Swerve / Whole Earth Brands	Since 1847 Thayers Natural Remedies / L'Oréal Paris	Hungry Harvest / Creadev Creating for People	core / Keurig Dr Pepper	Purple Carrot / Oisix ra daichi
spindrift / VMG	KeVita / PepsiCo	Country Archer Jerky Co. / Monogram Capital Partners	essentia hydration perfected / Castanea	Uncle Matt's Organic / Dean Foods	Blake's All Natural Foods / Conagra Brands
Flying Embers / The Ecosystem Integrity Fund, powerplant ventures	GoodBelly Probiotics / General Mills Making Food People Love	$100MM+ Supplement Co. / Has received the first tranche of a $45MM minority investment from a leading consumer-focused private equity firm	spindrift / VMG	Base Culture / Flowers Foods	clio / Yellow Wood Partners

BAIN & COMPANY whipstitch CAPITAL

Q&A with Insurgent Brands: **Path to Success**

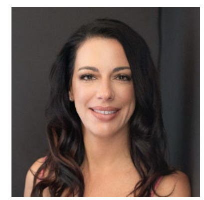
At Expo West, Whipstitch partnered with Bain & Company to host an Insurgent Brands panel on "Building the Next $1B Brands".

Insurgent Brand leaders shared with us what has been behind their success to date and what it takes to drive growth in today's environment.

Read excerpts from these conversations here. → → →

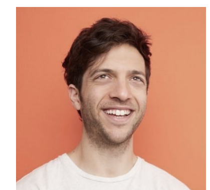
spindrift
Bill Creelman
Founder

"Insurgents have to blaze a trail. Legacy competitors are just so good that to compete we need to do some things differently."



RAO'S
Risa Cretella
Prior EVP and GM

"Buying insurgent brands starts with understanding that what you acquire is so much more than numbers."



Banza
Brian Rudolph
Co-Founder

"You might as well have an audacious goal and work backwards from that vision."

Click the image above to read more insights from each leader

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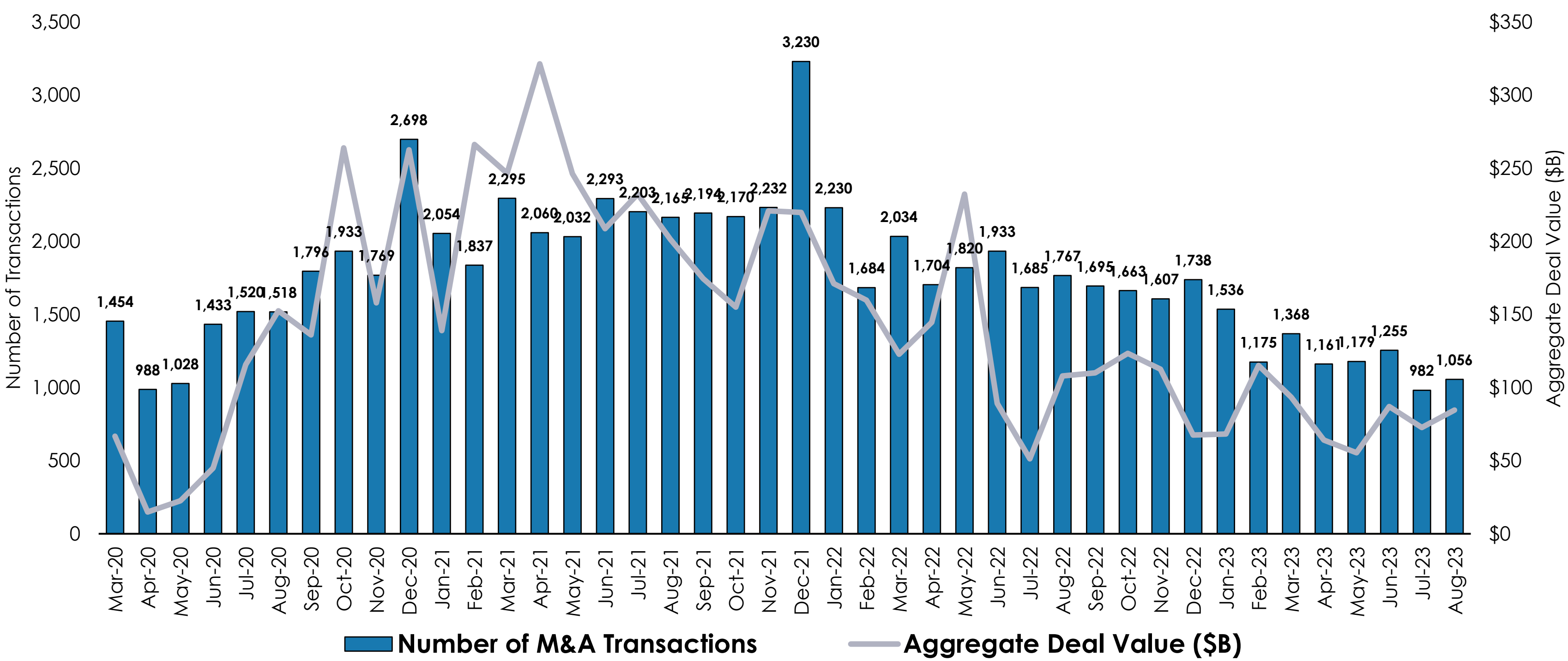
SPINS

M&A Volume is at Unsustainably Low Levels

Cross-Industry M&A Volume Began to Stabilize in 2H 2022

- M&A activity **rose** in 2020 after the initial shock of COVID-19 and **sustained** through 2021 as **buyers adjusted to new norms** such as few in-person diligence meetings and site visits
- The macro-economic environment in 2022 resulted in M&A activity **falling** to near COVID-19 pandemic levels

As the Market Adjusted to the Pandemic, Cross-Industry M&A Activity Increased[1]



1) S&P Global Market Intelligence, Reported Deal Value, All Industries, U.S. and Canada, As of 9/9/23

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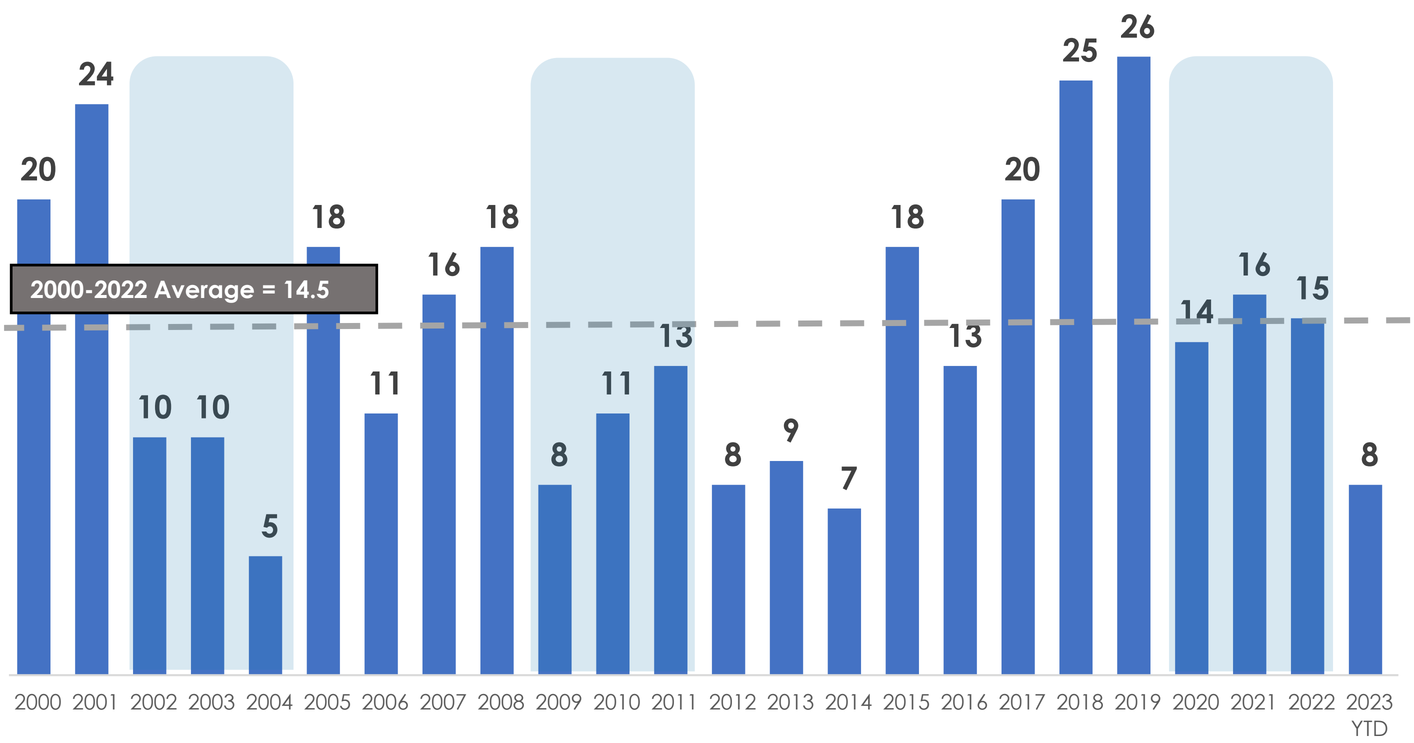
Yet, the Acquisitiveness of Large CPGs has Been Stable in the Long-Term

Acquisitions Made by 15 Largest Consumer Companies:



The Big 15 CPG's

- Campbell Soup Co.
- Church & Dwight Co.
- General Mills
- Kellogg Company
- KraftHeinz
- Mars
- Mondelez International
- Nestle
- PepsiCo
- Proctor & Gamble
- The Rank Group
- SC Johnson & Son
- The Clorox Company
- Tyson Foods
- Unilever

1. S&P CapitalIQ, As of 9/7/2023

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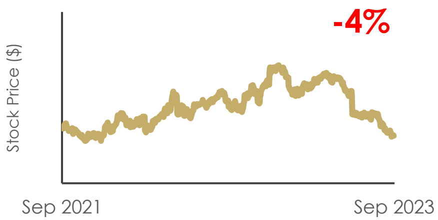
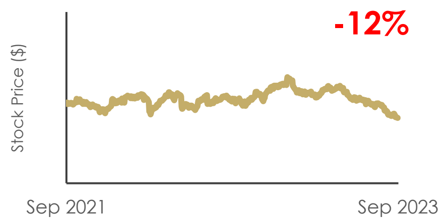
Two-Year CPG Stock Performance (As of September 2023)

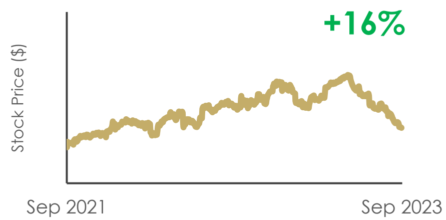
Campbell's (CPB)



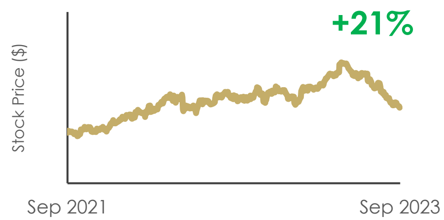
Conagra Brands (CAG)



