

Healthy Living Consumer Products Update

Industry Overview
Deal Review
Top Trends

Spring 2024

whipstitch
CAPITAL

in partnership with



SPINS®



BAIN & COMPANY

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SPINS[®]



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I. About Whipstitch Capital

Whipstitch Capital is a unique, industry-centric, proven investment bank solely focused on the consumer sector – it's what we love and all we do

Select previous Whipstitch clients

SINCE 1847
THAYERS
NATURAL REMEDIES

core



KEVITA

spindrift



+essentia



BREW DR.

**purely
elizabeth.**



**MADE
GOOD**

ESTD 2013
ROCCO & ROXIE
SUPPLY CO.®

clio

We are creating what the investment banking model should look like

Shortcuts to success do not exist. You are unique. You deserve a personalized approach

We operate as ONE TEAM. No silos. No quotas. We get the job done at the right time for you. Our team knows what matters

We know the buyers, the investors, the market, the data. We know how to sell....

And we take our craft seriously because your success is our success...

To Us, It's Personal

We love what we do

We help companies at their most pivotal moments

For us, this isn't a job, it's a privilege

And we take that responsibility seriously

Like you, we are founders, innovators and creators

We know what it's like to have it all on the line

We operate with a clear focus: Close the right deal, at the time, for you



whipstitch

We have grown to become the largest, independently-owned investment bank in the U.S., solely focused on the consumer sector



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

100+ years collective consumer investment banking experience; 170+ transactions closed



Consumer Experts

We only do consumer. Nothing else



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

We are different: Founder-owned and led, laser-focused on consumer, know virtually everyone, and provide a customized approach to each processes



We Own Whipstitch

100% founder owned and led

Committed to long-term growth of firm

We know what having everything on the line feels like



Long-Term Philosophy

Develop relationships early and work with brands over many years

No quarterly quotas; we work to get the best deal done at the right time for you



100% Consumer Focused

Highly specialized in consumer and consumer-related industries

Our team knows the industry inside and out

It is all we do



Customized Approach

Every process is highly customized to meet your needs and goals

There are no templates or cookie cutters



Super Connected

Our acquirer and investor connections run deep and span 20+ years

Investors and acquirers look to us for industry insights and opportunities

Whipstitch represents companies across various important consumer sectors



Food

From everyday staples to premium, better-for-you and next-generation brands – we are experts



Beverage

An explosive category – no bank in the US has played a larger role than Whipstitch over the last ten years



Personal care & beauty

An exciting category: acquirers looking for innovative offerings – our first deal here was industry leading



Pet

With the humanization of pets, the pet vertical has only scratched the surface of its growth opportunity



Manufacturing

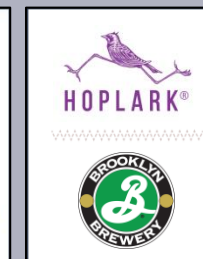
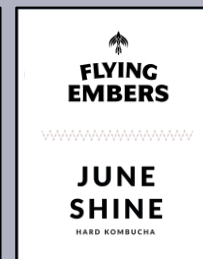
Supply-chain control has become critical, leading to a strong interest in infrastructure



Service providers

Service providers offering specialized services to consumer / related companies remain attractive

Select prior transactions



The Whipstitch Weekly recaps the latest consumer deals across all consumer sectors for more than 15,000 people – we do the work for you

Dedicated, internal team produces easy-to-read, weekly deals update

- Weekly transaction recaps goes to more than 15,000 industry professionals
- Covers food and beverage, health and wellness, retail, pet, personal care/beauty and other consumer
- 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 regularly ask to participate in our processes

[Click to Subscribe!](#)

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CAPITAL

The Whipstitch Weekly
Volume 8 Number 10

**The Investment Bank
for Consumer Brands**

Consumer Transaction Recap
February 27-March 4, 2024

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

- Whipstitch News
- Food & Beverage
- Personal Care
- Health & Wellness
- Pet
- Other Consumer
- Interesting Reads
- More from Whipstitch

Whipstitch thought leadership sought out for industry publications catering to strategic acquirers, private equity firms and other investors



BevNET Live Summer 2023:
The Finance Forecast for
Beverage Brands

Just Food

Strategics Want to Buy
Companies in the Second
Inning



General Mills Venture Arm
Invests in GoodBelly
Probiotics Parent

BEVNET

Investment Insight: Uncertainty
At KDP, Confidence in
Kombucha



Canada's 'Better For You' Food
And Beverage Sector Presents
Big Opportunity For Investors

Forbes

Interest Brewing In Kombucha As
Healthy Beer, Soda Alternative



From Personalization to
Collagen and 'The Cloud':
Whipstitch Capital Picks Top
Healthy Living Trends



Cash in Natural Foods: Experts
Weigh in on How to Get it and
Prepare to Sell



GoodBelly Lands \$12M Round,
Led By 301 Inc.

Select deals led by the Whipstitch team



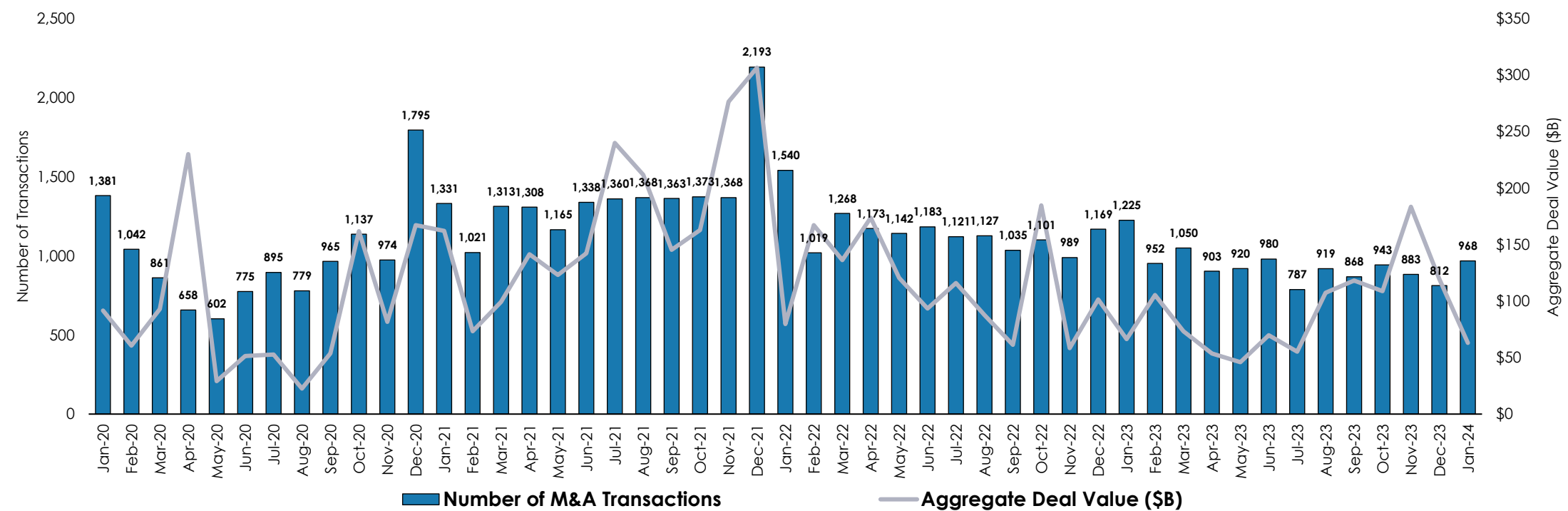
II. Capital Markets Recap & Overview

M&A volume is at stabilized levels

Cross-industry M&A volume stabilized in 2023

- 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 and 2023 resulted in M&A activity **falling** to near COVID-19 pandemic levels

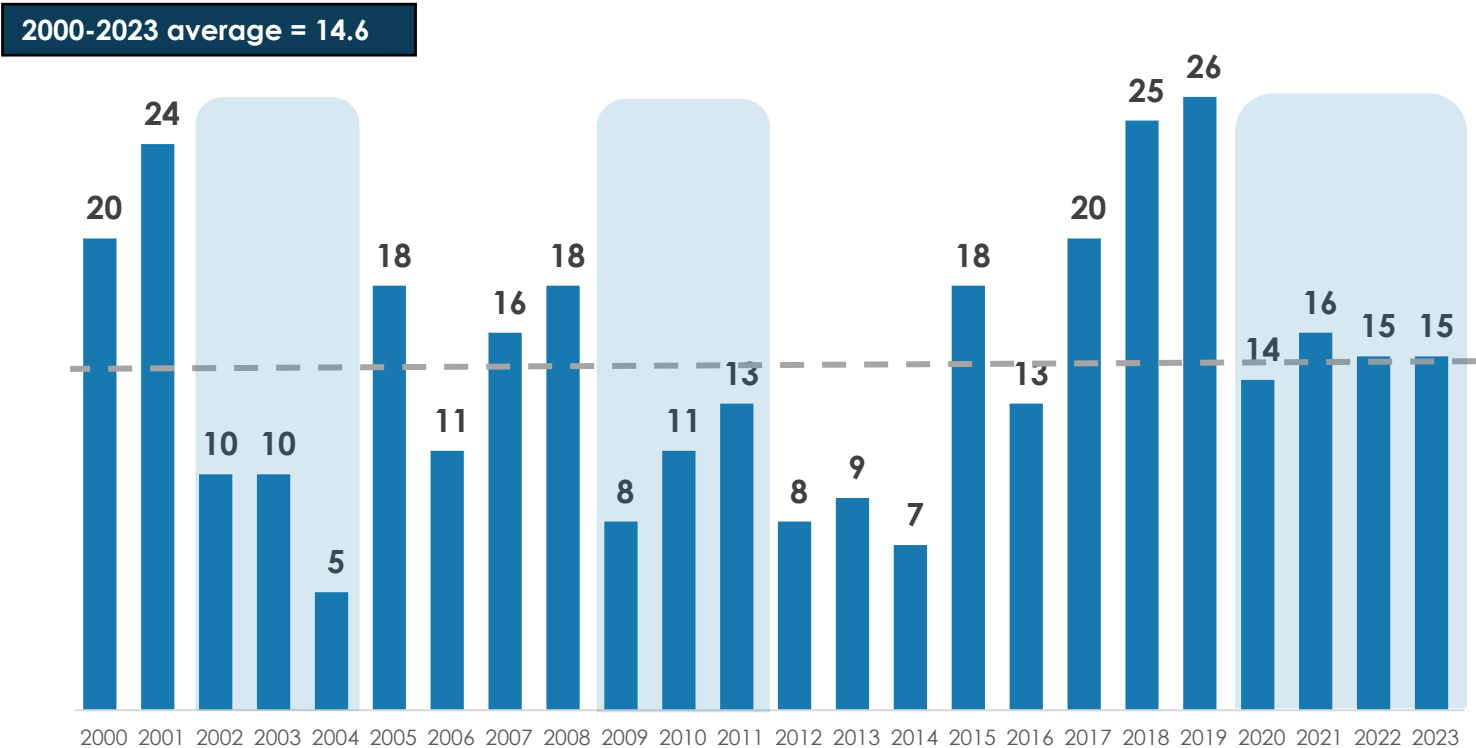
Cross-industry M&A activity continues steady pace through 2023 and into 2024¹



1. S&P Global Market Intelligence, Reported M&A Deal Value, All Industries, U.S. and Canada, As of 2/29/24

The acquisitiveness of large CPGs has been stable in the long-term

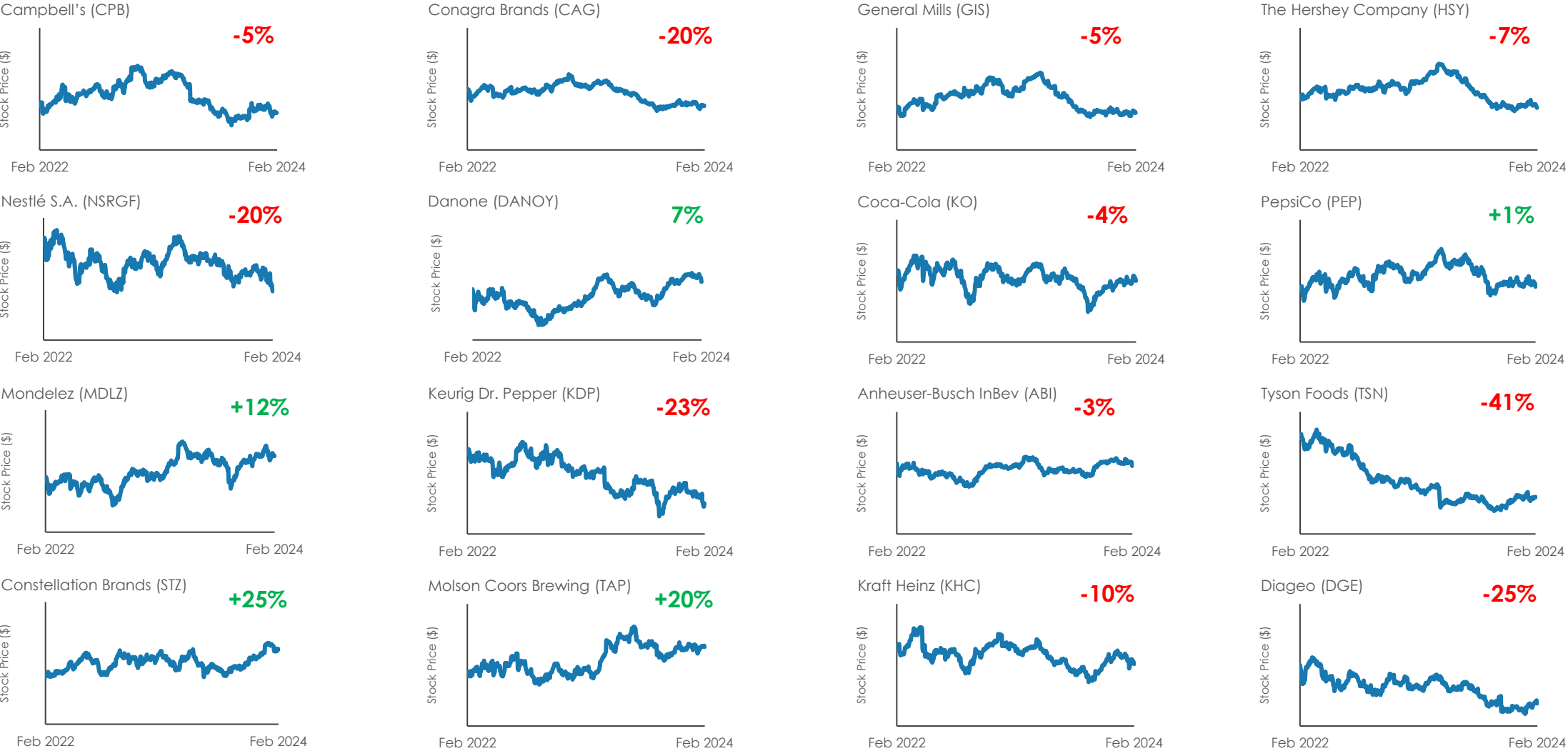
Acquisitions made by 15 largest consumer companies:



The Big 15 CPG's

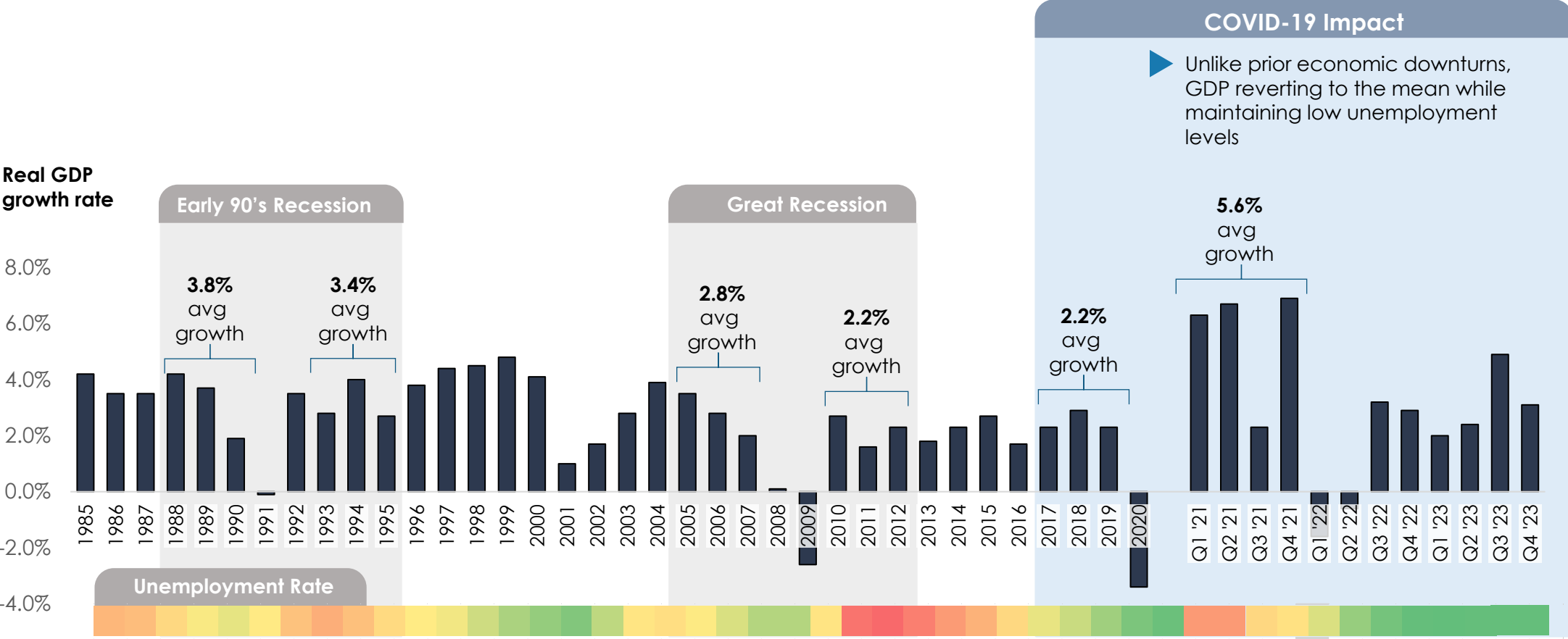
- Campbell Soup Co.
- Church & Dwight Co.
- General Mills
- Kellogg Company
- KraftHeinz
- Mars
- Mondelez International
- Nestle
- PepsiCo
- Proctor & Gamble
- The Rank Group
- SC Johnson & Son
- The Clorox Company
- Tyson Foods
- Unilever

Two-year CPG stock performance



Economic growth and labor markets continue to be resilient































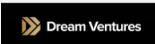






Economic stimulus drove inflation and demand



Recent consumer M&A highlights

Buyer	Target	Date	Buyer	Target	Date	Buyer	Target	Date	Buyer	Target	Date
JUNE SHINE HARD KOMBUCHA	FLYING EMBERS	Jan 2024	SYSTM FOODS	humm DRINK BETTER	Jan 2024	Campbell's	sovos brands	Aug 2023	KIRIN	BLACKMORES THE BEST OF HEALTH	Apr 2023
BainCapital	Accolade Wines	Feb 2024	FENWICK BRANDS	WICKLES	Jan 2024	beliv	HIGH Brew COLD-BREW COFFEE	Jul 2023	L'ORÉAL	Aēsop	Apr 2023
Our Home	RW Garcia	Jan 2024	Chobani	La COLOMBE COFFEE ROASTERS	Dec 2023	FULLBEAUTY BRANDS™	CUUP	Jul 2023	Pernod Ricard	SKREWBALL	Mar 2023
FORUM BRANDS	LOLA	Jan 2024	SHISEIDO	Dr Dennis Gross SKINCARE	Dec 2023	MARS	kevin's natural foods	Jul 2023	SOURCE	PROUD SOURCE SPRING WATER	Mar 2023
Suave	ChapStick	Jan 2024	THE J.M. SMUCKER CO.	Hostess	Nov 2023	wellful	Jenny Craig	Jul 2023	Tyson	WILLIAMS' COUNTRY SAUSAGE	Feb 2023
Pearl ROCK PARTNERS	nut pods	Jan 2024	Ferrara	Jelly Belly	Nov 2023	MONSTER ENERGY	bang	Jul 2023	P&G	MIELLE	Jan 2023
H. I. G. CAPITAL	Patriot Pickle	Jan 2024	GENERAL ATLANTIC	JOE & THE JUICE	Nov 2023	tOpospin CONSUMER PARTNERS	Three Dog Bakery THE BAKERY FOR DOGS	Jun 2023	PETIQ Smarter Pet Health	ROCCO & ROXIE SUPPLY CO.™	Jan 2023
ALPA PRIVATE EQUITY PARTNERS	WEAVER POPCORN	Jan 2024	SECOND NATURE BRANDS	SAHALE SNACKS	Sep 2023	Unilever	yasso	Jun 2023	MARS	trüfrü	Dec 2022

Recent consumer private placements

Buyer	Target	Date	Buyer	Target	Date	Buyer	Target	Date	Buyer	Target	Date
EURAZEO		Feb 2024	 TRUFF	Nov 2023	 HOPLARK 	Sep 2023	 CALIFORNIA NATURALS	Jul 2023			
 Trinity  ODYSSEY	Feb 2024	Morgan Stanley Huel	Oct 2023	 af  Jinx FOR MODERN DOGHOOD	Aug 2023	 IF CAPITAL  WESTROCK COFFEE	Jul 2023				
 nutrabolt  Bloom	Jan 2024	 stripes  PopUp Bagels	Oct 2023	 CAVU  native pet	Aug 2023	 UFC  slate	Jun 2023				
 InvestBev  JUNE SHINE HARD KOMBUCHA	Jan 2024	Maxx Crosby slate	Oct 2023	 VANERRA  mixlab	Aug 2023	 Verlinvest  TONY'S CHOCOLONELY	Jun 2023				
 Asahi  the zero proof	Jan 2024	 SANTATERA CAPITAL  TIA LUPITA FOODS	Oct 2023	 Emil Capital  A DOZEN COUSINS	Aug 2023	 DEVONSHIRE INVESTORS  BEEKEEPER	Jun 2023				
 MOLSON COORS  ZOA	Dec 2023	 s2g ventures  eat the change	Oct 2023	 AGRONOMICS  MEATABLE	Aug 2023	 VOLITION CAPITAL  Chamberlain Coffee	Jun 2023				
 BainCapital  140 FOODS	Dec 2023	 Aria  Lesser Civil	Sep 2023	 Keurig DrPepper  La COLOMBE COFFEE ROASTERS	Jul 2023	 SANDBRIDGE CAPITAL  r.e.m. beauty	May 2023				
 Dream Ventures  MEZCLA	Dec 2023	 L CATTERTON  GOODLES	Sep 2023	 WELLINGTON MANAGEMENT  SKIMS	Jul 2023	 Constellation Brands  TÖST	May 2023				

III. Bain & Company Consumer Product M&A Annual Report

(Select Slides)



2024 CP M&A Annual Report

February 2024

At a glance | Key facts about the Strategic M&A market today

2023 M&A WAS DEFINED BY BUYER-SELLER GAP IN VALUATION

\$2.4T 
strategic deal value

Buyer-seller
valuation gap was

#1

drag on
deal activity

10.1x
median
EV/EBITDA

Deal multiples
hit 15-year low

FREQUENT ACQUIRERS STAYED IN THE GAME

71%

Did a deal post-
interest rate hikes

+130%

TSR for frequent
acquirers
vs. inactives

-6% **vs.** **-37%**
Strategic buyers PE and VC

FAVORABLE CONDITIONS FOR MORE M&A IN 2024



Cost of capital
expected to fall

Big backlog of deals

51%

of PE portfolio held
for >4 years

45%

of Strategics expect
more divestitures

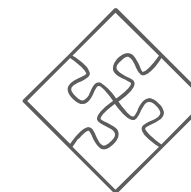
\$2.5T Corporate
cash on hand

\$3.9T Private capital
dry powder

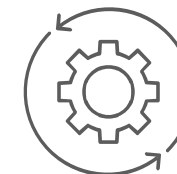
GAINING AN EDGE IN A RESET



Proactive &
prepared

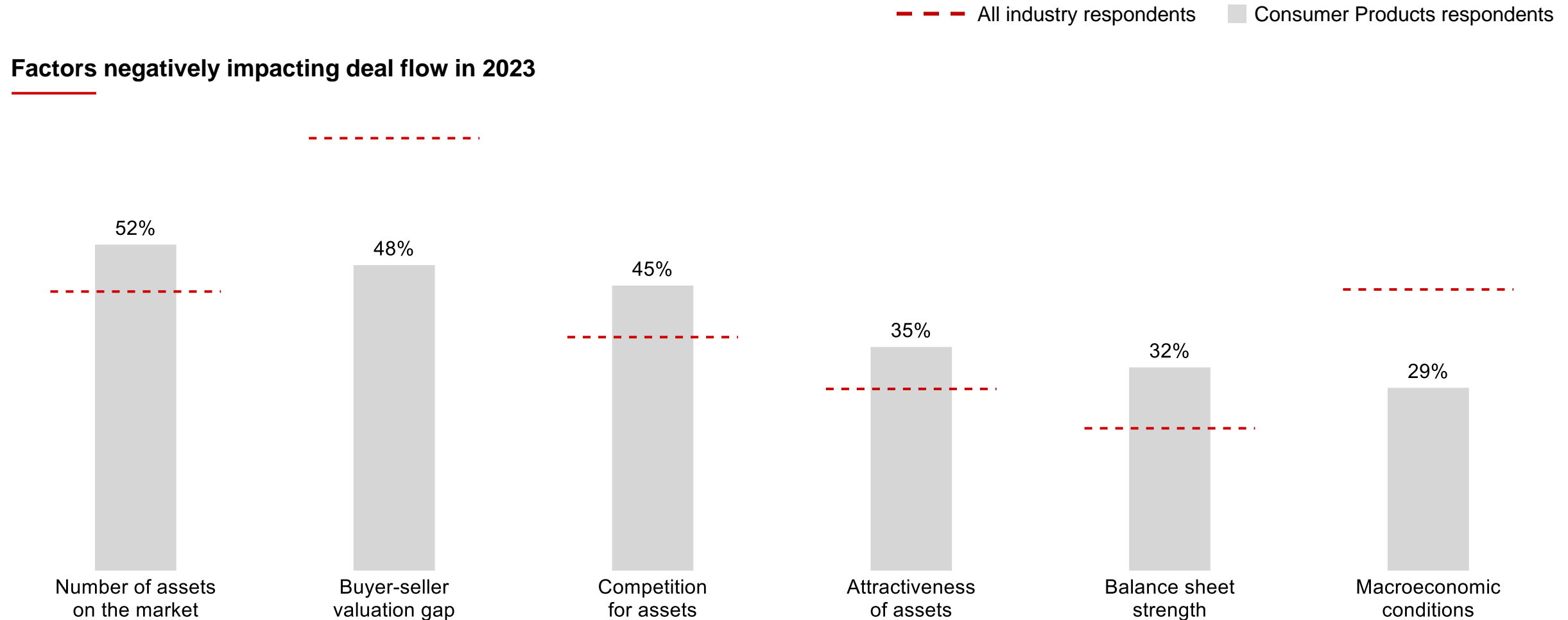


Value creation
fundamentals



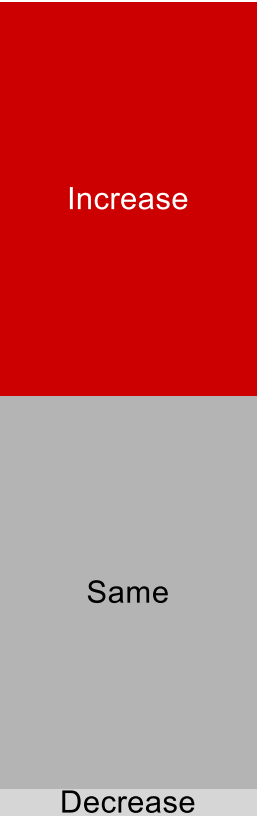
Sharp M&A
capabilities

The biggest barrier to dealmaking in 2023 was the scarcity of assets, followed by a gap in valuation expectations



Consumer Products practitioners expect divestiture activity to increase in 2024, provided the price is right

Expectation of divestitures



Most important factors when deciding to sell an asset in 2024



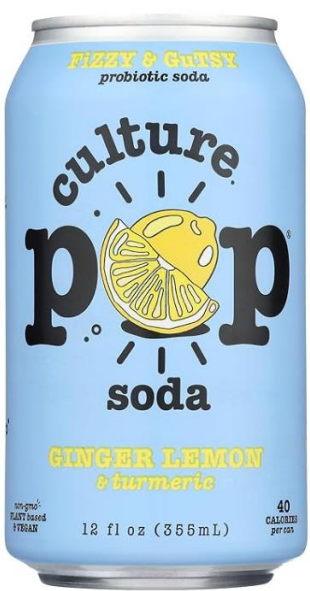
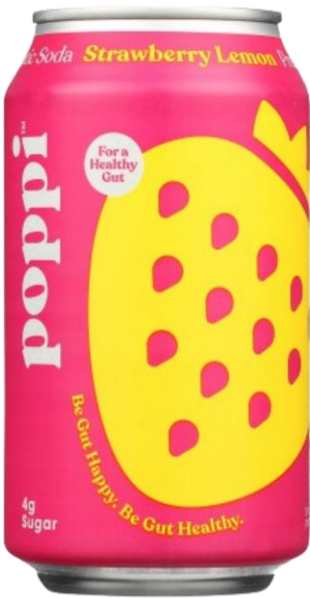
Source: Bain M&A Practitioners' 2024 Outlook Survey

IV. Whipstitch Capital's Top Mega- and Healthy Living Consumer Trends

MEGA TRENDS

- Beverage
- Food
- VMS
- Pet
- Personal Care
- Sustainability

BEVERAGE: “Gut Health” sodas go big & go mainstream



Retail
Sales

\$228M

\$145M

\$9M

YOY

195%

236%

257%

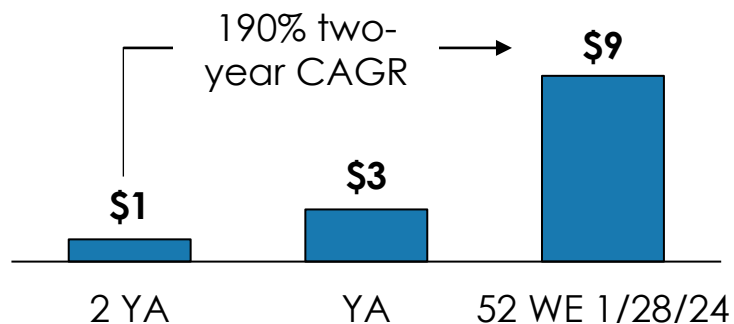
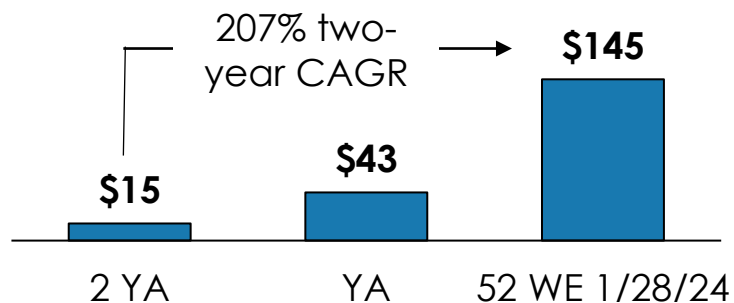
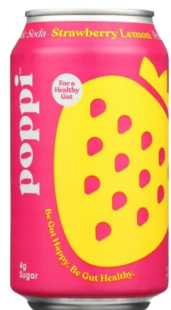
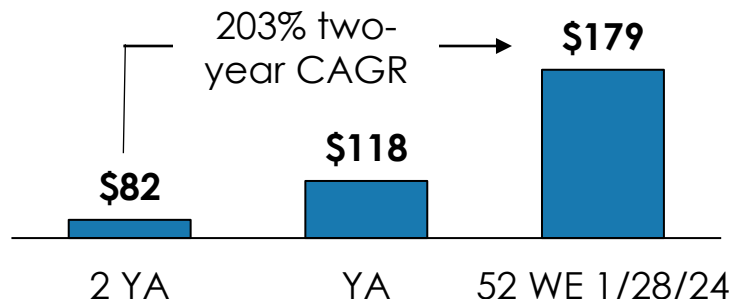
Why? There is a big difference between the new kids and old guard in terms of sugar and calories



Avg cals/can	35	25	40	160	150	140
Avg sugar/ can	2g	4g	6g	43g	41g	38g

1. SPINS, TPL, 52 WE 1/28/24, MULO + Natural + C-store

Consumers are clearly speaking – we like soda, but....