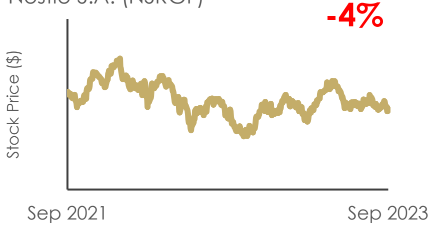
General Mills (GIS)



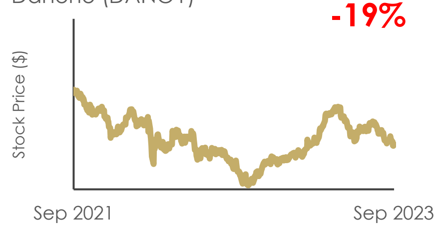
The Hershey Company (HSY)



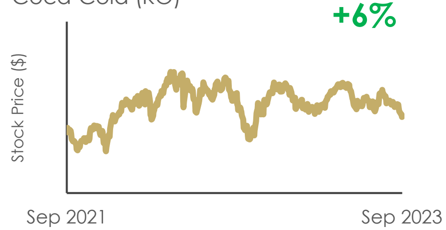
Nestlé S.A. (NSRGF)



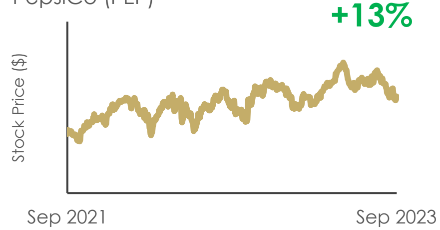
Danone (DANOY)



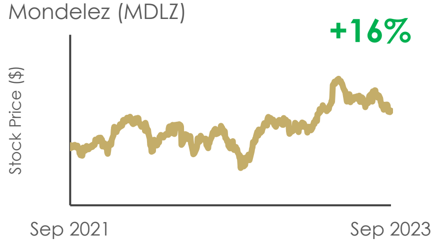
Coca-Cola (KO)



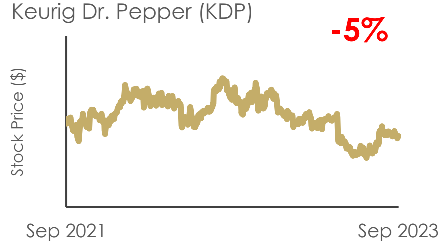
PepsiCo (PEP)



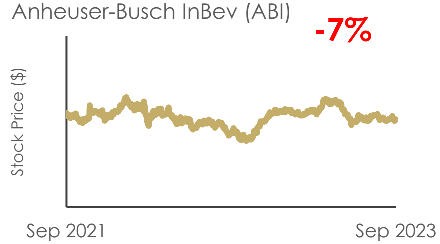
Mondelez (MDLZ)



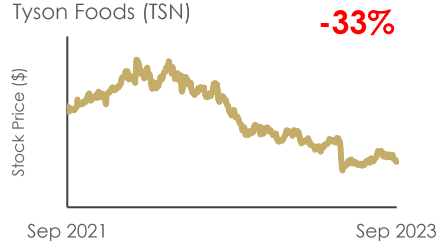
Keurig Dr. Pepper (KDP)



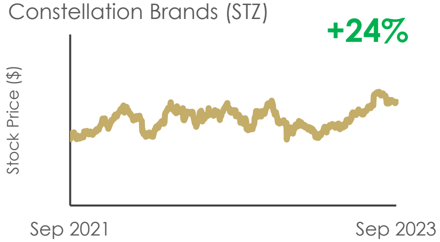
Anheuser-Busch InBev (ABI)



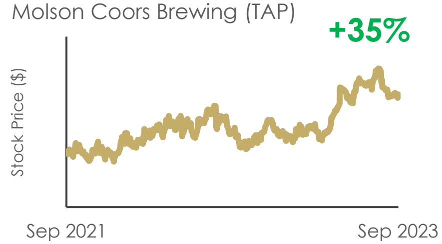
Tyson Foods (TSN)



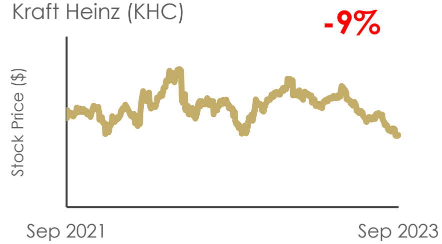
Constellation Brands (STZ)



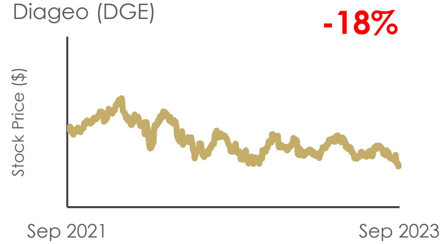
Molson Coors Brewing (TAP)



Kraft Heinz (KHC)



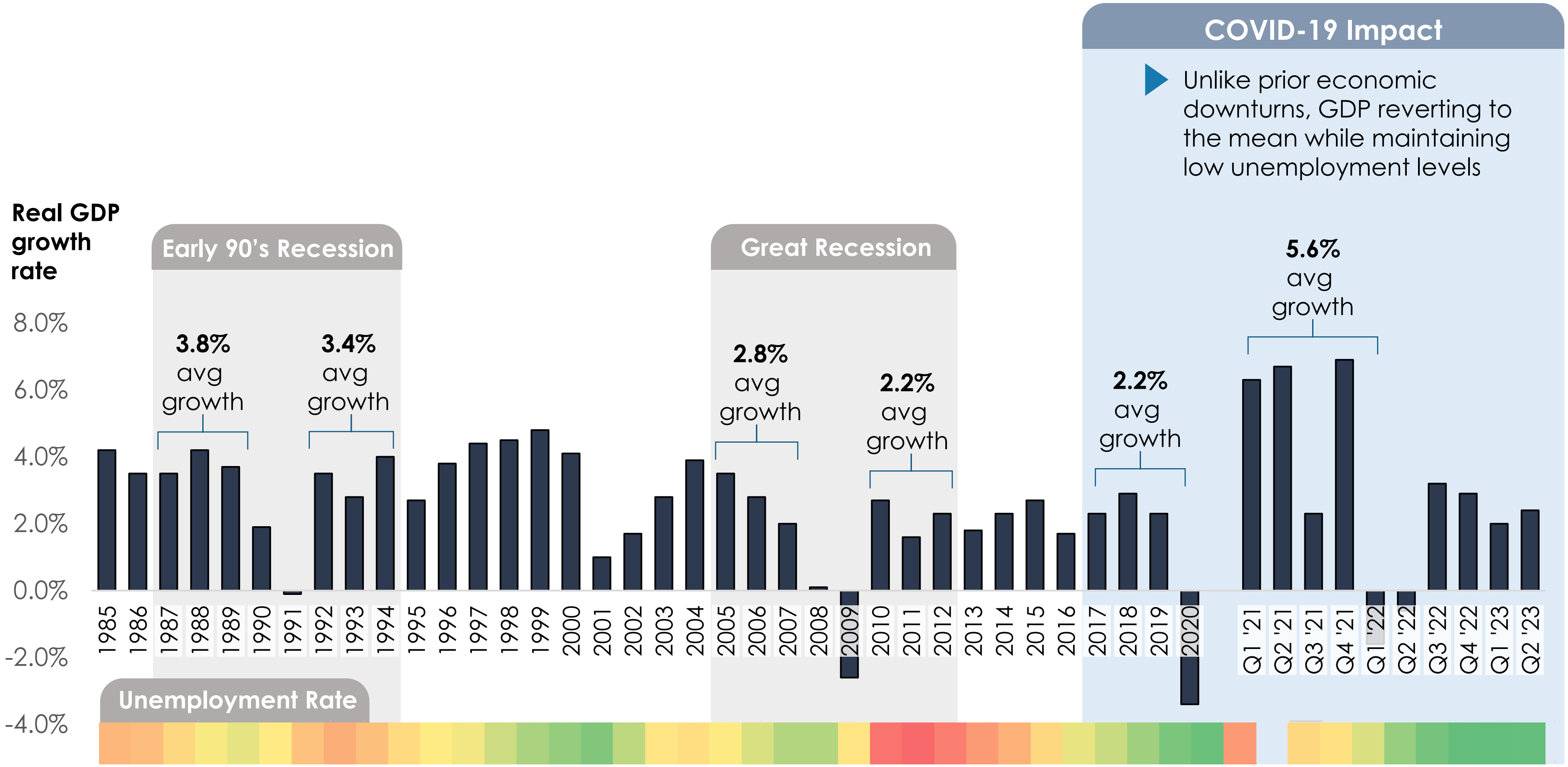
Diageo (DGE)



1. S&P Market Intelligence

Economic Growth and Labor Markets Continue to be Resilient

Economic Stimulus Drove Inflation and Demand – Now Providing Resiliency



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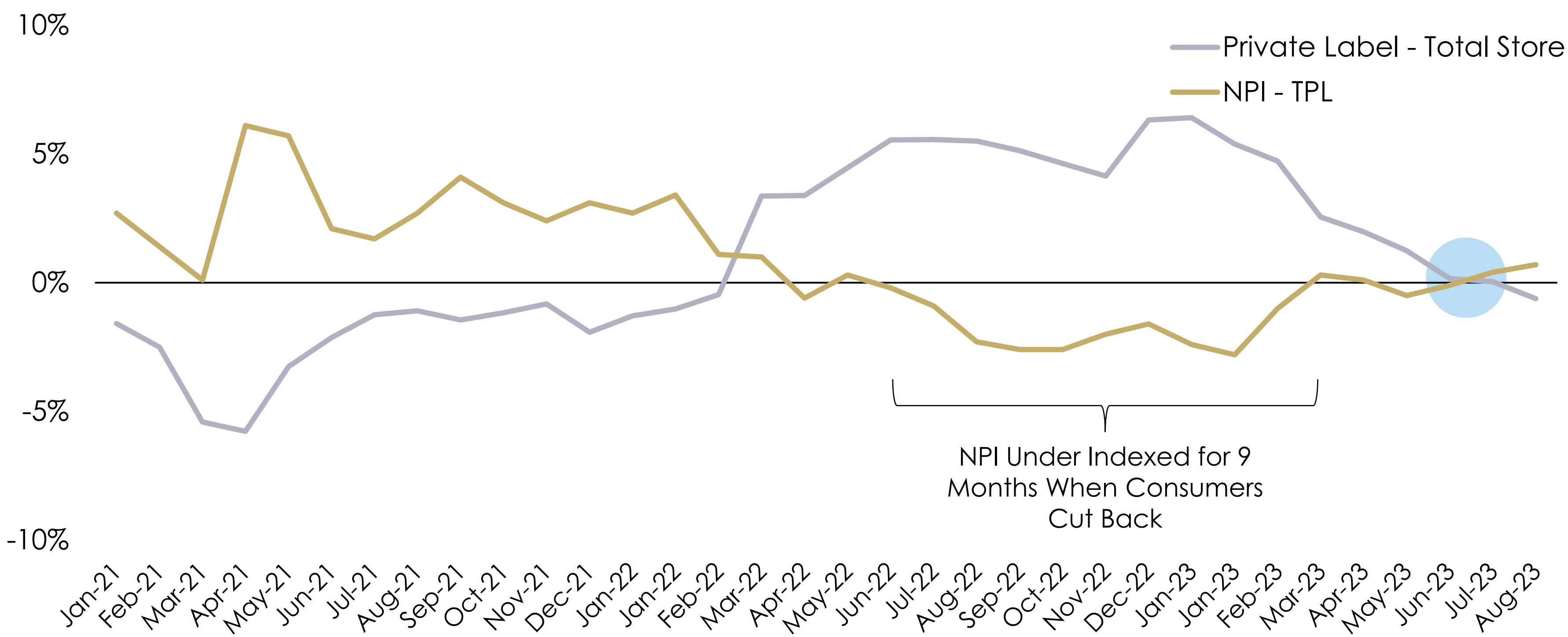
Natural Products Return to Long-Term Over Indexing Trend