Why Are Consumers Buying?

- Great taste – like soda
- Low Sugar
- Low Calorie

Implications / Questions

- There will be multiple winners
- Who will acquire? At what price?
- Multi-Flavor Brands – the future

And the brands have garnered clear investor and possible strategic interest

AdAge

HOW POPPI'S SURPRISE SUPER BOWL AD BUY CAME TOGETHER

The startup brand's last-minute ad will put industry giants such as Coca-Cola and PepsiCo on watch

By [Jon Springer](#). Published on February 09, 2024.



Prebiotic soda Olipop approaches \$200 million in annual sales — and CEO says Coca-Cola and PepsiCo have already come knocking

PUBLISHED SAT, APR 29 2023-9:00 AM EDT



Amelia Lucas
@THXAMELIAN

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BEVNET

Culture POP Raises \$21M In New Investment

[Lukas Southard](#) | Feb. 14, 2024 at 6:04 pm

Bloomberg

Coca-Cola Is Among Suitors for Healthy Soda Brand Poppi

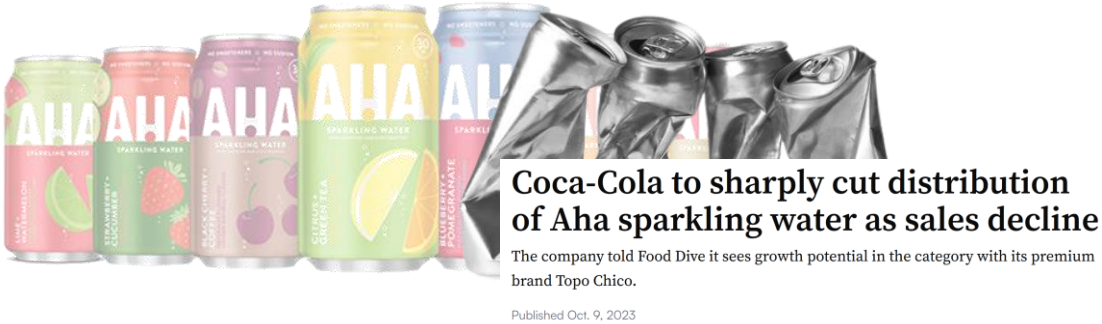
- Top-selling brand on Amazon claims to be growing fast
- Deal would help Coke keep diversifying away from sugary drinks

And there's more: The kombucha players follow; Spindrift and Waterloo also on fire – while Coca Cola dismantles AHA

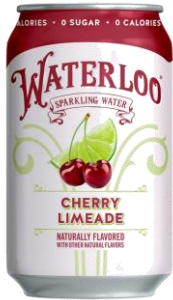
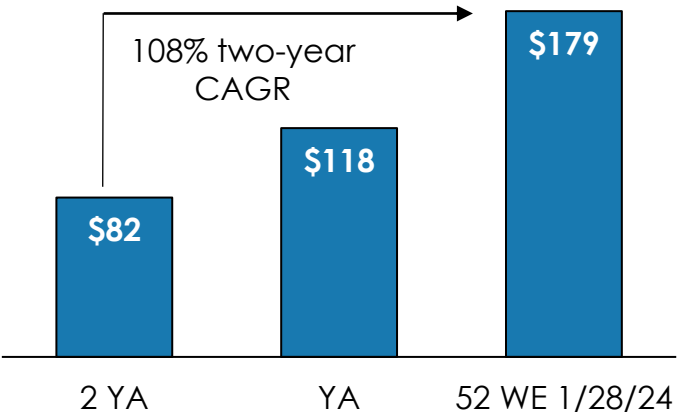
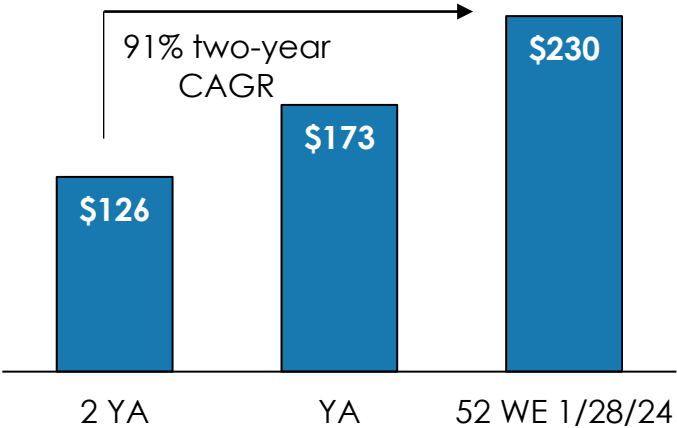
The Kombucha Players are Following



Strategics often cut innovative brands that fail to reach critical mass



Spindrift and Waterloo Strong¹



1. SPINS, TPL, 52 WE 1/28/24, MULO + Natural + C-Store

FOOD: Drugs for Weight Loss & Appetite Suppression

The New York Times

What Is Ozempic and Why Is It Getting So Much Attention?



More teens are turning to weight loss drugs



Ozempic, Wegovy drug prescriptions hit 9 million, surge 300% in under three years

THE WALL STREET JOURNAL.

Ozempic: How the Diabetes Drug Works and Why It's Such a Big Deal for Weight Loss

The Washington Post

Food, clothing, airlines: Ozempic is coming for these industries and more

Bloomberg

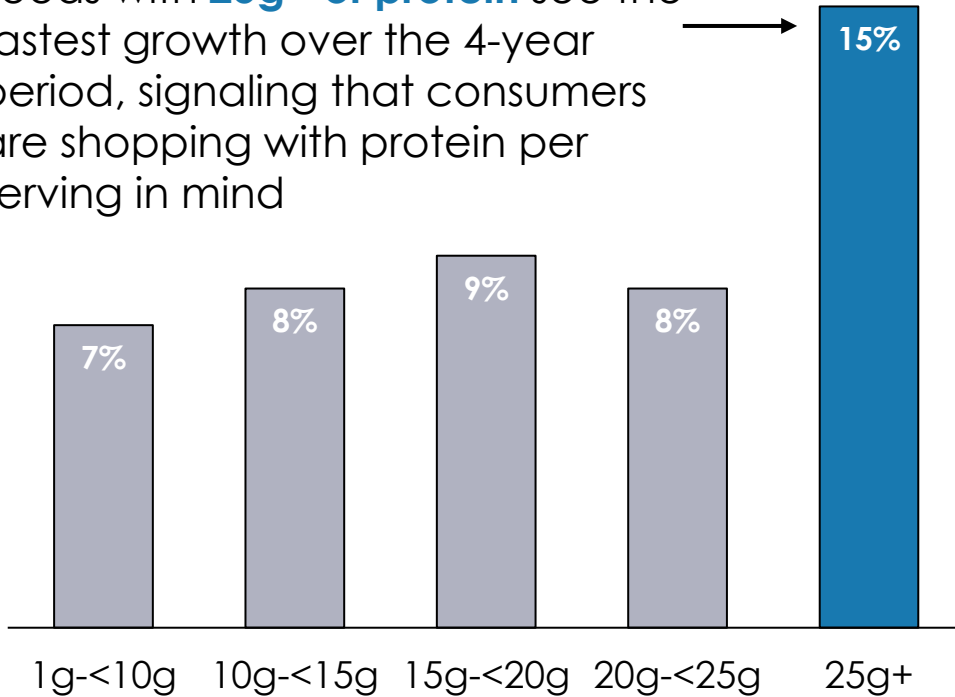
Ozempic Is Making People Buy Less Food, Walmart Says

Protein is having a (long-term) moment

Consumers Prioritizing Protein Consumption in Everyday Meals¹

4-year CAGR of foods by protein/serving

Foods with **25g+ of protein** see the fastest growth over the 4-year period, signaling that consumers are shopping with protein per serving in mind



What Consumers are Looking for in Foods

- Blood sugar stabilization
- Limited refined carbs
- Low sugar
- High protein

Some Categories Benefitting

- RTD protein beverages
- Protein-rich snacks
- Indulgent treats

Protein-rich brands to watch

Snacks

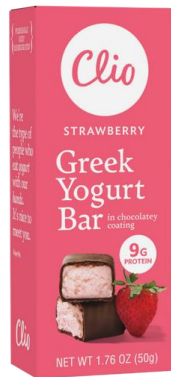


10g protein!



10g protein!

Indulgence



9g protein!



20g protein!

Beverage



20g protein!

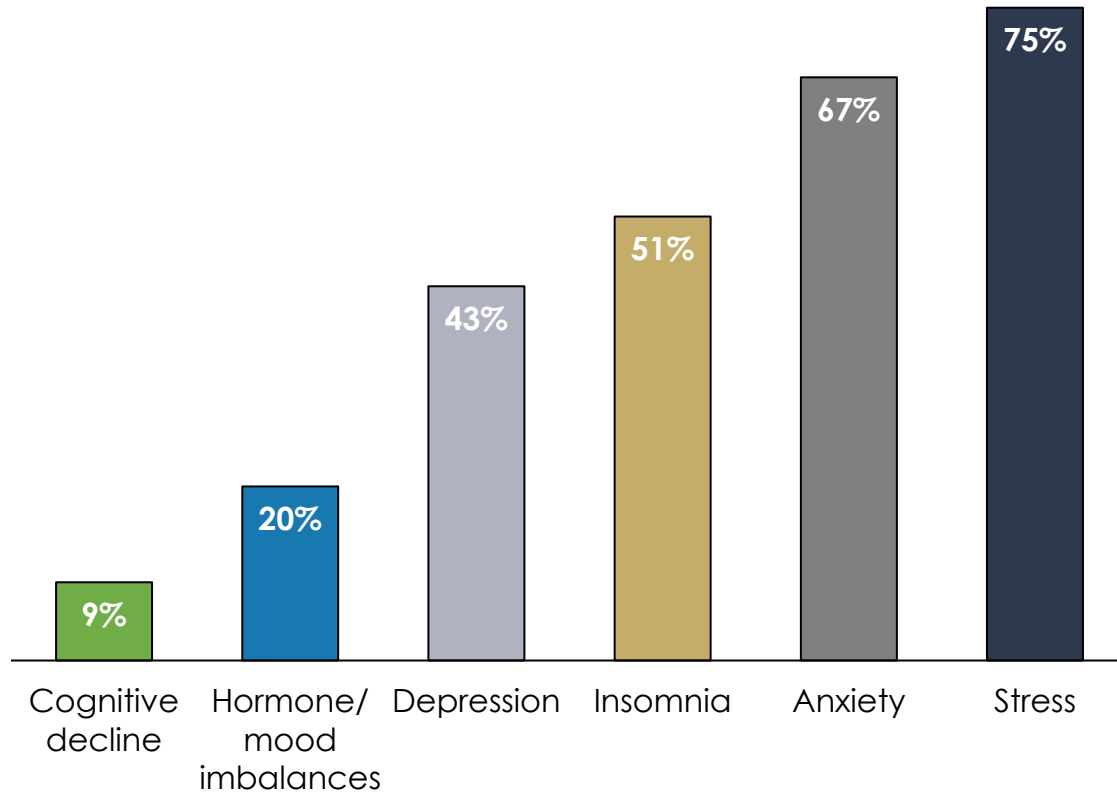
Dairy Staple



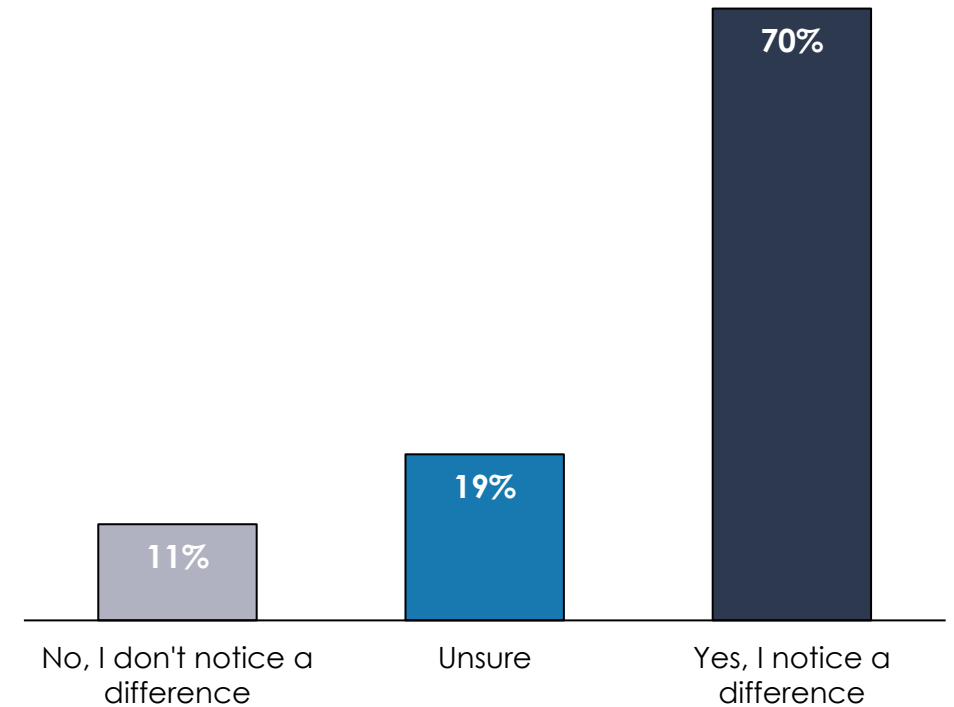
19g protein!

VMS: We are stressed, anxious and we can't sleep – and we believe supplements can help us

Consumer Survey: Mood and Mental Health Related Concerns Consumers Have Experienced in the Last Year¹



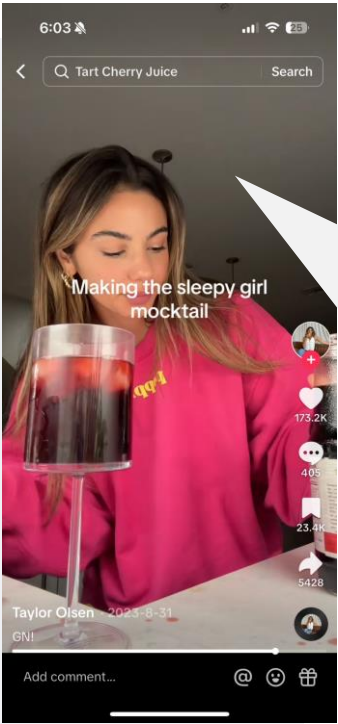
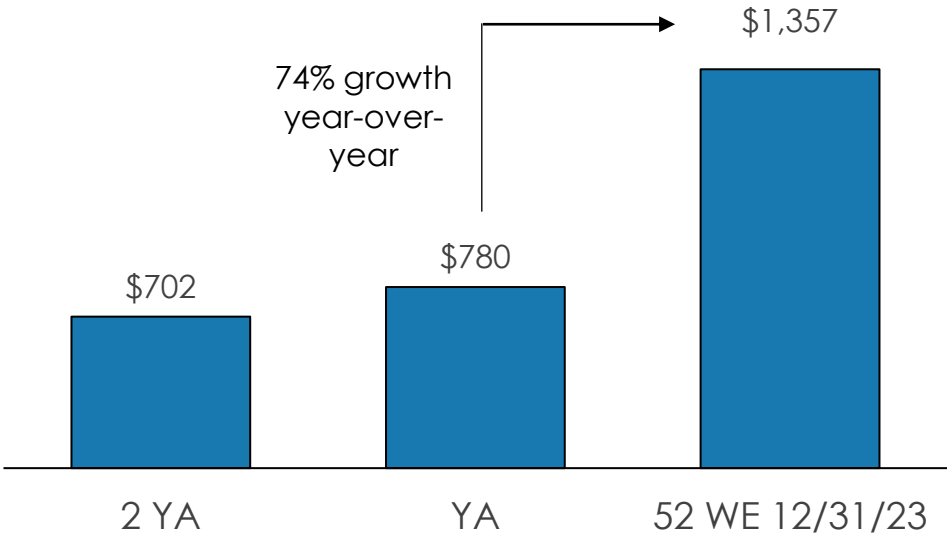
Consumer Survey: Perceived Efficacy of Mood and Mental Health Supplements¹



Here comes magnesium and holistic wellness to help us sleep... some brands to watch

Growing Awareness of Magnesium's Sleep/Anxiety Benefits Driving Growth¹

Magnesium sell-through (\$MM)



Tiktok trend alert:

A surge in educational content and awareness regarding magnesium on TikTok is fueling its growth. Latest buzz is the "Sleepy Girl Mocktail" trend, featuring a DIY cherry juice and magnesium cocktail that promotes better sleep.