Private Label Growth Shows How Consumers Cut Back Due to Inflation – Trend Reversing

Natural Products Industry (NPI) – Total Product Library (TPL) vs Private Label - Total Store YoY Dollar Growth[1]



1. SPINS, MULO + Natural + Convenience, 4 WE 8/13/23; NPI = Natural Products Industry, TPL = Total Products Library

Recent Consumer M&A Highlights

Buyer	Target	Date
elf eyes lips face	NATURIUM	Aug 2023
MOLSON COORS	BLUE RUN	Aug 2023
Ole Smoky Distillery	Tanteo 100% DE AGAVE TEQUILAS	Aug 2023
Campbell's	sovos brands	Aug 2023
APOLLO	PETSMART	Jul 2023
beliv	COLD-BREW HIGH Brew COFFEE	Jul 2023
FULLBEAUTY BRANDS	CUUP	Jul 2023
MARS	kevin's natural foods	Jul 2023

Buyer	Target	Date
wellful	Jenny Craig	Jul 2023
MONSTER ENERGY	bang	Jul 2023
tOpspin CONSUMER PARTNERS	Three Dog Bakery THE BAKERY FOR DOGS	Jun 2023
Unilever	yasso	Jun 2023
IN SPIRIT AND WINE CORBY	ACE BEVERAGE GROUP	Jun 2023
KIRIN	BLACKMORES THE BEST OF HEALTH	Apr 2023
NextFoods	cheribundi	Apr 2023
L'ORÉAL	Aēsop.	Apr 2023

Buyer	Target	Date
Pernod Ricard	SKREWBALL	Mar 2023
SOURCE	PROUD SOURCE SPRING WATER	Mar 2023
Tyson	WILLIAMS COUNTRY SAUSAGE	Feb 2023
L CATTERTON	Remedy	Feb 2023
STARCO brands	soylent	Feb 2023
P&G	MIELLE	Jan 2023
PET IQ Smarter Pet Health	ROCCO & ROXIE SUPPLY CO.	Jan 2023
MARS	trüfrü	Dec 2022

Recent Consumer Private Placements

Buyer	Target	Date
Brooklyn Brewery	Hoplark	Sep 2023
af ventures	Jinx For Modern Doghood	Aug 2023
CAVU Venture Partners	native pet	Aug 2023
Vanterra	mixlab	Aug 2023
Emil Capital	A Dozen Cousins	Aug 2023
Agronomics	Meatable	Aug 2023
Keurig Dr Pepper	La Colombe Coffee Roasters	Jul 2023
Wellington Management	SKIMS	Jul 2023

Buyer	Target	Date
L Catterton	California Naturals	Jul 2023
HF Capital	Westrock Coffee	Jul 2023
UFC	slate	Jun 2023
Verlinvest	Tony's Chocolonely	Jun 2023
Devonshire Investors	Beekeeper's Naturals	Jun 2023
Volition Capital	Chamberlain Coffee	Jun 2023
Sandbridge Capital	r.e.m. beauty	May 2023
Constellation Brands	TÖST	May 2023

Buyer	Target	Date
LAGO	stio	May 2023
DNS Capital	Hero Bread	May 2023
L Catterton	dibs.	Apr 2023
Sierra Nevada	Riot Energy	Mar 2023
Prelude Growth Partners	Flybyjing	Mar 2023
BFG	oats over night	Mar 2023
Invus	BelliWelli	Mar 2023
Nestlé	yfood	Mar 2023

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Whipstitch Capital's Top-11 Healthy Living Trends

Why Stop at 10? Whipstitch Goes to 11

1. Skin Care Consumers Seek Distinct Ingredients to Solve Unique Skincare Ailments
2. The Complete Package: Consumers Increasingly Demanding Sustainable Packaging
3. More and More, “Nostalgic Foods” Getting a Healthy Refresh
4. Pet Nutrition Driving a Flurry Of M&A Activity
5. Familiar Beverages Reinvented with Gut-Friendly Ingredients
6. Once a Fringe Ingredient, Functional Mushrooms Boosting Categories Across Grocery
7. Shift from Skin Maximalism to “Skinimalism” – Growth in Simple & Effective Skincare Products
8. Consumers Recognize the Connection Between Food, Mood, and Overall Well-being
9. VMS Products Make the Move Towards Experiential and Palatable Formats
10. Ultra-Hydration Methods Infiltrate the Mass Market
11. Large Strategics and Middle Market Brands Investing in Self-Manufacturing Capabilities Through M&A

1. Skin Care Consumers Seek Distinct Ingredients to Solve Unique Skincare Ailments

Skincare Brands Creating Products To Address Specific Problems

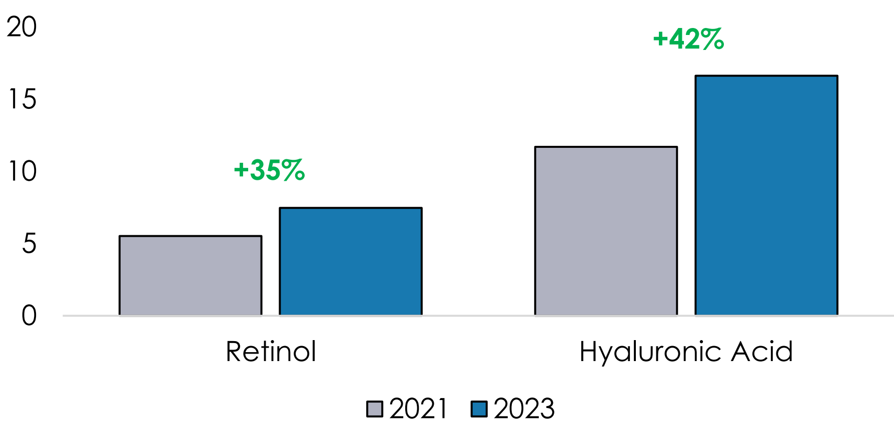
Functional Skincare Products Emerging Quickly[2]

Retinol, a form of vitamin A used to **reduce aging effects, treat acne, and clear up dark spots**. It also effectively treats Kaposi Sarcoma lesions, melasma, or psoriasis

Hyaluronic Acid helps **skin stretch and flex and reduces skin wrinkles and lines**. Hyaluronic acid also can help wounds heal quicker and reduce scarring

Personal Care SKUs with Retinol or Hyaluronic Acid as an Ingredient[2]

000's



Winning Brands

Stripes
The Support System

OGEE
Hyaluronic Acid Elixer

Carpe
Carpe Sweat-Absorbing Hand Lotion

Well-Researched Consumers
Nearly half of Gen Z and Millennial consumers conduct extensive research on product ingredients and their benefits before purchase[1]

Medical Professionals as Influencers
Tik Tok providing medical experts a platform to recommend products

1. Mckinsey, The State of Fashion: Beauty, 2023
2. SPINS, Total Product Library, MULO + Natural, Cosmetics, Hair Care, Skin Care, and Sun & Insect Protection, 52WE 7/31/23

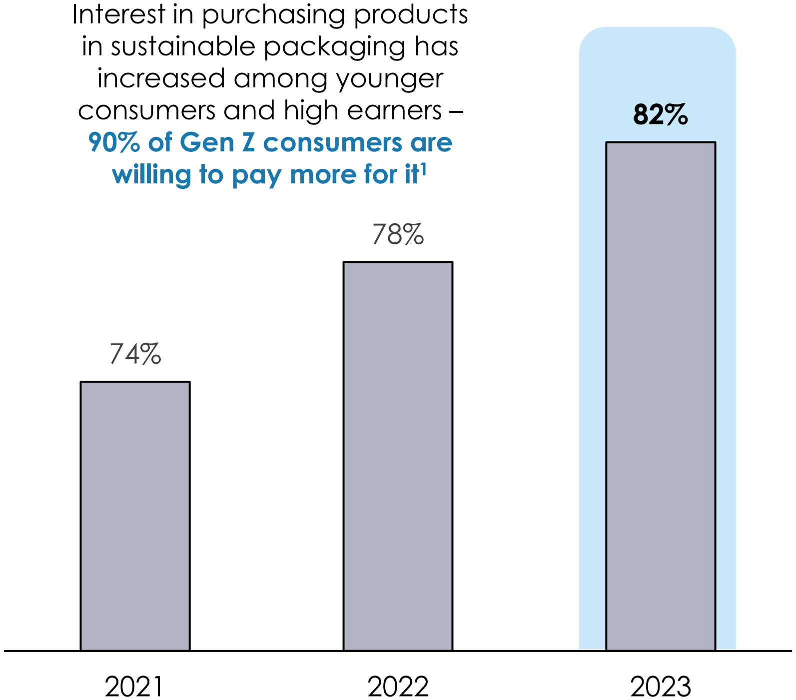
2. The Complete Package: Consumers Increasingly Demanding Sustainable Packaging

What's On The Outside Matters

Consumers increasingly willing to pay a premium for products with sustainable packaging[1]

% of consumers willing to pay extra for products with sustainable packaging

Interest in purchasing products in sustainable packaging has increased among younger consumers and high earners – **90% of Gen Z consumers are willing to pay more for it[1]**



69%

Of consumers interested in using **refillable products**[2]

73%

Of consumers think it's the **responsibility of brands** to be more environmentally friendly[2]

#1

Consumers ranked recyclable and reusable packaging as the **most important** sustainability claim[2]

Brands Leading the Way in Responsible Packaging

kencko, evolvetogether, open WATER, saalt, 12tides, "I and love and you.", SAYSO, good CULTURE, Lesser Evil

1. Trivium, 2023 Buying Green Report
2. Mintel, 2023

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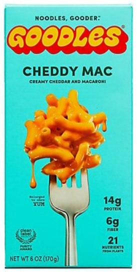
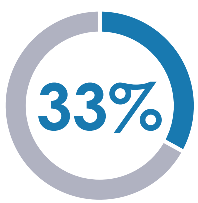
3. More and More, "Nostalgic Foods" Getting a Healthy Refresh

Healthier Takes on Childhood Classics Reflect Withstanding Impact of Health-food Movement

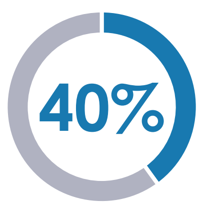


Two-Year Growth[1]	-8%	157%	-3%	107%	-6%	683%	-11%	36%

Adults Seeking Childhood Flavors; But Not Willing to Sacrifice Nutrition and Clean Ingredients

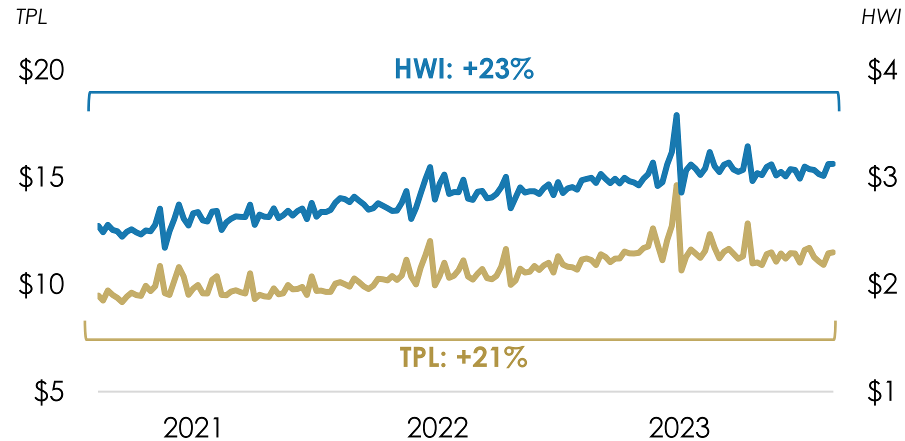


Of consumers plan on **eating more comfort food** next year[2]



Of millennials report **interest in nostalgic cereal**[3]

HWI Products Outpace TPL Growth ($B)[4]



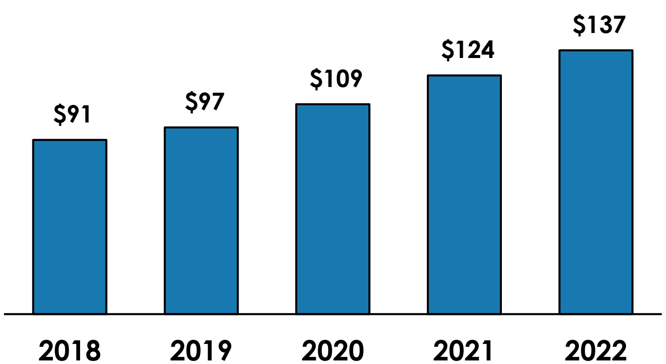
1. SPINS, Total Product Library, MULO, 52WE 7/31/23
2. Food Business News, "Gen Z, millennials seek comfort with a side of function"
3. Mintel, Hot and Cold Cereal US 2023 Report
4. SPINS, Total Product Library (TPL), Health and Wellness (HWI), MULO & Natural, 4wk trended data ended 7/31/23. Categories include Frozen, Grocery, Refrigerated, and Vitamins & Supplements

4. Pet Nutrition Driving a Flurry of M&A Activity

Pet Category Remains Strong and Driving High Values and Quantity of Deals

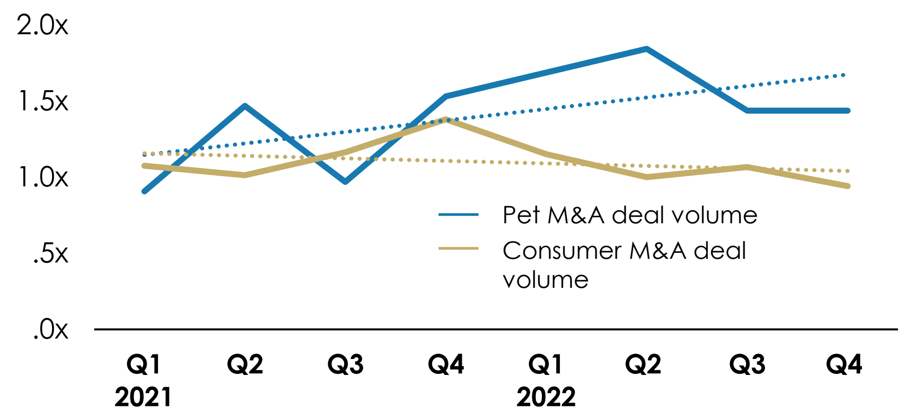
Pet Owners Continue to Increase Spend on Related Products and Services

U.S. Pet Industry Expenditures (Billions)[1]



Pet M&A Deals More Resilient Than Overall Consumer Goods

Global Pet Industry vs. Consumer Goods M&A Deal Volume Through 2022 Compared to Base[2,3]



2023 Acquisitions

January

PetCareRx → PetMeds

February

Rocco & Roxie Supply Co. → PetIQ

April

Rachael Ray Nutrish, Kibbles 'n Bits, Nature's Recipe → Post

June

Three Dog Bakery → Topspin Consumer Partners

1. American Pet Products, 2022
2. Oaklins, 2023
3. GlobalData Consumer Intelligence Center, 2023

5. Familiar Beverages Reinvented with Gut-Friendly Ingredients

Focus on Digestive Health Driving Sales of "Gut-Friendly" Beverages

68%

Of consumers interested in products that address **digestive health**[2]

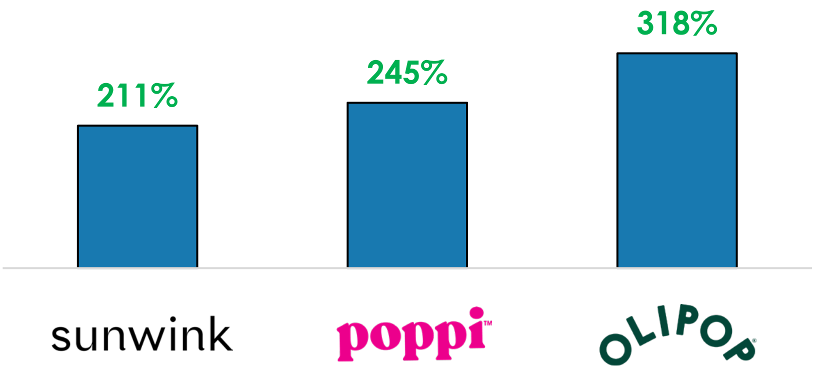
76%

Of consumers **recognize a link** between digestive and overall health[2]

85%

Of consumers **failed a Gut IQ quiz**, reflecting low knowledge despite increasing interest[3]

Prebiotic Beverage Brands Show Strong One-Year Unit Growth Sales[1]



Brands to Watch

BREW DR.
GIST
HALFDAY
DE LA CALLE!
wildwonder

Gut Health Confusion

- Lack of education and regulation **leaves consumers confused** about which foods are beneficial to digestion
- Many consumers **do not know the difference** between pre- and probiotic food sources
- Labeling guidelines are **largely industry-led**, allowing brands to make claims about their products being "gut-healthy" without scientific backing

1. SPINS, MULO, 52W Units vs. Units, YAGO 6/18/23
2. FMCG Gurus, 2022
3. Ipsos, 2023

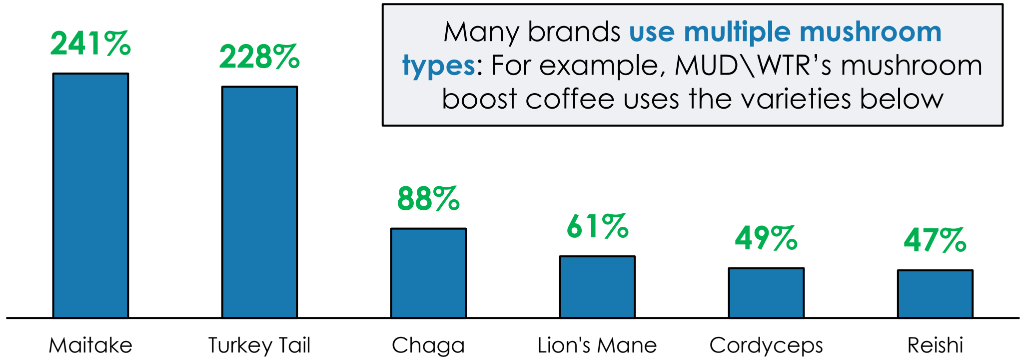
6. Once a Fringe Ingredient, Functional Mushrooms Boosting Categories Across Grocery

There is “Mush-room” for Fungi in Grocery Stores

Functional Mushroom Varieties on the Rise[1]

52W YOY Dollar Growth, Products with Mushroom as an Ingredient

Many brands **use multiple mushroom types**: For example, MUD\WTR’s mushroom boost coffee uses the varieties below



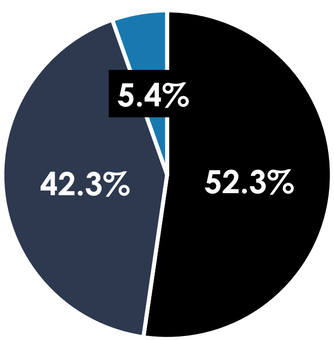
Brands to Watch

EVERYDAY DOSE
MUD\WTR™
Om Mushroom Superfood
Pan's mushroom jerky
FŌRIJ
ODYSSEY MUSHROOM ELIXIR
RASA
eat meati™

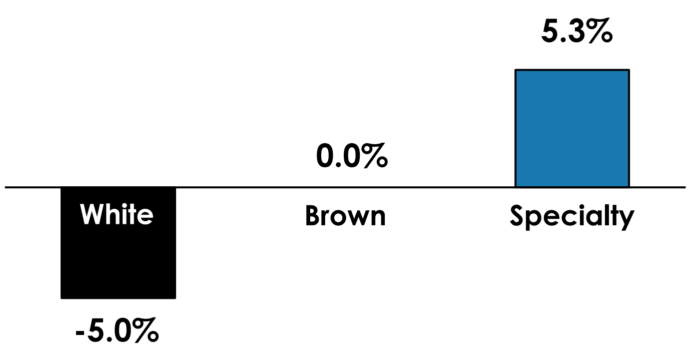
White and Brown Mushroom Varieties Dominate but Specialty Mushrooms Boosted by Significant Tailwinds[2]

Dollar Share of Category

- **White mushrooms**: Button
- **Brown mushrooms**: Crimini and portabella
- **Specialty**: All other types, including functional varieties, shiitake, oyster, etc.