Brands to watch

Personal care

FABLE & MANE

Act+
Acre

VMS

PYM
PREPARE YOUR MIND

MTN OPS

jigsaw
HEALTH

Beverage

moment

Ghia

hiyo

KIN
EUPHORICS™

1. SPINS, TPL, VMS + Grocery + Refrigerated, Magnesium ADV >25%, 52 WE 12/31/23
2. Google Trends, "rosemary oil", Last 12 Months
3. NIQ, Scan Off Premise Channels, L52 Weeks ending 7/29/23

PERSONAL CARE: Beauty hit with a skin education revolution

Pre-pandemic:



Influx of new products and brands created consumer confusion and exhaustion

Pandemic:



Education period – consumers had free time and learned about the science behind skincare through social media

Today:



Customers continue to educate themselves and build effective routines based on science to solve their individual skin needs

Ingredient-forward personal care brands have arrived



Hyaluronic Acid

- ✓ Enhances skin moisture
- ✓ Improves texture
- ✓ Decreases signs of age



Vitamin C

- ✓ Brightens skin
- ✓ Minimizes dark spots



Niacinamide

- ✓ Hydrates skin
- ✓ Reduces hyperpigmentation



Retinol

- ✓ Fights fine lines
- ✓ Provides youthful glow
- ✓ Promotes elasticity



Hypochlorous Acid

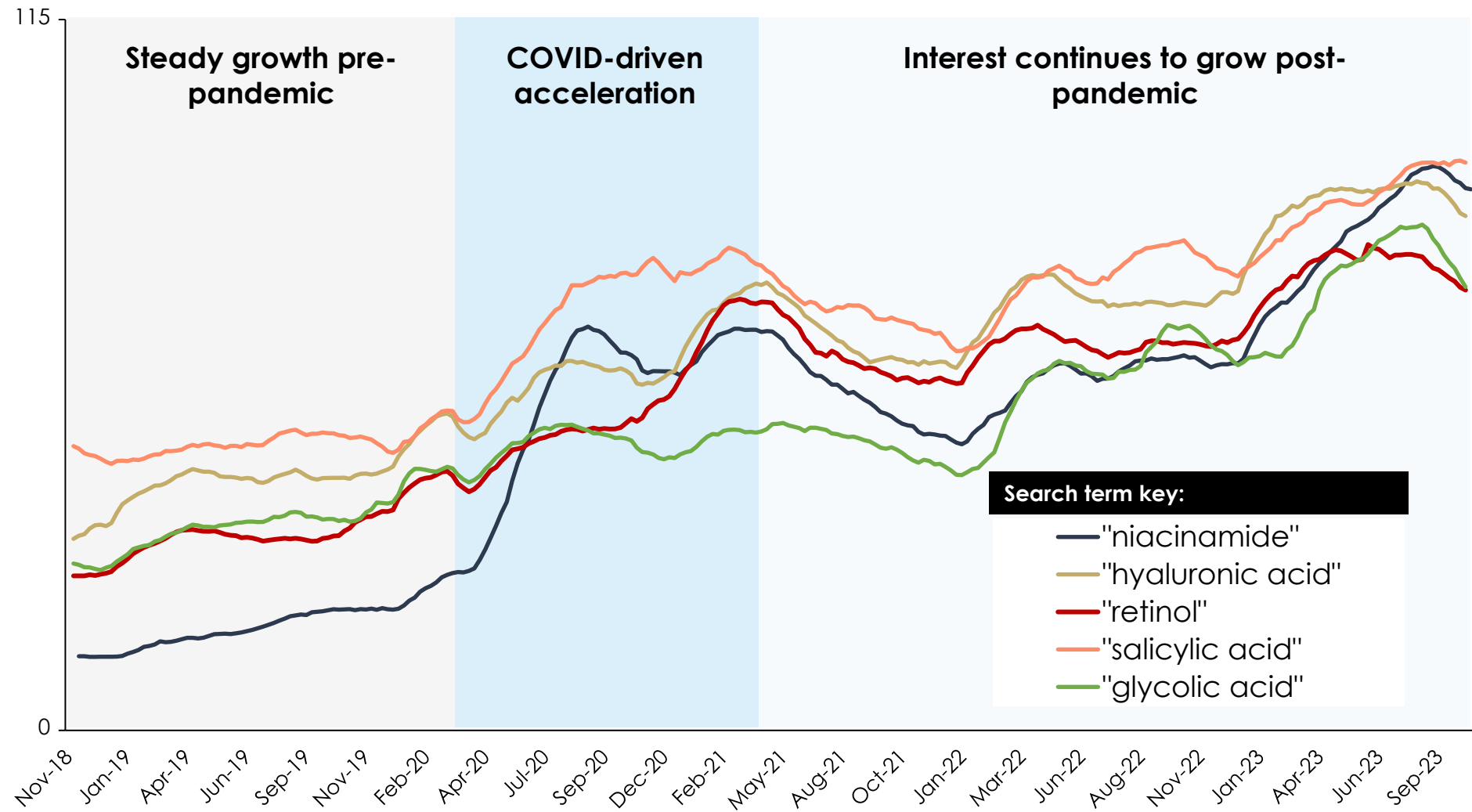
- ✓ Reduces redness
- ✓ Clears skin
- ✓ Supports skin barrier



Glycolic Acid

- ✓ Reduces appearance of pores
- ✓ Brightens skin
- ✓ Smooths skin

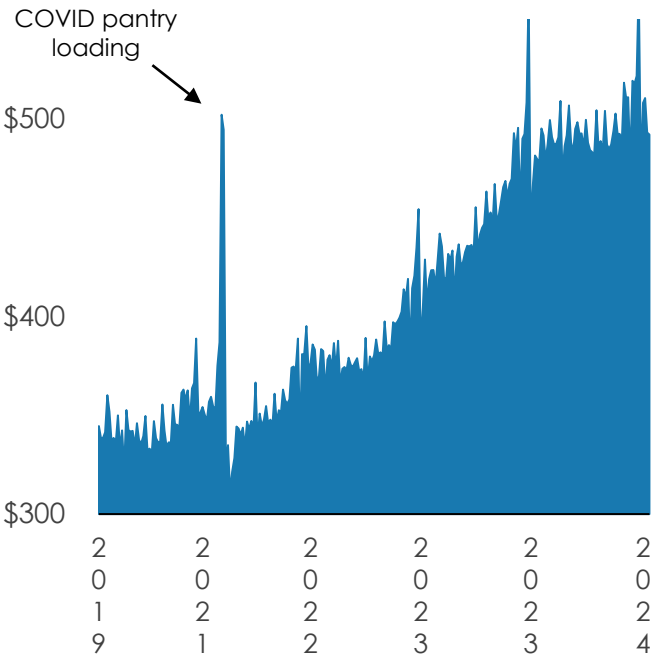
Ingredient search trends on the rise



PET: Pet food and supplements becoming more human-like

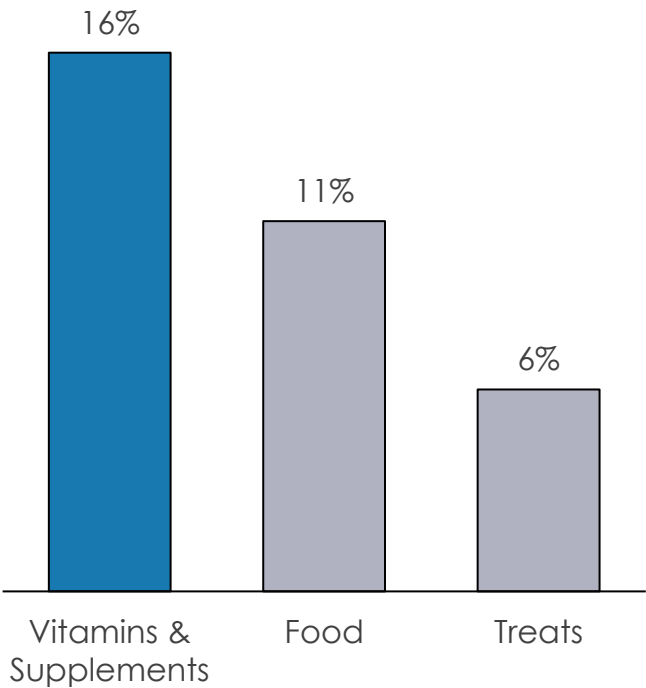
Pet food and treat sales up 47% since 2019 and growing at an 8% CAGR¹

Pet food and treat sell-through (\$MM)



VMS is the fastest growing category within pet²

Pet category YoY sales growth (%)



Brands to watch

RAWZ

the honest kitchen

PORTLAND PET FOOD COMPANY

shameless. PETS

Tender & True

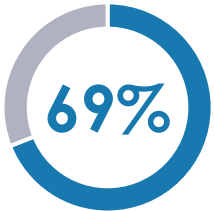
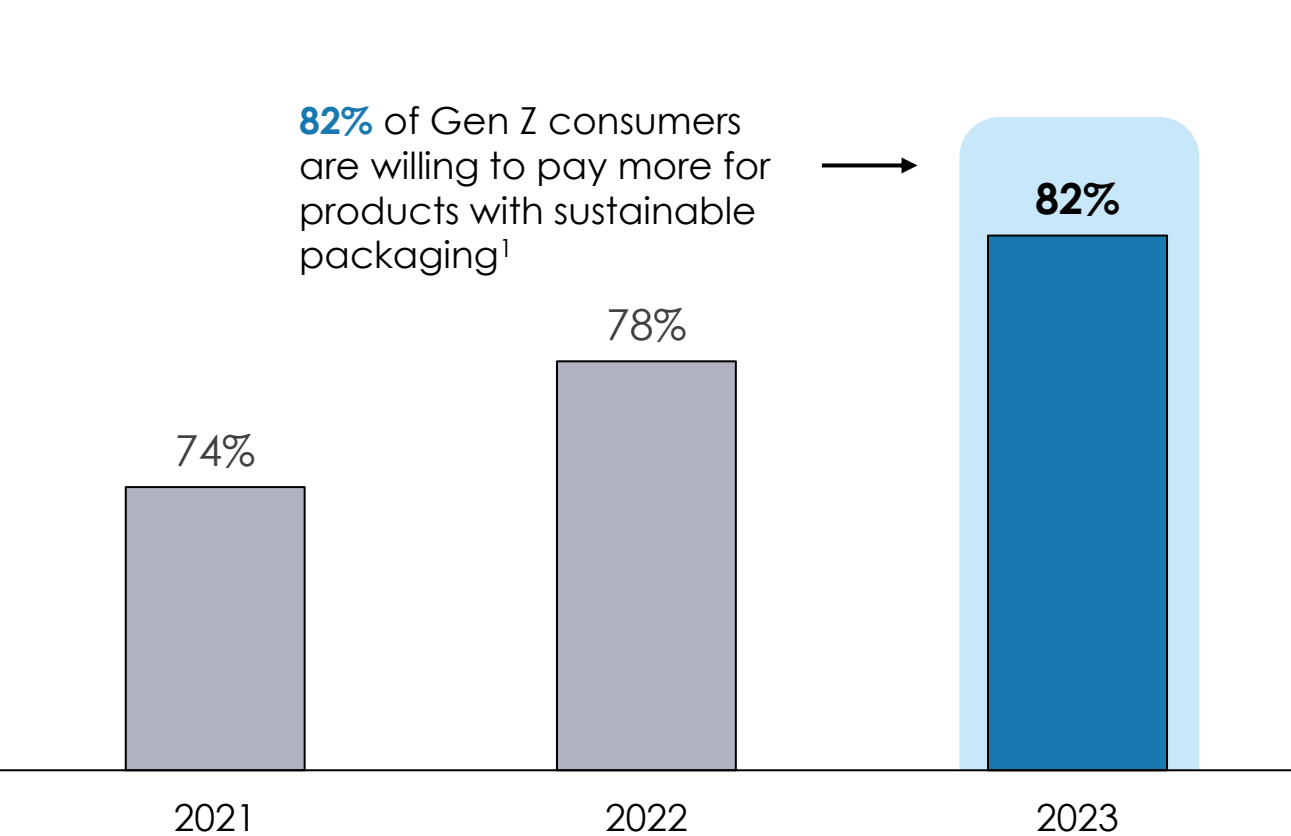
BIXBI

1. SPINS, TPL, Pet Food & Treats, L52 W/E 1/28/24, MULO & Natural
2. SPINS, TPL, Pet Food & Treats, L52 W/E 1/28/24, MULO

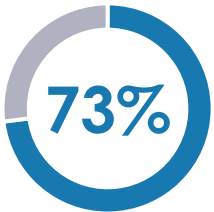
SUSTAINABILITY: Playing a larger role in CPG

Consumers Increasingly Willing to Pay a Premium for Products with Sustainable Packaging¹

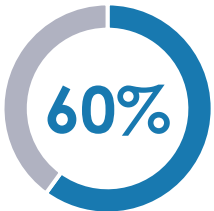
% of consumers willing to pay extra for products with sustainable packaging



of consumers interested in using **refillable products**²



of consumers think it's the **responsibility of brands** to be more environmentally friendly²



of consumers' **climate change concerns have intensified** over the last two years³

1. Trivium, 2023 Buying Green Report
2. Mintel, 2023
3. Bain & Company, The Visionary CEO's Guide to Sustainability

Select sustainability-centric consumer brands



100% post consumer recycled bottle



Plastic-free laundry products



Every sale provides food to animals in need



Utilizes regenerative ocean farming



Enhanced biodegradable packaging



Regeneratively raised meats



BPA-free, recyclable and climate-neutral cans



Plastic-free, bamboo-based household products

Other Key MEGA Healthy Living Consumer Trends

1. Clean label is the new all natural
2. Non-alc beer and RTDs are real and here to stay
3. The drink enhancer/powder category continues to explode
4. The American palate continues to demand more international flavors
5. The new sexy: Spices, sauces and condiments
6. Sustainability: Aluminum packaging continues to grow
7. The new dominance of low sugar, multi-flavored beverage brands
8. Protein shakes play alongside appetite-suppressing drugs¹
9. Mushroom coffee is real
10. Celebrity- and athlete-backed brands continue to grow

Many brands are on fire 🔥 (at least 75% YOY growth in SPINS)



Whipstitch Capital's EMERGING healthy living trends

Why Stop at 10? Whipstitch Goes to 11

1. Demand increasing for energy products that appeal to everyday consumers
2. Elevated everyday: The gourmet staples revolution and premiumization of pantry mainstays
3. Combo of convenience and exciting international flavors winning customer love
4. Growing focus on root cause of skin issues leading to consumer demand for hormonal health-related skincare solutions
5. Protein-boosted indulgence category driven by social media and TikTok
6. Rise of holistic wellness for anxiety reduction and improved sleep
7. Younger generations of pet owners especially attuned to sustainability in their purchase decisions
8. Growth of the "silver economy": Embracing the opportunities of aging
9. Korean beauty-inspired oil cleansing trend takes the mainstage in modern, effective and gentle skincare routines
10. Owned and operated (O&O) locations complementing online and retail channels and increasing customer engagement
11. Consumers shifting towards unrefined and minimally processed fats

1. Demand increasing for energy products that appeal to everyday consumers

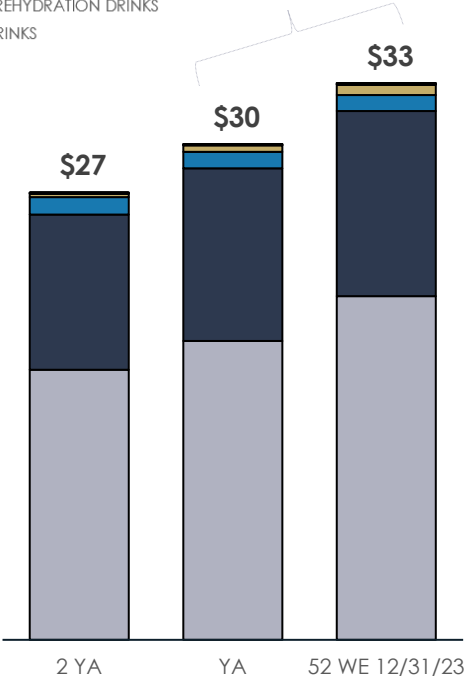
Engaged loyalists and category newcomers expanding the energy and sports nutrition market