Dollar Sales, 4 weeks ending 6/18/2023 vs. YAGO



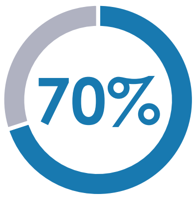
1. SPINS, Total Product Library, MULO + Natural, Refrigerated + Grocery, 52WE 6/18/23
2. Mushroom Council, 2023

SPINS | whipstitch CAPITAL

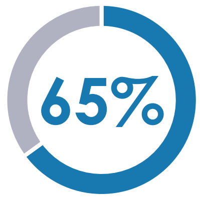
7. Shift from Skin Maximalism to "Skinimalism" – Growth in Simple & Effective Skincare Products

Covid Trend Reversal: Consumers Prefer Stripped-Down Routines and Simpler Looks

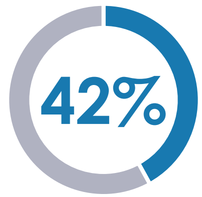
Consumers Want to Increase Efficiency of Skincare Routines While Still Using Effective Products



Of consumers **pay more attention** to their skin health compared to a year ago[1]



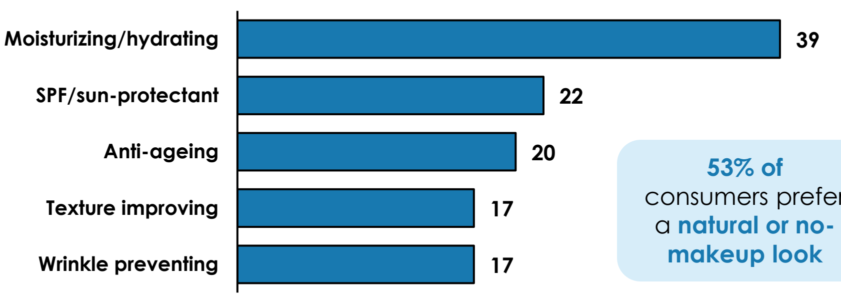
Of consumers are interested in **multifunctional** makeup products[2]



Of consumers **reduced the number of steps** in their skincare routine in the past year[1]

Desired Makeup Product Functionality Features[3]

% share of make-up users



53% of consumers prefer a **natural or no-makeup look**

Beauty Brands Embracing Multifunctional, Makeup-Skincare Hybrid Products

Carpe:

- Mattifying **SPF 30 Face Primer** uses Carpe's sweat-absorbing formula for a fresh, clean look

Kosas:

- Makeup clinically proven to benefit skin
- **Revealer Concealer** is a traditional concealer, but also an eye cream and spot treatment

Tower 28:

- BeachPlease **tinted balm** provides color as a blush and lip tint duo

Supergoop:

- Skincare and makeup essentials infused with SPF
- **Glowscreen SPF 40** hydrates skin and primes for makeup while providing PA+++ protection

1. Mintel, Facial Skincare – US – 2023
2. Mintel, Color Cosmetics – US – 2023
3. Passport, Voice of the Consumer: Beauty 2022

8. Consumers Increasingly Recognize the Connection Between Food, Mood, and Overall Well-being

Consumers Prioritizing Mental Health and Incorporating Mood-Boosting Foods

76%

Of consumers believe the right food can **provide therapeutic benefits**[1]

74%

Of consumers say their mental health and **well-being is impacted** by their diet choices[2]

1 in 4 people **consume functional food and drinks** to improve immunity[3]

37%

Year-over-year increase in women who use food and beverage for their health needs[4]

Brands are Targeting Various Mood Benefits with Their Products

Energy	Brain Function	Stress Relief
Everyday Dose: **Coffee alternative** with mushrooms for sustained focus and energy	Remedy Organics: **Line of wellness drinks** incorporating MCT oils for cognitive performance	De Soi: **Non-alcoholic beverages** that infuse adaptogens for calmness
So Good So You: Immune-boosting juice and **probiotic shots** for a naturally caffeinated pick-me-up	IQBAR: **Protein bars and hydration mixes** with brain nutrients for sustained energy	Navitas Organics: Superfoods including **cacao and matcha**, often cited for their stress-relieving benefits

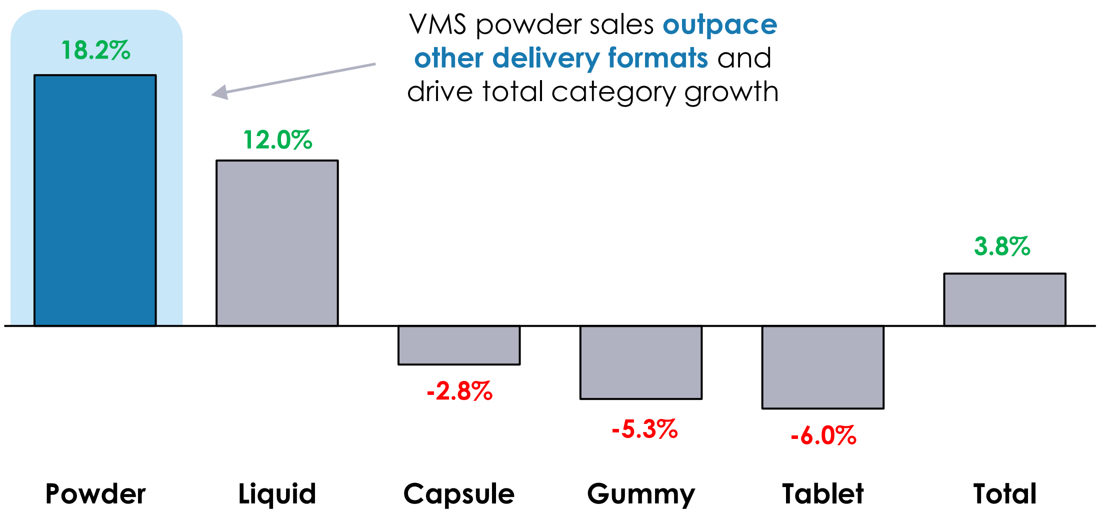
1. Deloitte, Fresh Food as Medicine for the Heartburn of High Prices, 2022
2. FoodDive, 2023
3. Institute of Food Technologists, 2022
4. TasteWise, 2022

9. VMS Products Make the Move Towards Experiential and Palatable Formats

With Help from Social Media, Green Powder Takes More Space in the VMS Aisle

Powder Leads VMS Delivery Formats in One-Year Sales Growth[1]

52W YOY Dollar Growth, Format



Brands Use Social Media to Market Powder Supplements

- Green powder brands leverage **collaborations with influencers** on social media platforms like Tiktok and Instagram
- Bloom Nutrition's Tiktok account has **605K followers**, and videos with the hashtag "athleticgreens" surpass **159M views** on the platform
- Brands engage in **subtle product placement** through "Day in the Life" videos, which show users mixing their green powders into water

Brands to Watch

ATHLETIC GREENS®

Bloom

8GREENS

Alani NU

1. SPINS, Total Product Library, MULO + Natural, 52 WE 6/18/23, Vitamins, Minerals, and Supplements

10. Ultra-Hydration Methods Infiltrate the Mass Market

Consumers Seeking Performance and Preventative Wellness Through Hydration

Energy Drink Brands with a Hydration Focus Drive Beverage Growth

30% of sports nutrition customers look for **products with electrolytes**, the fifth most-demanded feature[2]

Products with a **hydration focus grew 6.3%** year over year, compared to overall beverage category growth of 4.4%[1]

Brands to Watch

PRIME ENERGY DRINK

- Holds the top 5 SKUs with the **highest year-over-year dollar sales growth**[1]

BIOLYTE the IV in a bottle

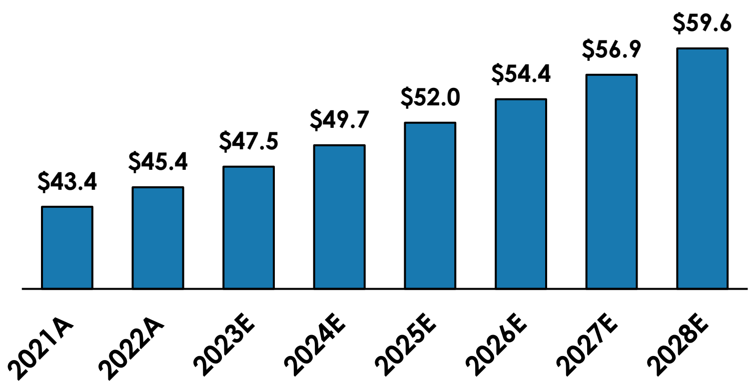
- Hydration drink with the **same amount of electrolytes** as an IV bag

Mobile IV Therapy Comes to Consumers

IV Therapy Timeline

- **2010s**: IV clinics begin offering 'hangover therapy' solutions, which include a saline solution-electrolyte combination
- **2020s**: Celebrities promote IV drips on social media, attributing infusions to energy boosts and better skin
- **Looking forward**: More research is still being done into its benefits and risks, but the IV therapy market is expected to grow at a 4.6% CAGR through 2028

Home Infusion Therapy Market Size ($B)[3]



1. SPINS, MULO, 52W Dollars vs. Dollars, YAGO 6/17/23
2. Euromonitor International Voice of the Consumer: Health and Nutrition Survey, 2022
3. Precedence Research, 2022

11. Large Strategics and Middle Market Brands Investing in Self-Manufacturing Capabilities Through M&A

When Owning Your Own Manufacturing Matters

The Demand for Self-Manufacturing Capabilities

- **High demand** and **unpredictable supply chains** can make it difficult for brands to maintain inventory to meet demand
- Building new facilities can **cost millions of dollars** and **can take several years**
- CPG companies may turn to acquisitions of existing assets as a **faster solution** to **increasing production capabilities** and **expanding a brand's reach**

Asset-Light Model

Companies relying on co-packers to focus attention and resources on marketing & innovation

»

Self-Manufacturing Model

Companies purchasing pre-existing manufacturing assets to manage margins and meet demand

Buyside M&A Increasingly Targeting Co-Packers and Brands with Self-Manufacturing Capabilities

June 2023

BrightPet Nutrition Group ➡ Raw Advantage

- Premium pet food brand BrightPet Nutrition Group acquired Raw Advantage, a co-manufacturer of freeze dried and frozen raw pet food

May 2023

Retention Brands ➡ Birchbox

- Flowers Foods invested in Base Culture in a partnership to bolster distribution and self manufacturing capabilities

April 2023

Hershey ➡ Weaver Popcorn Manufacturing

- The Hershey Company acquired two manufacturing plants from Weaver Popcorn Manufacturing

July 2022

Flowers Foods ➡ Base Culture

- Flowers Foods invested in Base Culture in a partnership to bolster distribution and self manufacturing capabilities

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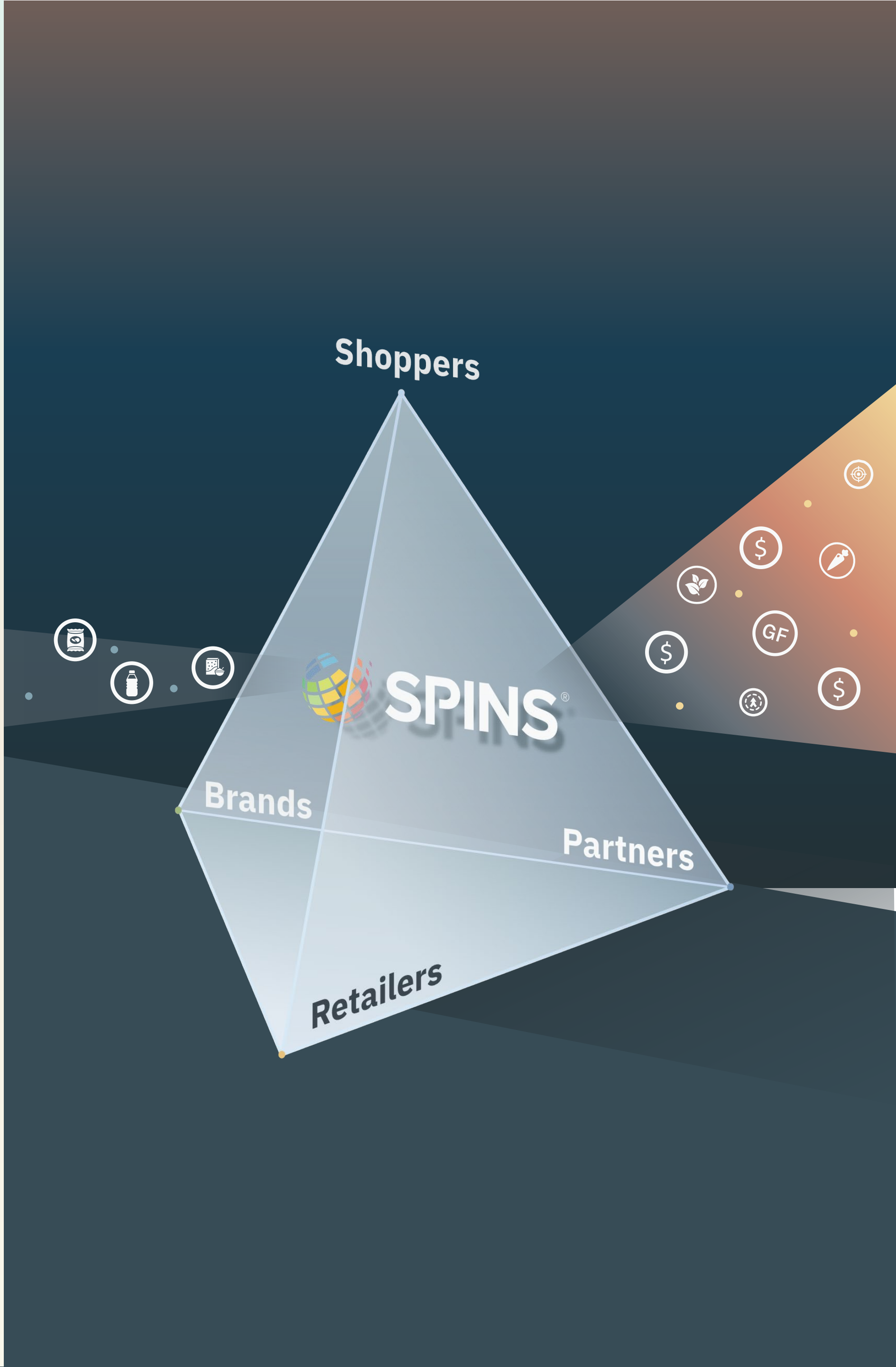
Natural Products Industry Spotlight

SPINS®

Connecting **Shopper Values** to **Product Innovation**

SPINS helps **shoppers** find products that match their preferences by helping:

- **Retailers** get the right assortment on their shelves
- **Brands** innovate and tell their story
- **Ecosystem partners** better serve their customers



About SPINS

Who We Are

SPINS is a wellness-focused CPG data company

Retail Coverage

SPINS offers the **most complete market view** across the full retail landscape

Available at SPINS

Exclusive to SPINS

- Natural Grocery
- Regional & Independent Grocery
- Pet
- eCommerce

Conventional

Product Intelligence

SPINS provides the industry's leading Product Intelligence Platform to align **product attributes** with **consumer preferences**

Exclusive to SPINS

- Certification
- Ingredient
- Label Claim
- Nutrition Panel
- Positioning

Package & Product

Applications & Insights

SPINS delivers on-demand insights through **intuitive applications** and **deep industry acumen**

Exclusive to SPINS

- Business Intelligence
- Data Harmonization
- Trade Promotion Tools
- Growth Consulting

SPINS FINANCIAL PARTNERS GROUP

Meet **Our Team**

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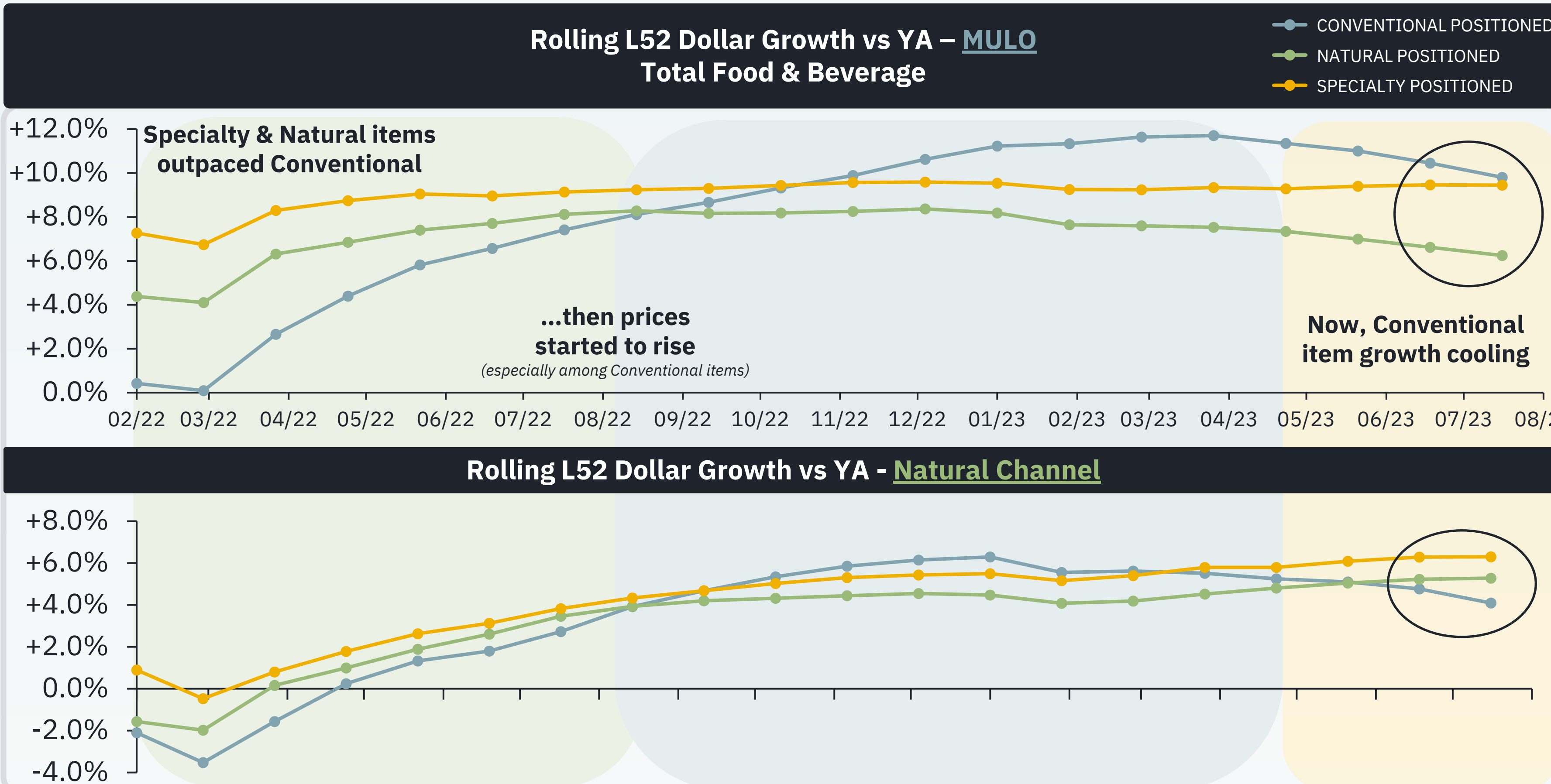
2023:
State of the Natural Industry

Rampant Inflation

Conventional products caught up to the growth of Natural & Specialty in 2022



38

Total Food & Beverage (Frozen, Refrigerated, Grocery and Produce)
MULO & Natural Channel; Rolling 52 Weeks Ending 7/16/23 vs Prior Year
Source: SPINS

Price Increases Drove Consumption Declines

Half of top MULO categories saw double-digit price driven growth; Dairy, Chips, and Cheese were most resilient and saw little to no consumption loss.

Largest Food & Bev Categories *Ranked by $ % Change*	**MULO Channel, L52W vs YA**			
	L52 $ Sales	**$ % Chg vs YA**	**ARP/EQ % Chg vs YA**	**EQ Unit % Chg vs YA**
Total Food & Beverage	$598.3 B	+9.4%	+12.4%	-2.6%
Refrigerated Eggs	$10.5 B	+40.3%	+42.8%	-1.7%
Dairy & Plant Based Alts Other	$12.8 B	+19.7%	+20.2%	-0.4%
Soda	$30.4 B	+14.7%	+18.9%	-3.5%
SS Chips & Pretzels & Snacks	$31.6 B	+14.2%	+14.8%	-0.5%
SS Condiments & Dressing	$13.9 B	+13.1%	+16.1%	-2.6%
Bread & Baked Goods	$39.0 B	+12.2%	+14.0%	-1.7%
Shelf Stable Cold Cereals	$9.9 B	+11.9%	+14.9%	-2.6%
Energy & Sports Drinks	$12.2 B	+11.7%	+15.3%	-3.1%
SS Cookies & Snack Bars	$15.6 B	+11.7%	+14.9%	-2.8%
Shelf Stable Candy	$27.6 B	+11.6%	+18.6%	-5.9%
Shelf Stable Fruits & Vegetables	$10.6 B	+10.3%	+17.3%	-6.0%
Water	$19.6 B	+9.0%	+10.8%	-1.6%
Shelf Stable Coffee & Hot Cocoa	$12.3 B	+8.9%	+17.4%	-7.2%
Frozen Desserts	$17.0 B	+8.8%	+11.5%	-2.4%
Rf Cheese & Plant Based Cheese	$20.2 B	+7.4%	+7.8%	-0.4%
Frozen Entrees	$26.5 B	+7.0%	+12.1%	-4.6%
Milk	$14.8 B	+4.5%	+7.3%	-2.6%

Categories shown are top 17, ranked by MULO Channel growth. Total F&B = Grocery, Frozen, Refrigerated, and Produce
Source: SPINS

The **Proposition Purchaser**

Value is a top concern and retail competition is fierce to try to convey that proposition.

Loyalty

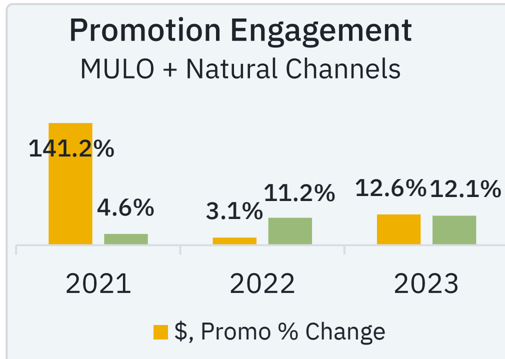
3.6 Channels

5.2 Stores

50% of shoppers actively participate in loyalty programs.

59% of shoppers use loyalty points to save money

Promotions



70% of coupons clipped digitally (+50% vs 2019)

Personalization

79% of smartphone users made an online purchase using a smartphone in the past 6 months.