\$33BN energy and sports nutrition category growing 10% YoY¹

Sell-through (\$BN)

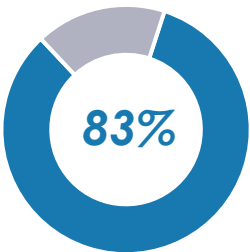
- INTRA & POSTWORKOUT
- PREWORKOUT
- ENERGY GELS & SNACKS
- HYDRATION & ELECTROLYTE
- ENERGY SUPPLEMENTS
- SPORTS & REHYDRATION DRINKS
- ENERGY DRINKS

Energy market growing 10% YoY as energy drinks gain popularity with female fitness fanatics, health-conscious consumers and Gen-Z gamers



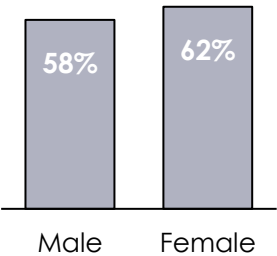
Energy and sports nutrition products expanding customer base outside of core male fitness demo and gaining popularity among everyday health-conscious consumers and gamers²

Fitness-focused females



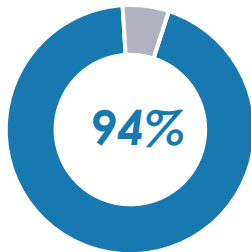
83% of women aged 18-34 consume energy drinks – feminine branding resonating with younger women

Health-conscious consumers



Majority of male and female consumers aged 18-34 prefer clean-label energy over traditional counterparts

Late night gen-z gamers



94% of teens aged 10-17 play video games – gaming fanatics consume energy drinks to sustain through late nights

Brands to watch

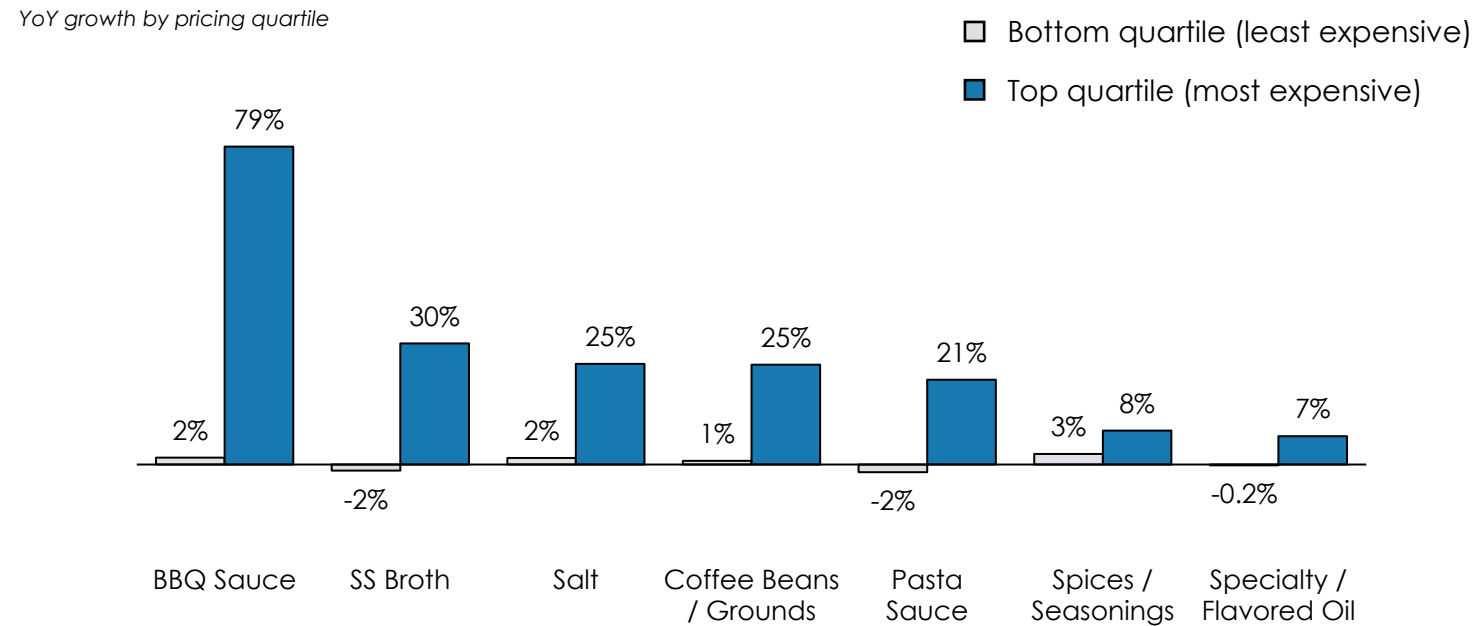


1. SPINS, TPL, 52 WE 12/31/23, MULO + Natural + C-Store
2. Mintel, Energy Drink Consumption, 2023

2. Elevated everyday: The gourmet staples revolution and premiumization of pantry mainstays

Lipstick index phenomenon affecting the pantry: Consumers splurging on staples despite inflationary pressures

Premium-priced pantry staple categories keeping pace with (and surpassing) lower-priced counterparts¹



Brands to watch

Select elevated pantry staples recent transactions



1. SPINS 52 WE 12/31/23, MULO, YoY Unit Growth by Brand ARP Quartile

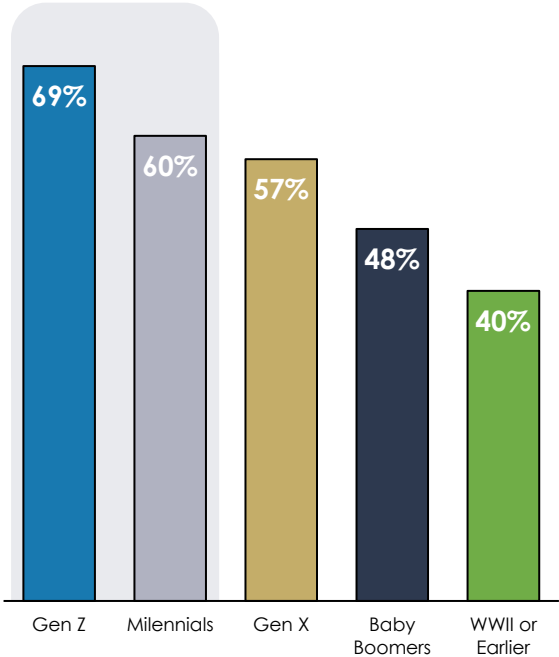
3. Combo of convenience and exciting international flavors winning customer love

Younger generations more likely to trial new cuisines; Convenience & detailed descriptions unlock trial across all ages

Young consumers are more open to trying new cuisines and flavor profiles¹

Individuals that try cuisines that they are unfamiliar with (%)
n = 2,000

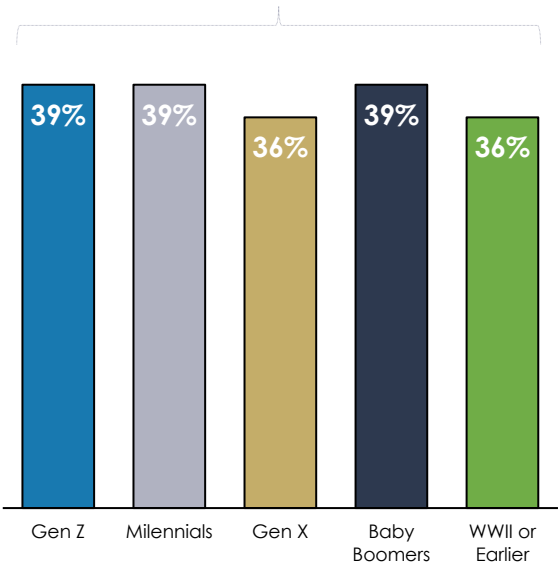
Younger generations are more likely to branch out of their comfort zone and try international and regional cuisines



Education and convenience breaks down barrier to trial across all ages¹

Individuals that find specific descriptions on food helpful (%)
n = 2,000

~40% of customers across generations find descriptions and instructions on int'l foods helpful – convenience and clarity are key for trial across ages



Different generations have varying levels of interest in trying new cuisines, but people of all ages equally value detailed descriptions:

- 1 Ingredient, preparation, and flavor explanation to help **educate consumers**
- 2 Simple and **convenient preparation format** remove barriers to trying new dishes



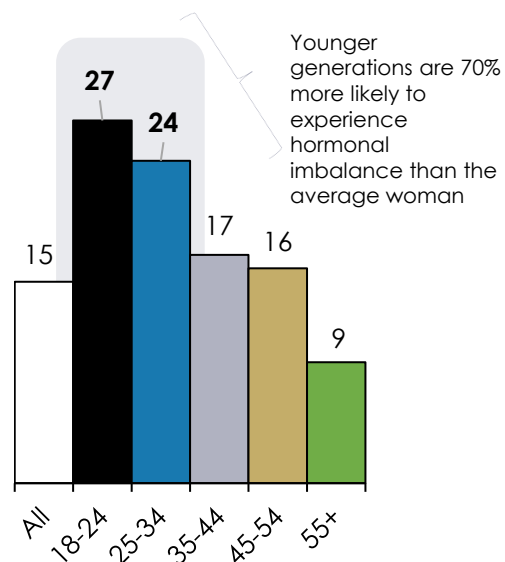
1. Mintel, April 2022

4. Growing focus on root cause of skin issues leading to consumer demand for hormonal health-related skincare solutions

Consumers on the lookout for hormonal health-oriented skincare solutions as awareness grows

Larger % of younger women experiencing hormonal imbalances¹

Women that have experienced hormonal imbalance in the past 12 months (%)
n = 1,081

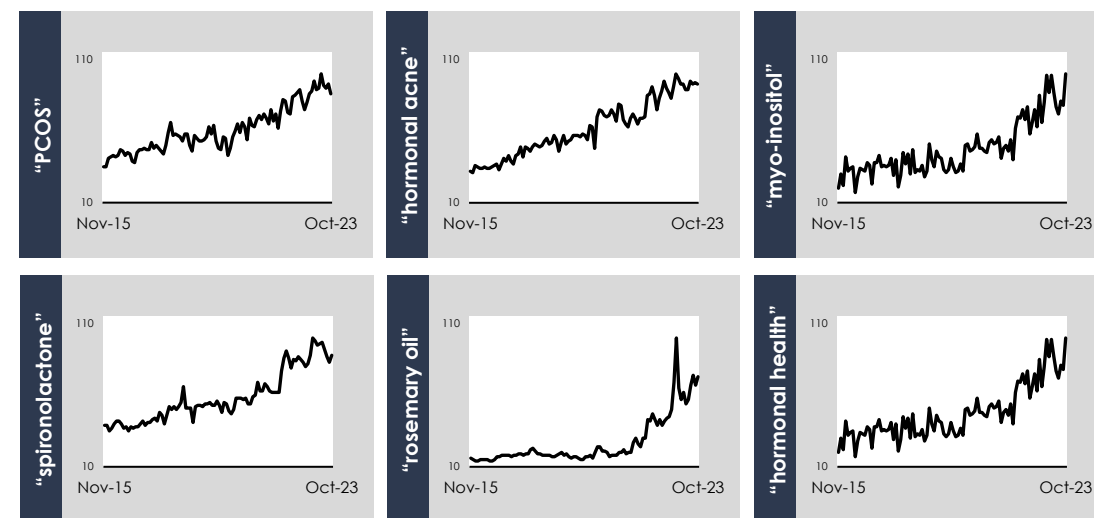


Hormone imbalance is an issue seeing outsized need among young adult women, suggesting that **brands with hormone specific-skincare outcomes** will resonate with next-generation consumers

Women's health-related search trends show growing consumer demand for disruptive, effective women's health products²

Google Trends Analytics

Uptick in search trends related to women's hormonal issues leading to **demand for innovation** given many heritage brands only provide "band-aid" solutions to acne and other skin issues



Brands to watch



FLO

BLUME

CLEAR
STEM



LOVE
WELLNESS

mixers

Wholesome
Story®

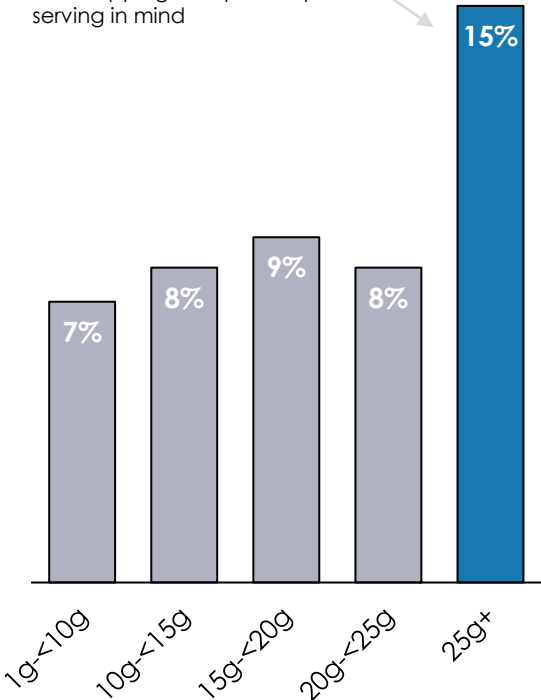
5. Protein-boosted indulgence category driven by social media and TikTok

Consumers increasing protein intake across multiple eating occasions and food types

Consumers are prioritizing protein consumption in everyday meals¹

4-year CAGR of foods by protein/serving

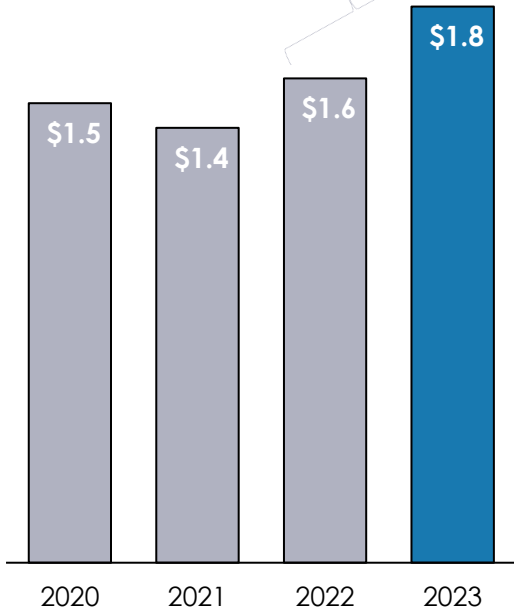
Foods with **25g+ of protein** see the fastest growth over the 4-year period, signaling that consumers are shopping with protein per serving in mind



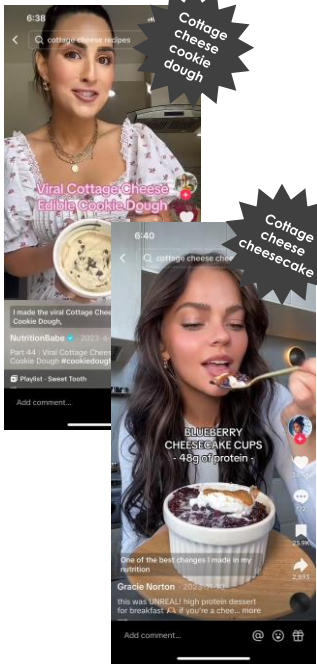
Prioritizing protein, even in desserts: Cottage cheese growth driven by viral high-protein sweet treat recipes²

Cottage cheese category sales (\$BN)

+\$230MM spike in 2023 cottage cheese sales following prior years' flatness – uptick attributed to high-protein recipes gaining traction on TikTok



TikTok trend alert:
Influencers using cottage cheese as the base to protein-packed desserts



Brands to watch

LEGENDARY



20g protein!

Re-invention of a **childhood classic** with **clean ingredients** and protein

Clio



8g protein!

Indulgent greek yogurt coated in chocolate deliver protein **treat**

good CULTURE



19g protein!

Protein powerhouse serves as a **blank slate** for **sweet and savory recipes**

OWYN ONLY WHAT YOU NEED



20g protein!