59% of consumers are likely to purchase a certain brand or shop a certain store if they received personalized content.

https://retail-today.com/2023-u-s-grocery-shopper-trends-report-reveals-fewer-shoppers-cutting-back-on-items-purchased-despite-higher-prices/
https://www.upside.com/blog/grocery-personalization-for-customer-loyalty
https://www.winsightgrocerybusiness.com/technology/improving-digital-loyalty-grocery-executives-2023-do-list

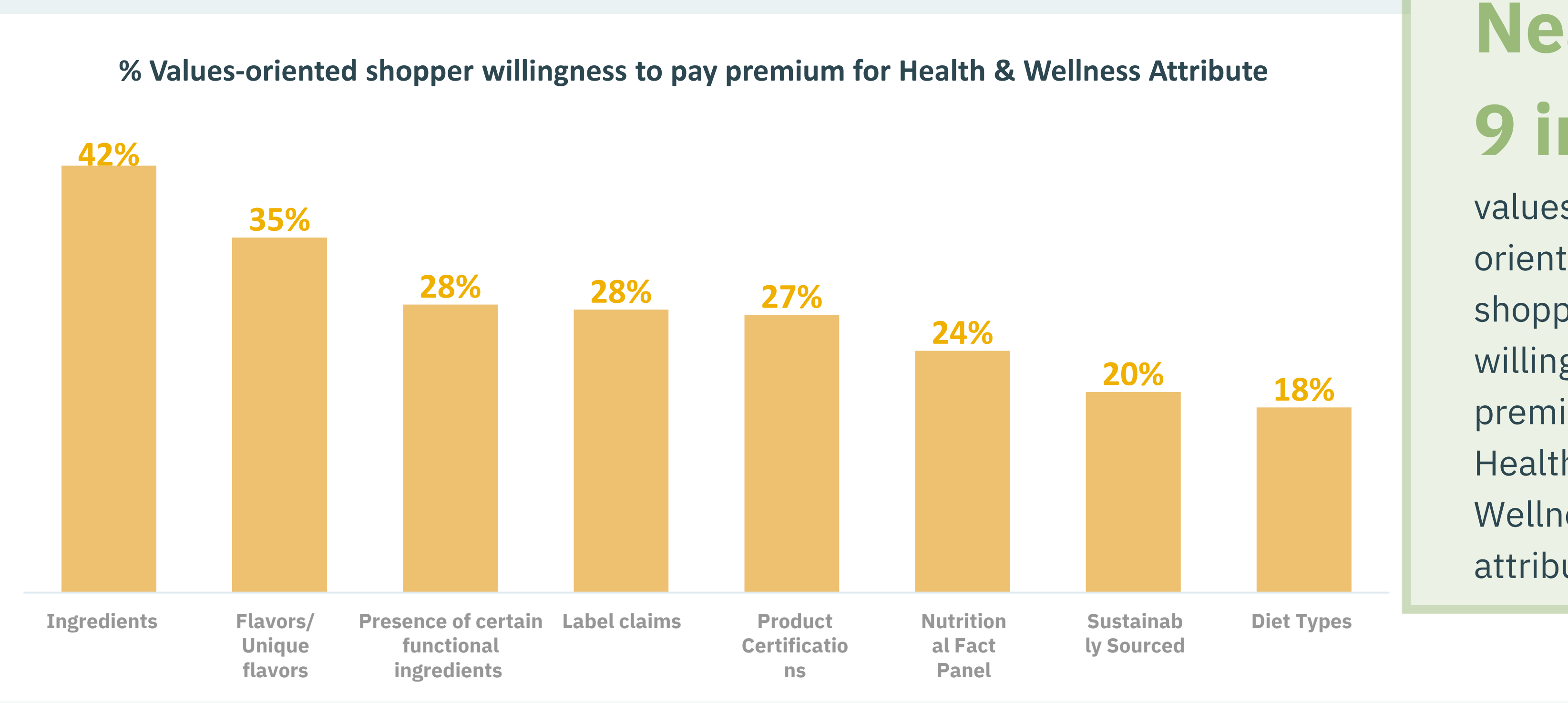
SPINS TPL Universe, Total US – MULO and Total US – Natural Channels, All Departments 156 WE 6/18/23
https://www.pymnts.com/news/loyalty-and-rewards-news/2023/5-ways-grocers-are-using-digital-to-drive-loyalty/

https://ninetailed.io/blog/personalization-trends/

https://www.winsightgrocerybusiness.com/technology/kroger-pilot-aims-put-digital-offers-hands-store-shoppers

Values-oriented shoppers are **willing to pay a premium**

85% of values-oriented shoppers will pay more for Health & Wellness Attributes



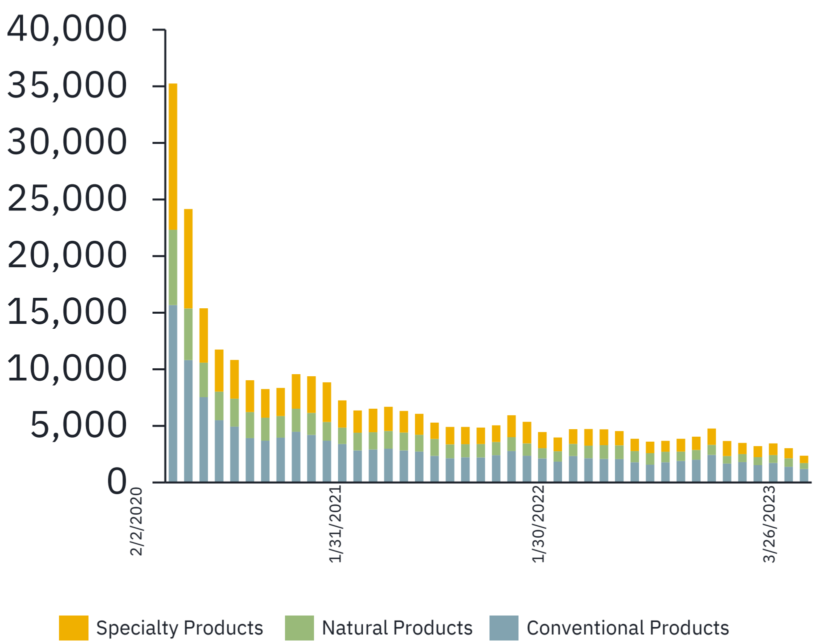
Nearly 9 in 10 values-oriented shoppers are willing to pay a premium for Health & Wellness attributes

N = 199 "Which of the following would you be willing to pay a premium for?"
Source: SPINS

Decreased Innovation

In recent years, there's been a sharp pullback from innovation, driven by unique shocks that came in rapid sequence.

New Product Launches by 4 Week Quad, Feb 2020 to March 2023

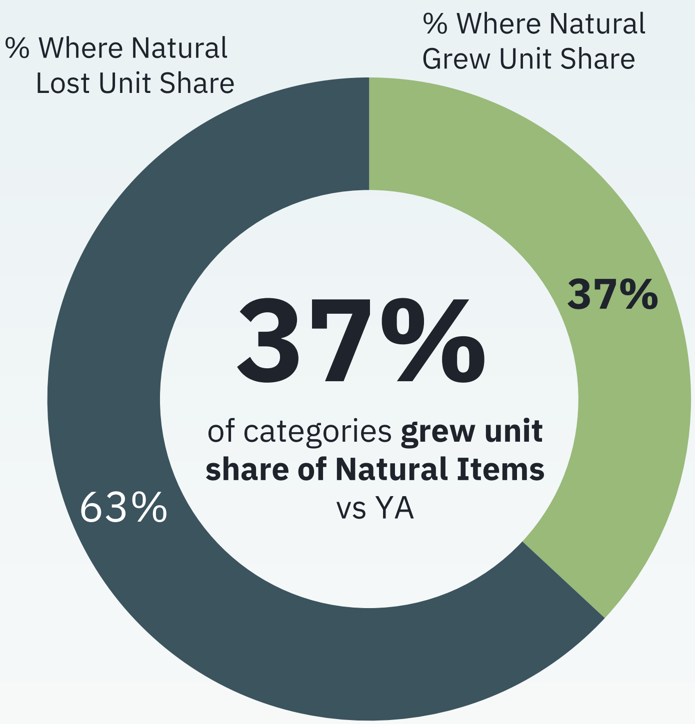


Issue/Year	2020	2021	2022	2023
Out of Stocks	Product shortages due to lockdowns			
Supply Chain Disruption		Shifts in demand, shipping & cargo delays, labor shortages, Ukraine war		
Capital Squeeze			Inflation & rising interest rates	

Source: SPINS Total US Natural Enhanced Channel + Multioutlet (powered by Circana), Frozen, Grocery and Refrigerated Departments; UPC Level; First Week Selling Used to Calculate New Items Launched Per Quad

Natural Products Grew Share in MULO

The biggest shifts in Natural share occurred in Baby & Toddler Food and Creams & Creamers



Top NPI Shifts by Category in MULO		Category L52 $ Size	Naturally Positioned Items		
			Unit Share Category	Unit Share Pt Chg vs YA	$ % Chg vs YA
Total Food & Beverage		**$598B**	**8.3%**	**-0.2**	+6.2%
1	Infant Formula & Toddler Nutrition	$4B	2.8%	**+1.2**	+77.8%
2	Baby & Toddler Food	$2B	37.0%	**+1.2**	+11.1%
3	Creams & Creamers	$8B	11.1%	**+1.2**	+23.6%
4	Ss Jerky & Meat Snacks	$2B	6.7%	**+0.9**	+20.4%
5	Refrigerated Salsas & Dips	$3B	9.4%	**+0.8**	+12.4%
6	Kombucha & Other Functional Bev	$1B	95.2%	**+0.8**	+2.8%
7	Refrigerated Plant Based Milk	$2B	98.9%	**+0.8**	+7.4%
8	Soda	$30B	1.5%	**+0.7**	+52.9%
9	Fz Plant Based Meat Alternatives	$1B	97.0%	**+0.6**	-0.5%
10	Refrigerated Condiments	$1B	12.0%	**+0.3**	+8.9%

Total Food & Beverage Categories
MULO Channel
52 Weeks Ending 7/16/23 vs YA

SPINS®

Trend Spotlight

Trend Spotlight

1 BFY Sauces Keep Mealtime Tasty & Diet-Friendly

Evolution of meal, snack and dessert favorites, along with the expansion of label claims and ingredient swaps, have been fueled by heightened consumer awareness and preferences towards personalized ways of eating. With that, Sauce categories are seeing a surge in BFY offerings that add both delicious and diet-compatible pizzaz to every plate.

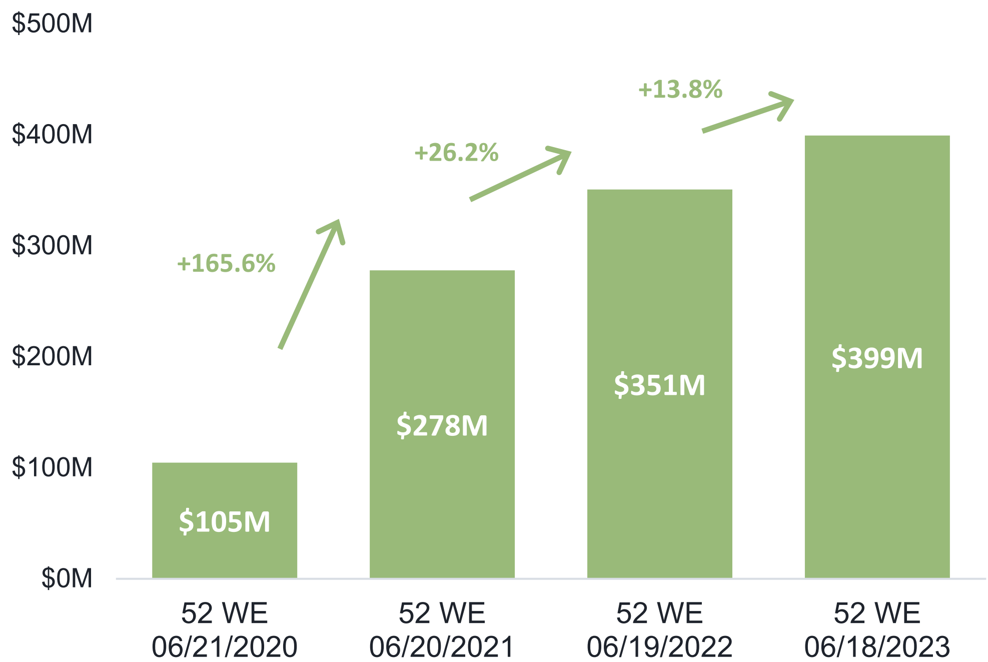
2 Viral Food Trends – Are They Worth the Hype?

The wave of brief video content inundating consumers since 2020 can significantly impact consumption. Whether you see them via YouTube Short, Instagram Reels or TikTok, food trends going viral have impacted sales at the grocery store. In many cases the impact on sales lasts well past the initial spark of interest.

Viral Food Trends – Are They Worth the Hype?

Collagen Products were amongst the first to be promoted on Social Media and have **maintained double-digit sales growth**

Dollar Sales of Collagen Products in the VMS category



Top Performing Brands

Abs $ Chg | $ % Chg
L52W vs YA

VITAL PROTEINS
+$51.9M | +29.7%

GARDEN OF LIFE
+$3.6M | +23.9%

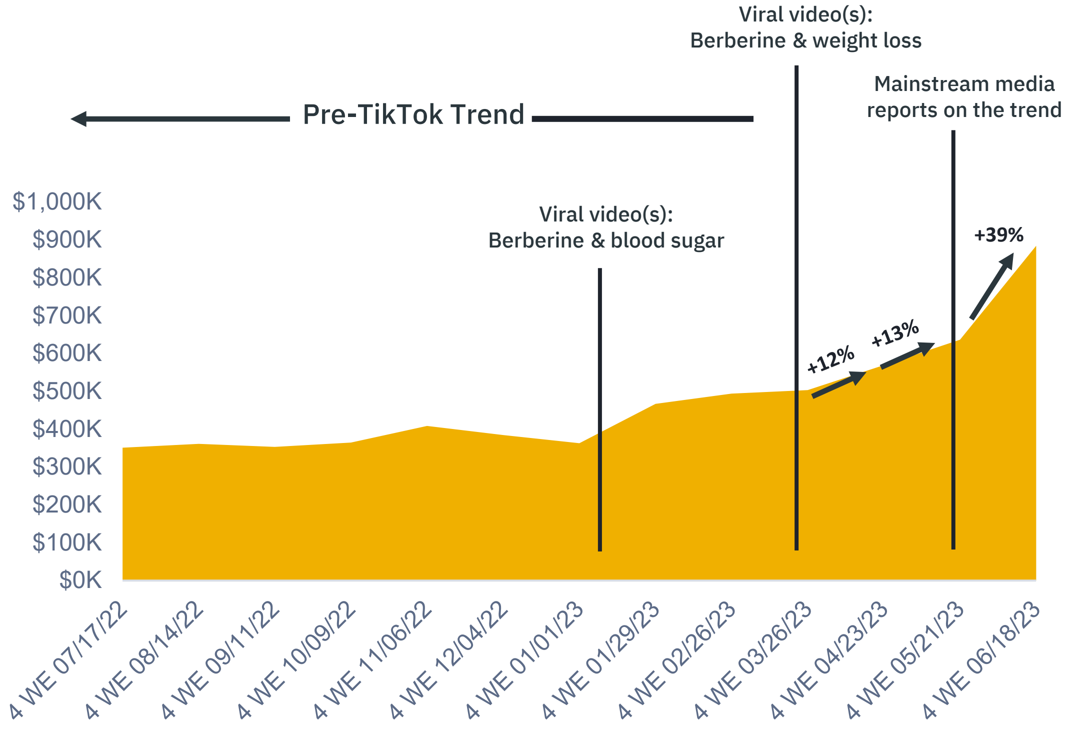
TRURANCH
+$2.8M | +162%

POP AND BOTTLE
+1.6M | +87.7%

SPINS: Natural Enhanced Channel & Conventional Multi-Outlet (powered by Circana); 52 Weeks Ending 6.18.23
L52W ending 8/13/2023 SPINS SNE & MULO Channels

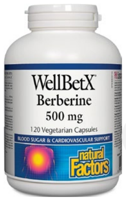
The recent Tik Tok trend **dubbing berberine as "nature's Ozempic"** has garnered enough attention to boost retail sales

Dollar Sales of Berberine Supplements by 4 Week Periods



FUNCTIONAL INGREDIENT BARBERRY

L52W Chg vs YA | Abs Chg vs YA



NATURAL FACTORS

Dols: +64.6% | +$1.62M
Units: +51.1% | +34.2K

SOLARAY

Dols: +26.4% | +309K
Units: +19.1% | +11.4K

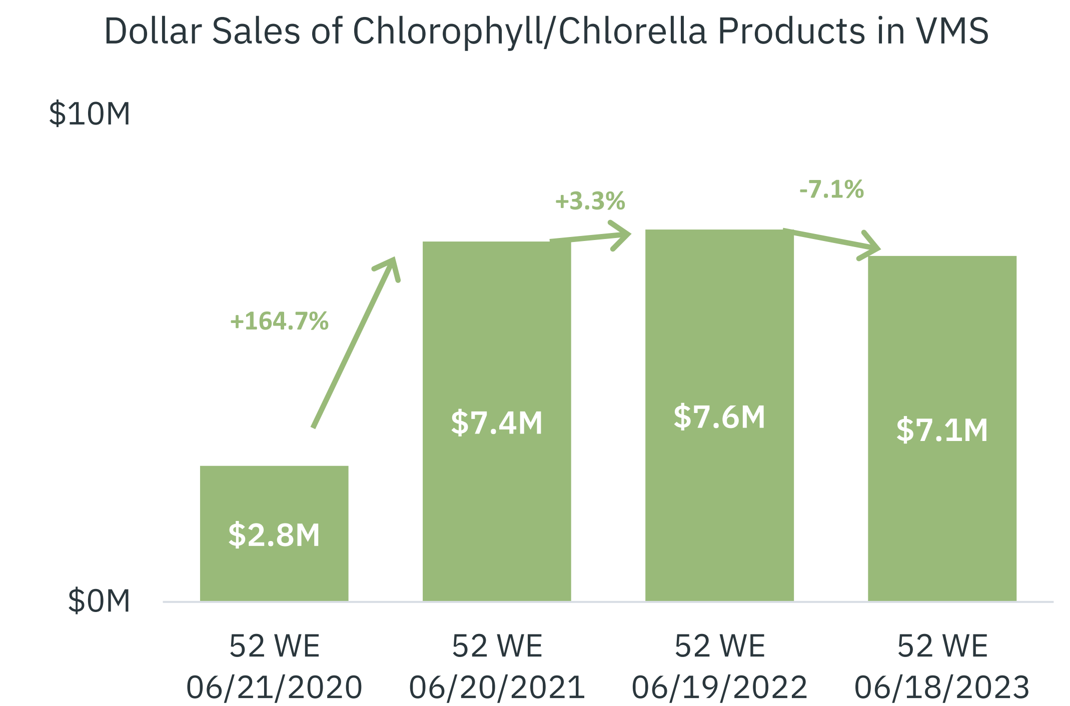
ENZYMEDICA

Dols: +76.9% | +$287.5K
Units: +67.9% | +9.8K

Source: 4 WE 07.17.2022 to 06.18.2023 SPINS SNE & MULO
L52W ending 8/13/2023 SPINS SNE & MULO Channels

Chlorophyll/Chlorella – is the hype over?

Chlorophyll/Chlorella went viral on TikTok in 2021, but sales are beginning to trend downwards



Subcategory Winners & Losers

$ % Chg | Abs $ Chg
Natural Channel L52W vs YA

Supplements Green Food:
-5.5% | -$345.8K

RF Juice & Juice Drinks:
-15.3% | -$80.4K

Water Non-Carbonated:
+77.6% | +$109.4K

Wellness Shots:
-21.1% | -$65.7K

SPINS: Natural Enhanced Channel & Conventional Multi-Outlet (powered by Circana); 52 Weeks Ending 6.18.23 & 8.13.2023

BFY Sauces Keep Mealtime Tasty & Diet-Friendly

Regional & ethnically derived Flavors in Sauce subcategories are **driving both dollar and unit growth**

Top Performing Flavors Across Sauce Subcategories

Flavor Minimum of 10 Distinct UPCs	YoY Growth	
	$	Unit
Truffle	+66%	+77%
Jalapeño	+41%	+29%
Sweet & Sour	+33%	+17%
Carolina BBQ	+24%	+10%
Buffalo	+19%	+5%
Chipotle	+13%	+1%

Top Growing Subcategories Flavor - Truffle

$ % Chg | Abs $ Chg
L52W vs YA

+220.7% | +$498K
Cooking Sauce & Other Condiments

+52.2% | +$889K
Shelf Stable & Refrigerated Mayo

Source: 52 weeks ending 6.18.23 & 8.13.2023 SPINS SNE, MULO, powered by Circana.

Diet-friendly sauces are favored by Consumers looking to enhance their plates **without sacrificing their lifestyle choices**

L52W vs YA | Dollar % Change

RF Condiments

Diet	$	Unit
Paleo	+9.4%	+2.0%
Plant-Based	+6.5%	-2.5%
Major 9 Allergen Free	+6.3%	-2.9%

SS Condiments, Dressings, & Marinades

Diet	$	Unit
FODMAP	+15.6%	-1.9%
Vegetarian	+11.4%	-4.9%
Whole 30 Friendly	+12.4%	-3.2%

Abs $ Chg | $ % Chg
L52W vs YA

PRIMAL KITCHEN

+6.5M | +25.7%

Abs $ Chg | $ % Chg
L52W vs YA

CHOSEN FOODS

+$2.3M | +42.5%

* % Represents Dollar % Change YoY (vs same time LY)
Source: SPINS Natural Enhanced Channel & Conventional Multi-Outlet (powered by Circana); 52 Weeks Ending 6.18.23

Better-For-You Condiments are **swapping out Sugar Alcohols for Natural Low & No Cal Sweeteners**

RF & SS Condiments, Dressings & Marinades Dollar % Change L52 Weeks by Sweetener Type

+12.4%

RF & SS Condiments, Dressings, & Marinades
Dollar % Change L52 Weeks

Sugar Alcohols	
-8%	Sugar Alcohols
-56%	Erythritol

Artificial/Controversial Sweeteners	
+7%	Artificial Sweeteners
-83%	Aspartame
+9%	High Fructose Corn Syrup
+7%	Sucralose

Natural Low/No Cal Sweeteners	
+11%	Natural Low Cal Swt.
+17%	Allulose
+9%	Stevia
+16%	Monk Fruit

Monk Fruit

Stevia

Allulose

Source: 52 weeks ending 6.18.23 & 8.13.2023 SPINS SNE, MULO, powered by Circana. Filtered by SPINS Product Intelligence

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Thank you!

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