Plant-based chocolate protein shakes provide **clean and delicious** breakfast **on-the-go**

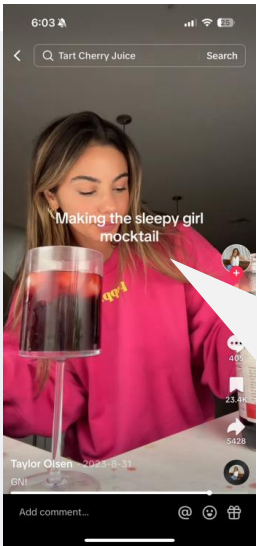
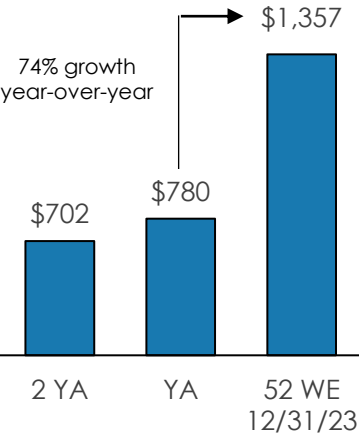
1. Nielsen IQ
2. SPINS 52 WE 12/31/23, MUJO, Natural + C-Store, "Cottage cheese" SKUs

6. Rise of holistic wellness for anxiety reduction and improved sleep

Magnesium, rosemary oil, and non-alc on the rise as customers prioritize their mental health

Growing awareness of magnesium's sleep/anxiety benefits driving its growth¹

Magnesium sell-through (\$)

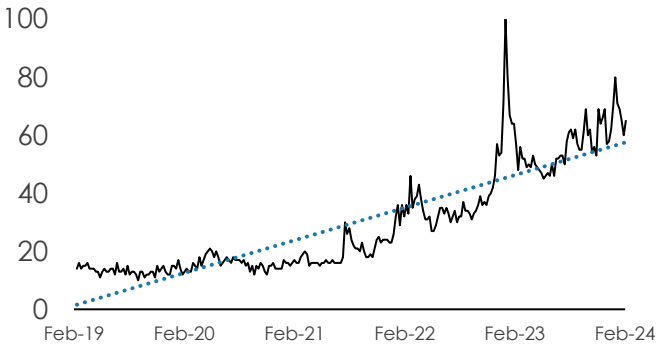


Tiktok trend alert:

A surge in educational content and awareness regarding magnesium on TikTok is fueling its growth latest buzz is the "Sleepy Girl Mocktail" trend, featuring a DIY cherry juice and magnesium cocktail that promotes better sleep

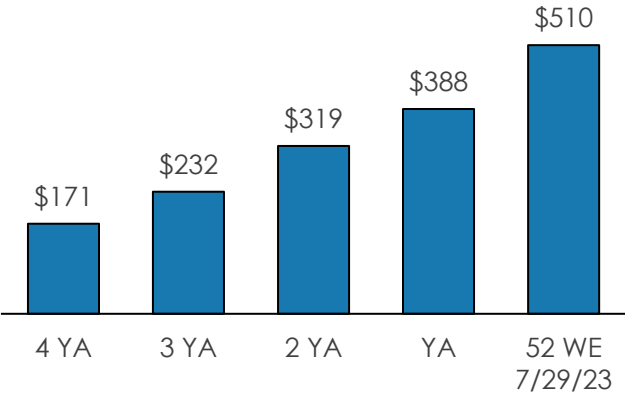
Rosemary oil serving as natural remedy to stress related hair loss²

Google search trends for "rosemary oil"



Consumers reducing alcohol intake and turning to adaptogens for mental health³

Non-alcoholic beverage sell-through (\$MM)



Brands to watch

Act+ Acre

PYM
PREPARE YOUR MIND

MTN OPS moment[®]
FABLE & MANE

Ghia

jigsaw[™]
HEALTH

hiyo

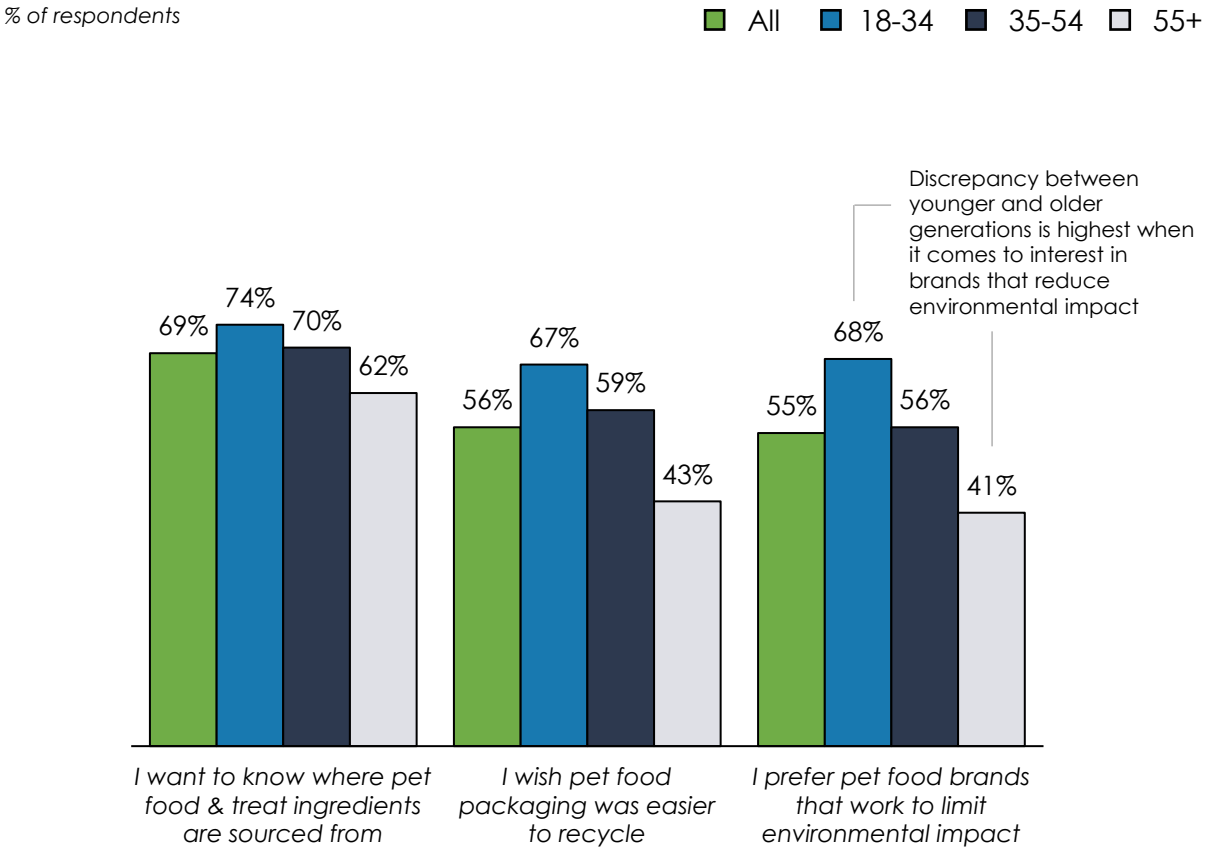
Kin
EUPHORICS[™]

1. SPINS, TPL, VMS + Grocery + Refrigerated, Magnesium ADV >25%, 52 WE 12/31/23
2. Google Trends, "rosemary oil", Last 12 Months
3. NIQ, Scan Off Premise Channels, L52 Weeks ending 7/29/23

7. Younger generations of pet owners especially attuned to sustainability in their purchase decisions

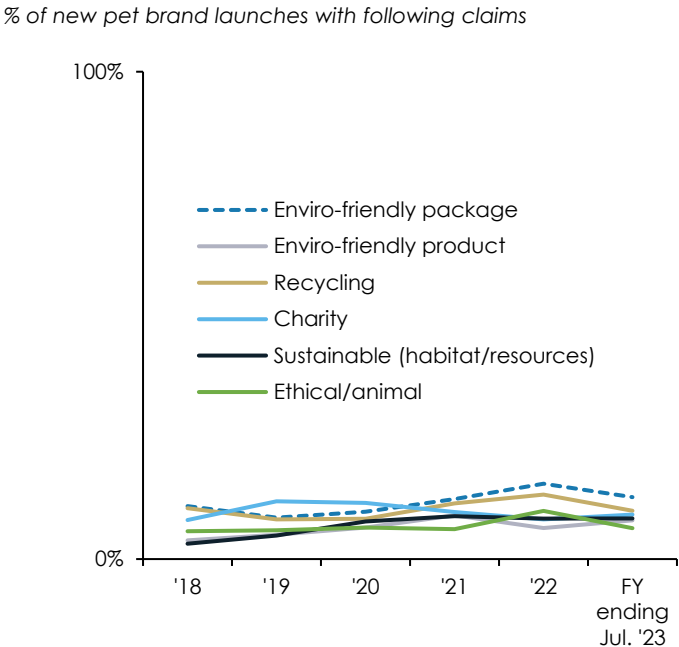
Customers continue to seek pet brands that provide transparency into ingredient sourcing and prioritize sustainability¹

Youngest demographic showing a keen interest in ESG-focused brands when purchasing pet food and treats



While younger generations express purchase interest in pet food with ESG claims, new brand launches in the category have stalled – untapped growth opportunity exists

Ethics claims in pet brand launches stagnate despite customer interest



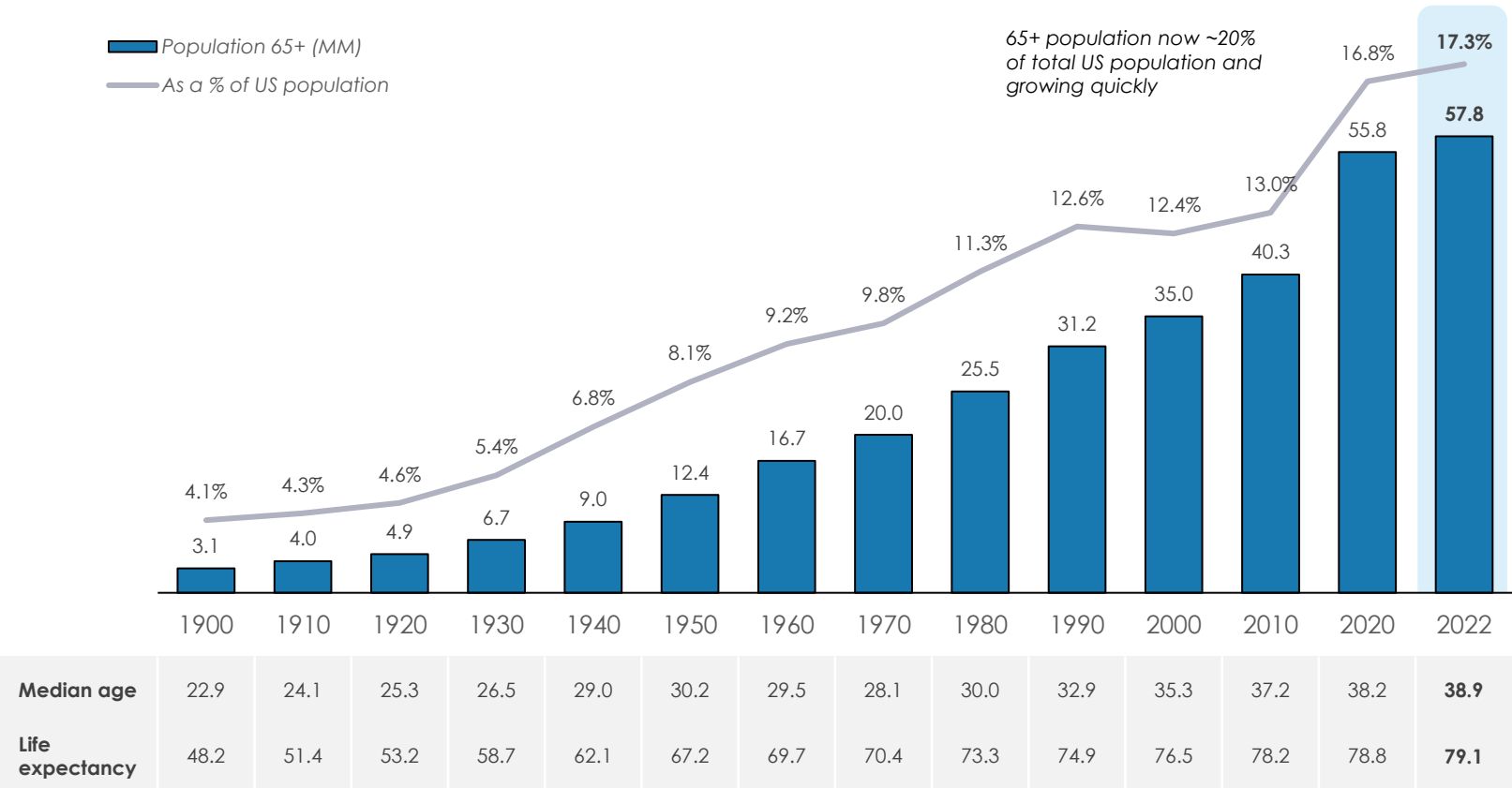
Brands to watch

1. Mintel US Pet 2023

8. Growth of the “silver economy”: Embracing the opportunities of aging

Elder demographic and overall life expectancy growth leading to interest in “silver wellness” & graceful aging products

Americans living longer, leading to a large and growing elder consumer base¹



Personal care brands to watch

Skincare and cosmetics that cater to mature skin and encourage graceful aging and self care

Better Not Younger™

thrive causemetics

OGEE

NAKED & THRIVING

Consumable brands to watch

Customer excitement around brands that support healthy sleep cycles, joint health, and energy

Magic Kitchen .COM

mimio

kate farms™

ELYSIUM

ARMRA™

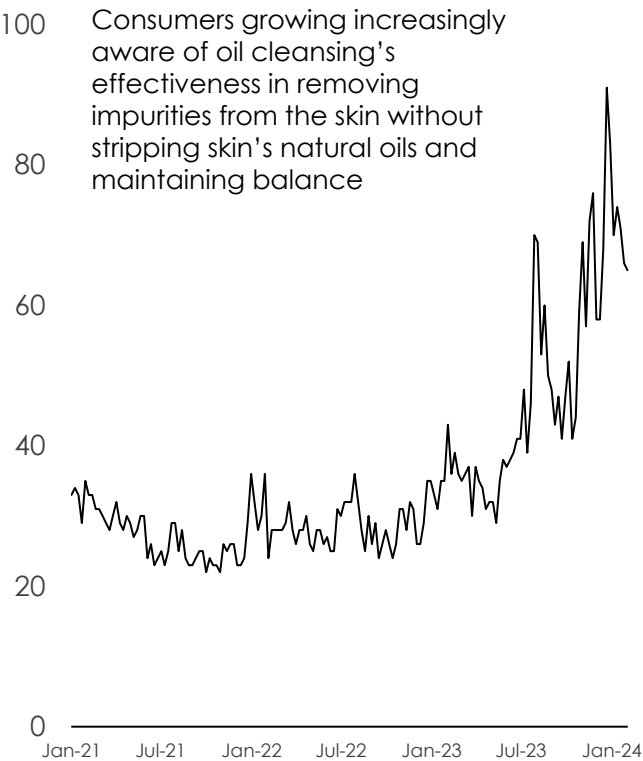
1. US Census Bureau

9. Korean beauty-inspired oil cleansing trend takes the mainstage in modern, effective and gentle skincare routines

K-beauty inspired oil cleansing on the rise as clean beauty and effective, gentle routines are a priority for consumers

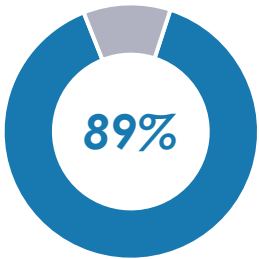
Oil cleansing is on the rise for its natural benefits¹

Google search trends, "cleansing oil"



While customers educate themselves on ingredient driven efficacy and prioritize potency, sensitive skin-centric gentle products are key to purchase decision

Customers who conduct research prior to skincare purchase (%)
n = 1,970



of customers engage in ingredient research when it comes to skincare purchases and 51% engage in significant ingredient research

Top ranked indicators of product quality while shopping
n = 1,651



Brands to watch

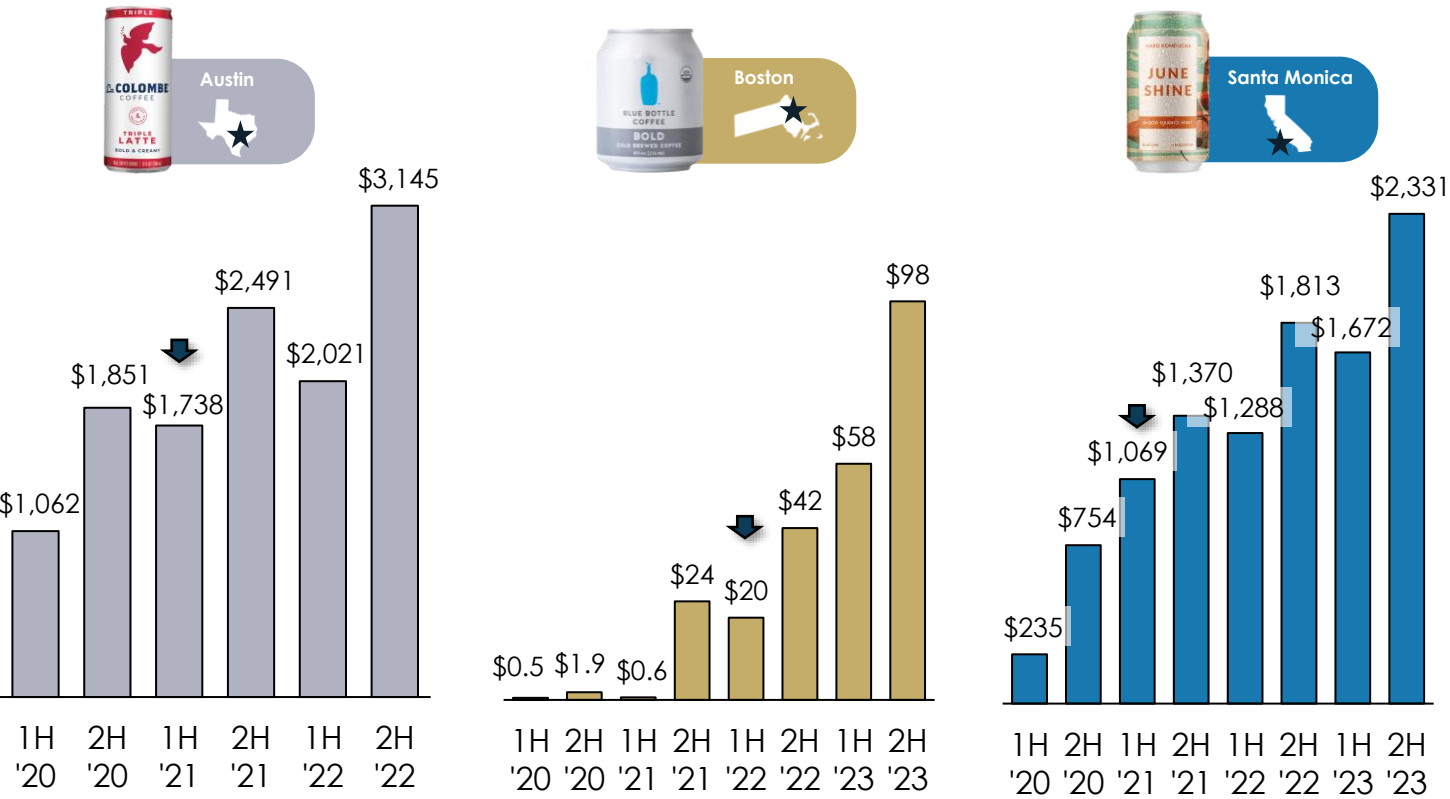
1. Google Trends Analytics
2. Kantar Profiles/Mintel, September 2022, August 2023
3. Kantar Profiles/Mintel, March 2023

10. Owned and operated (O&O) locations complementing online and retails channels and increasing customer engagement

Customers interacting with branded storefronts – O&O strategy building brand halo and increasing customer awareness

Brand-operated physical storefronts leading to sales growth in nearby retailers¹

Sell-through by city (\$K)



↓ Launch date of branded retail storefront

Disruptive brands with branded physical storefronts to watch

MEJURI

FEAST & FETTL

SKINPHARM

Philz Coffee

BLUE BOTTLE COFFEE

milk

DUMPLING DAUGHTER

momofuku

Van Leeuwen

JUNE SHINE

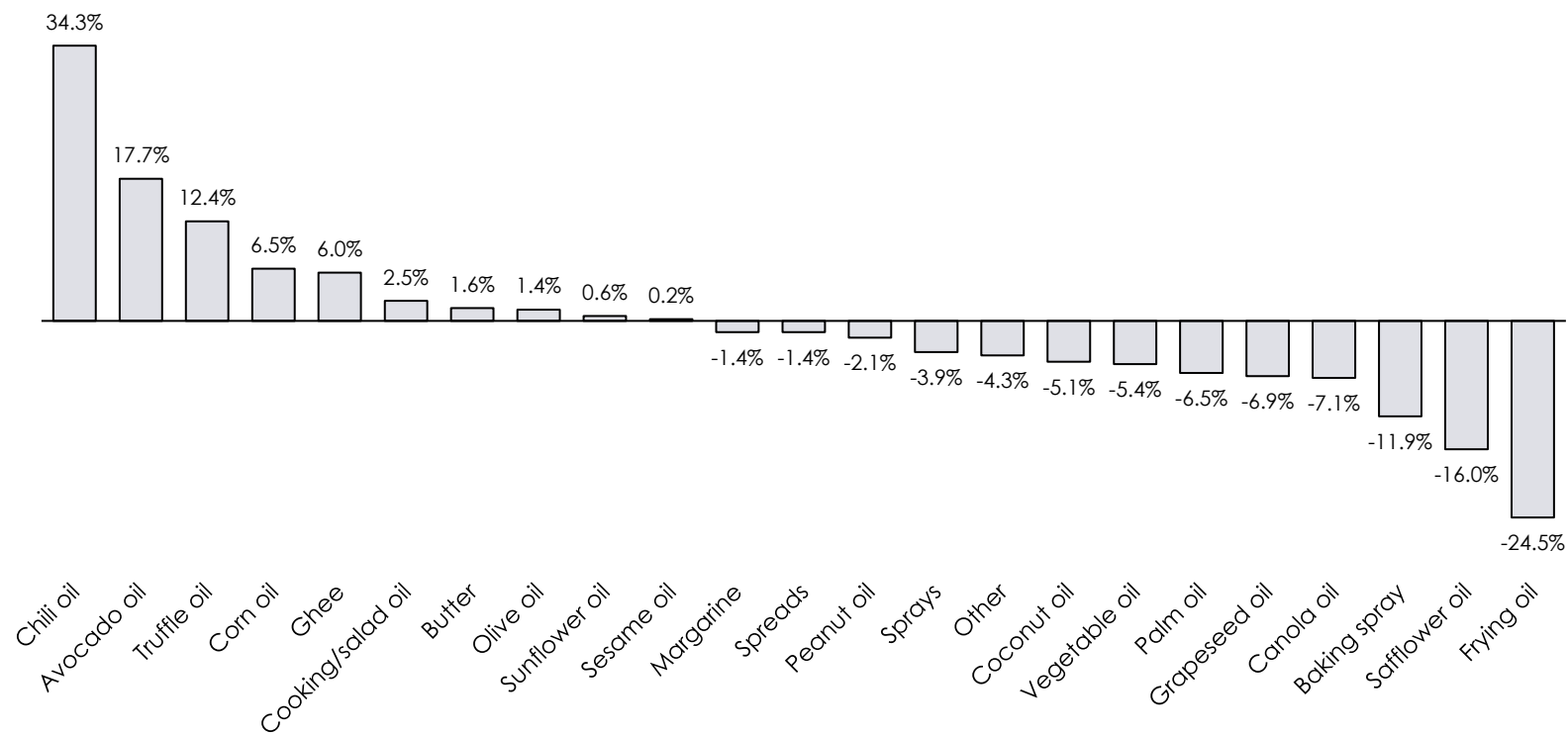
1. SPINS 52 WE 12/31/23, La Colombe (MULO + C-Store), Blue Bottle (MULO), JuneShine (MULO)

11. Consumers shifting towards unrefined and minimally processed fats

Growing attention around the positive health effects of consuming nutrient-rich, minimally processed fats such as ghee, olive oil, and avocado oil leading to shift away from processed fats

Sales of clean, minimally processed fats growing faster than more processed counterparts

Unit sales YoY growth %



Brands to watch



V. SPINS Market Insights



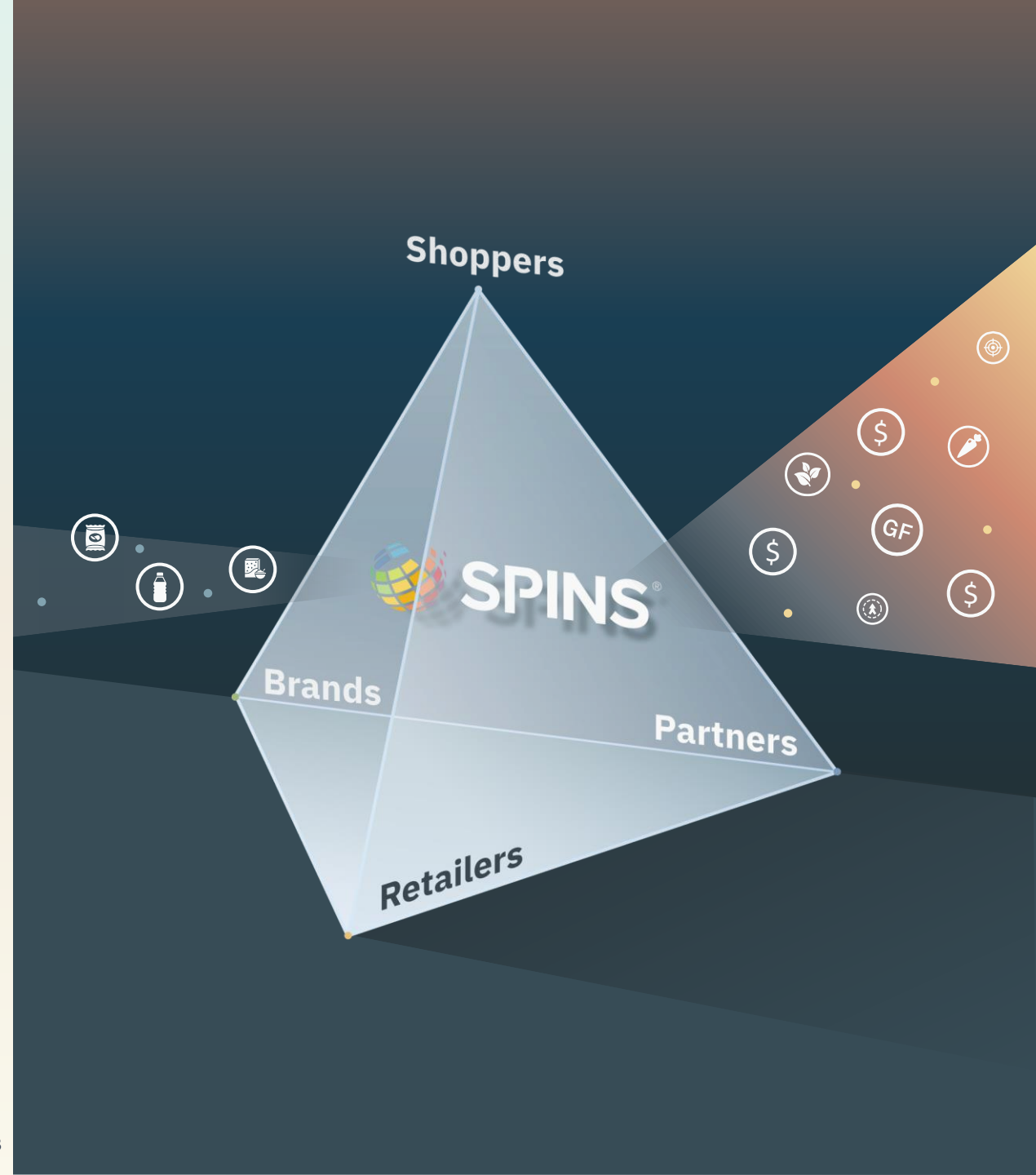
State of Natural 2024 Trends



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



The SPINS Advantage



Retail Coverage

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

Exclusive to SPINS

Natural Grocery

Regional & Independent Grocery

Pet

eCommerce

Conventional



Product Intelligence

SPINS provides industry's leading Product Intelligence 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

AVAILABLE AT SPINS



What's facing our industry today?

External Forces

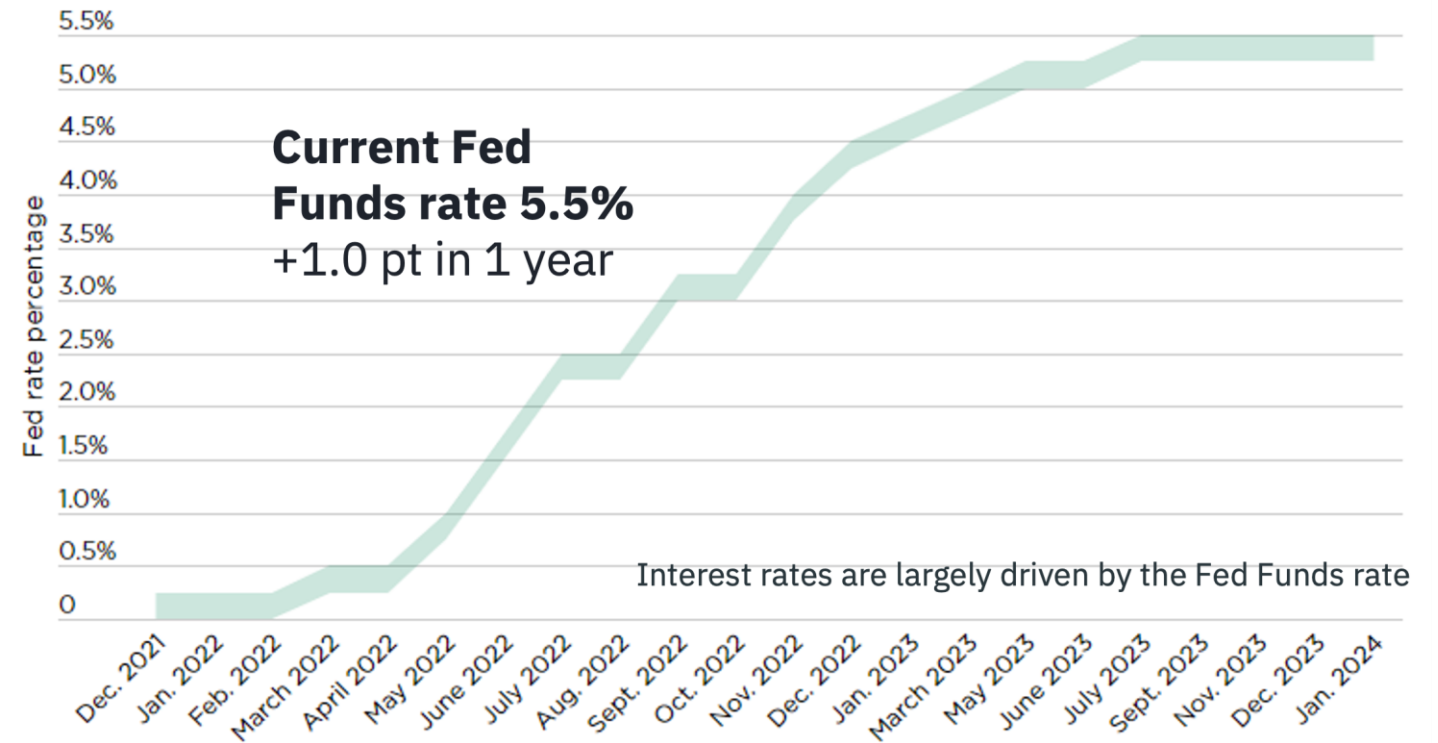
Industry Growth

Shopper Preferences



High cost of cash and negative consumer perceptions continue

- Consumers still feel the pinch
- High interest rates + pressure to reduce prices = **harder to grow business or even service**
- Higher cost of cash brought **less venture capital activity** in the US market
 - Still cash for the “right formula”



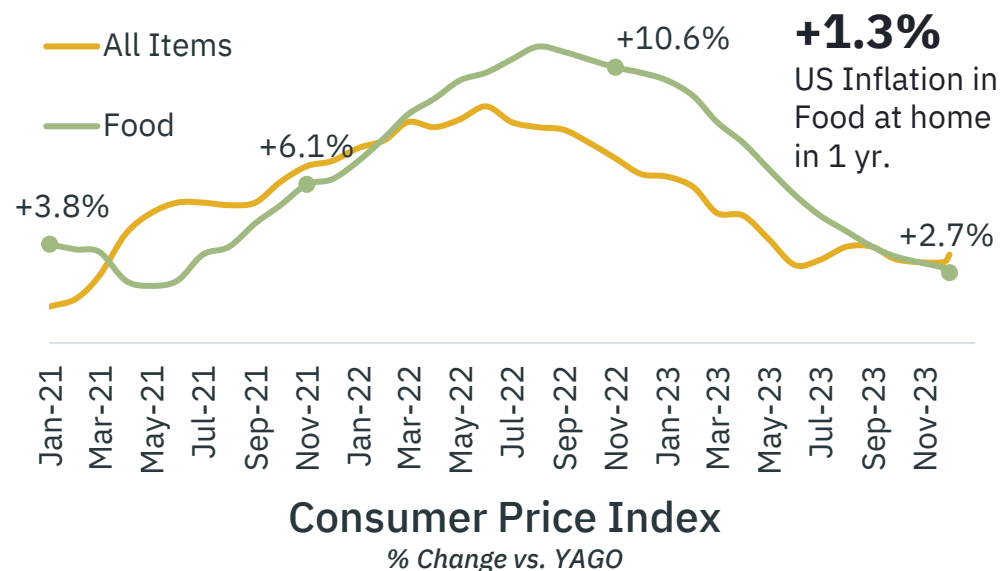
Source: The Federal Reserve Bank of New York



Food inflation is coming down, but perception matters

Costs are coming down across the supply chain. **CPGs are pressured to re-invest** in everyday price reductions or promotions. It will take time for consumer perception to improve.

Consumer Price Index for Food



Pricing Trifecta

Everyday
price
increases

\$\$ on
promotion

Promo
discounts

*“Brands are feeling the pressure.
Pricing is the most top of mind topic
for of most of my clients when we talk”*



Policy trends shaping our choices



Good for Health:

Legislative approaches to promote consumer health.



Good for Animals:

Policies addressing animal welfare and supply chain transparency.



Good for Planet:

Initiatives champion sustainability and environmental responsibility

The Farm Bill:

- Foundation of US agricultural and food policy
- Passed by Congress every five years
- Covers everything from farm subsidies to nutrition programs and conservation.

KEY AREAS OF IMPACT

Influences
Supply

Drives consumer
demand

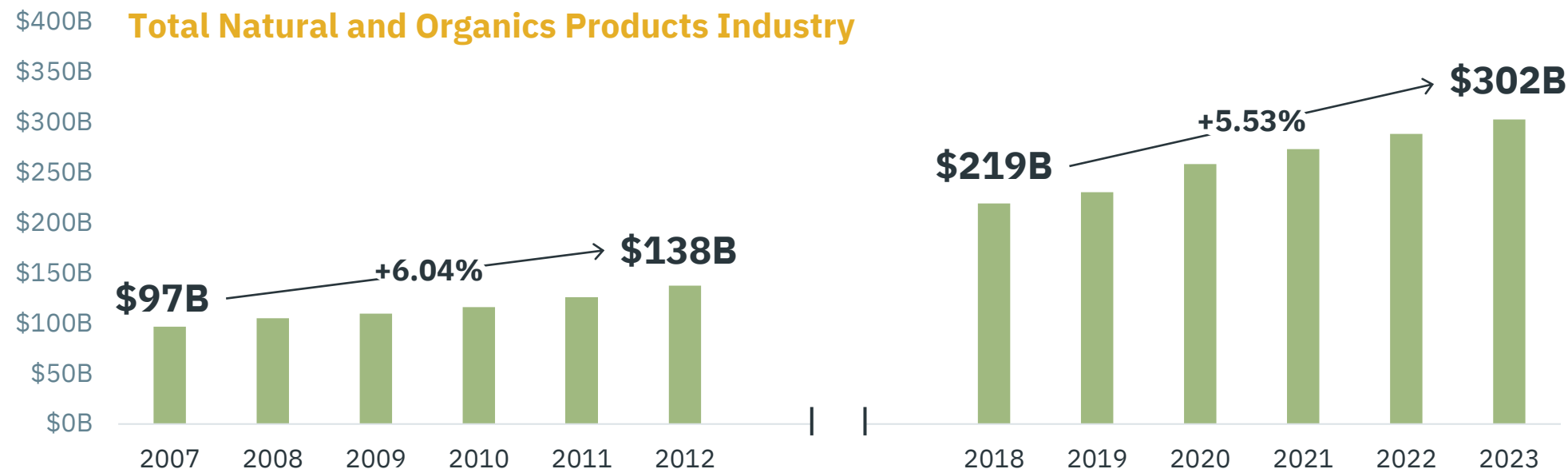
Shapes future
trends

Promotes
sustainability



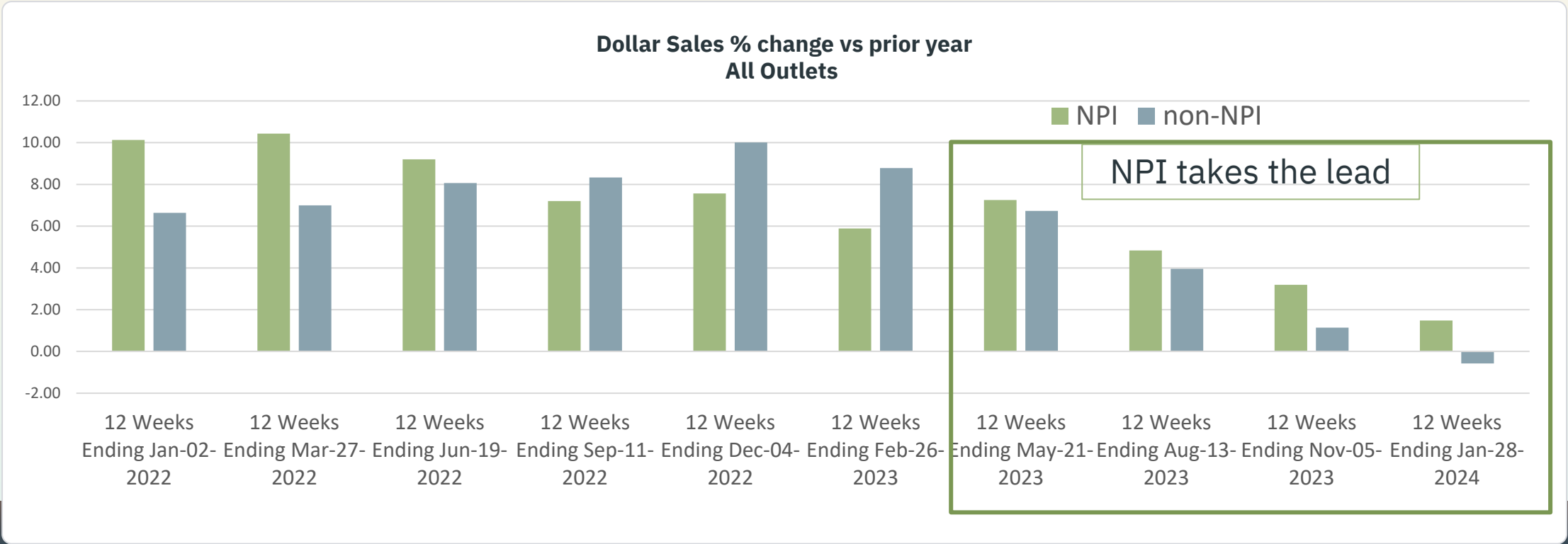
The U.S. Natural Products Industry is **strong and resilient**

Our industry has **more than tripled since 2007** growing from **\$97B** to \$302B in 2023 with volume growth every year. Our scale is accelerating, and this momentum can amplify our voice.





Natural products have returned to leading growth across all outlets



Trend Spotlight

SPINS STATE OF THE NATURAL REPORT

1 Women's Health

The women's VMS department is experiencing a notable shift toward customized and life-stage specific products, moving away from universal solutions and towards a demand for creative, specialized supplements. The rise and robust sales performance of female-led brands within the VMS market emphasize a deep comprehension of the distinctive and changing requirements of the consumer.

2 Allergen Polarization

Amidst the escalating prevalence of food allergies, there is emerging controversy to the best approach in managing allergen exposure. While some advocate for cautiously eliminating allergens, others suggest early dietary inclusion of allergenic items may offer protective benefits. This debate is underscored by market data demonstrating a narrow margin between the sales of allergen-free products and those that contain potential allergens.



Women's Health

Leading Growth in Women's VMS Categories

The Women's VMS department is experiencing robust year-over-year growth across various categories and subcategories, indicating a thriving and expanding industry sector.

Performance Nutrition

Abs \$ Chg | \$ % Chg L52W vs YA

+2.8M | +30.3%

Subcategory Leaders	YoY Growth
Supplements Performance Other	+4.2%
Weight Management Formulas	+24%

Superfood & Whole Food Supplements

Abs \$ Chg | \$ % Chg L52W vs YA

+369.6K | +19.6%

Subcategory Leaders	YoY Growth
Supplements Whole Food Other	+64%
Supplements Green Food	+1398%

Top Women Health Focuses in VMS

Abs \$ Chg | \$ % Chg L52W vs YA



Digestive Health

Dols: +8.9% | +\$4.8M

Units: +4.1% | +85.9K



Hair, Skin, and Nails

Dols: +38.1% | +\$2.9M

Units: +23.4% | +138.7K



Weight Loss

Dols: +114.4% | +\$1.6M

Units: +115.1% | +84.6K



PMS

Dols: +27.7% | +\$1M

Units: +9.1% | +27.7K

Condition Specific Supplement Formulas

Abs \$ Chg | \$ % Chg L52W vs YA

+6.4M | +7.4%

Subcategory Leaders	YoY Growth
Beauty Supplements	+192.1%
Organ Support Supplements	+124.4%

Probiotics & Digestive Aids

Abs \$ Chg | \$ % Chg L52W vs YA

+4M | +2.6%

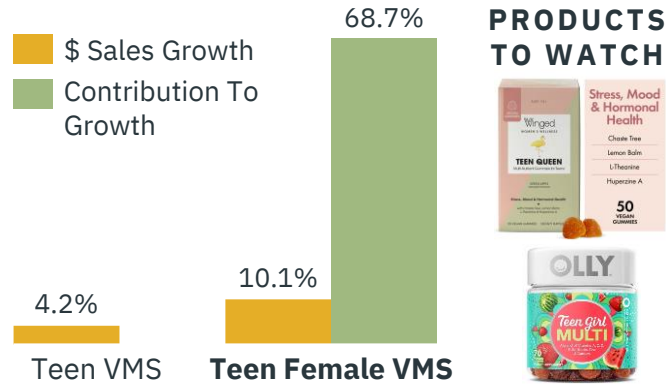
Subcategory Leaders	YoY Growth
Digestive Aids & Enzymes Other	+4.9%
Prebiotics & Probiotics	+2.5%

Less Generic, More Case-Specific

From teen to mature ages, we expect more offerings for 1) specific life stages and 2) use cases of female consumers in 2024

Teen

Female Teen focused VMS is outpacing the rest of category growth



Adult

From PCOS Support to "cycle syncing", expect to see brands focusing on this white space in adult women's health.

Cycle Syncing

Cycle Syncing: How to work with your hormones in each phase of your cycle

Cycle syncing is a method that aligns your exercise, nutrition and overall lifestyle to the natural rhythm of your menstrual cycle, which can help to reduce symptoms, optimize performance and improve overall well-being.

PRODUCTS TO WATCH



Mother

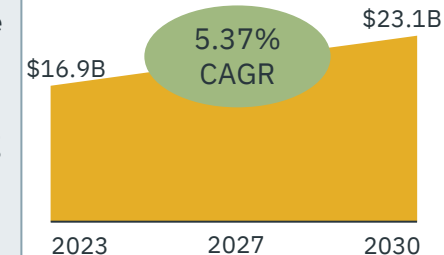
Top 5 brands dominate in share yet overall are declining. Expect **more niche brands** to emerge and continue driving growth.



Mature

As the global menopause market grows, look for more innovation in the category, including **symptom specific** products.

Projected Sales of Menopause Products



PRODUCTS TO WATCH



*Cycle syncing is coined and trademarked by Alisa Vitti

Additional Sources: <https://elara.care/cycle-syncing/cycle-syncing-how-to-work-with-your-cycle/>

https://www.grandviewresearch.com/industry-analysis/menopause-market?utm_source=prnewswire&utm_medium=referral&utm_campaign=hc_14-june-21&utm_term=menopause_market&utm_content=rd

Putting the **Women** Back in Women's Health

Goodbye to “man who invented the tampon,” and hello to products made by women FOR women.
Expect to see women-owned brands emerge front and center for 2024.

FORBES > LEADERSHIP > FORBESWOMEN

Female Founders Are Energizing Investment In Women's Healthcare: Expect More In 2023

With Women's Healthcare emerging as a focus for venture capital, we anticipate investor dollars to be put towards women's health brands. And who better to address women's health than **female founders**!

Women Owned Leading Brands

Abs \$ Chg | \$ % Chg L52W vs YA

Bloom

Dols: +1629% | +\$62.8M
Units: +505% | +2.0M

LEGENDAIRY *Milk*

Dols: +39.9% | +\$2.3M
Units: +48% | +137.2K

Winged.

Dols: +186.8% | +\$1.4M
Units: +251.9% | +101.7K

Ritual

Dols: new to B&M | +\$5.1M
Units: new to B&M | +145.1M

WILE

Dols: +414% | +\$287.6K
Units: +1038% | +23.2K

C O R A

Dols: +38.4% | +\$10M
Units: +30.1% | +873.8K

Minority Women Owned

Abs \$ Chg | \$ % Chg L52W vs YA

the **HoneyPot**
company

Dols: +12.9% | +\$17.6M
Units: +7.5% | +1.1M

PARTAKE

Dols: +36% | +\$2.7M
Units: +24.4% | +391.6K

Moon Juice

Dols: +5.2% | +\$35.9K
Units: +4.5% | +1.3K



Allergen Polarization

Intentional allergens are gaining share

Certain food allergens are showing up more in baby & toddler products

Allergen Ingredient	Baby & Toddler		Total Food & Beverage
	Share of Category vs YA (Pt. Chg)	\$ % Change vs YA	Share vs YA (Pt. Chg)
Tree Nuts		+1.3 +31%	-0.1
Soy		+0.6 +11%	-0.2
Peanut		+0.2 +12%	0.0
Wheat	-0.5	+3%	-0.4
Lactose	-1.0	+1%	-0.3

- **56% of Baby And Toddler Food sales are still free of Major 9 Allergens**, but we expect a greater shift in 2024 as products are not shying away from sensitive ingredients like they once were.
- **Over half of new items this year contained Tree Nuts (53%) and/or Soy (44%).** Total sales for products with Tree Nut Allergens increased +31% overall.
- Peanut Allergen sales are up +12%. Several brands offer **peanut butter puffs** as an early way to introduce peanuts in a palatable form for kids (and adults!) This snack segment is up +7.7% this year.



Whether to Introduce Allergens to Infants and Young Children

Introducing a food to your baby that might cause an allergic reaction can be, understandably, nerve-wracking. However, research shows that introducing allergens like peanuts, tree nuts, soy and even fish into your child's diet earlier can impact their likelihood of developing food allergies.

Allergen Polarization – Leading SKUs in Baby & Toddler

Abs \$ Chg | % Chg L52W vs YA

INGREDIENT – NO



Once Upon a Farm

SKU: Strawberry Banana Smoothie Organic 4 Oz 4 Pack
Subcategory: Baby and Toddler Purees Mashers and Meals
Dols: +99.2% | +\$3.7M
Units: +85.9% | +407.5K



Serenity Kids

SKU: Chicken Peas Carrots Organic 3.5 Oz
Subcategory: Baby and Toddler Purees Mashers and Meals
Dols: +92.7% | +\$3.5M
Units: +89.5% | +913K



Earth's Best

SKU: Peanut Butter Baked Corn Puffs Organic 2 Oz
Subcategory: Baby and Toddler Snacks
Dols: New to B&M | +\$1.4M
Units: New to B&M | +393.9K



INGREDIENT – YES

Earth's Best

SKU: Earth's Best Snack Bars Strawberry Organic 16 Pack
Subcategory: Baby and Toddler Snacks
Dols: +26.5% | +\$1.5M
Units: +18.5% | +147.4K



Serenity Kids

SKU: Berry Butternut Smoothie Organic 3.5 Oz
Subcategory: Baby and Toddler Purees Mashers and Meals
Dols: New to B&M | +\$794.2K
Units: New to B&M | +207.5K



Ready, Set, Food!

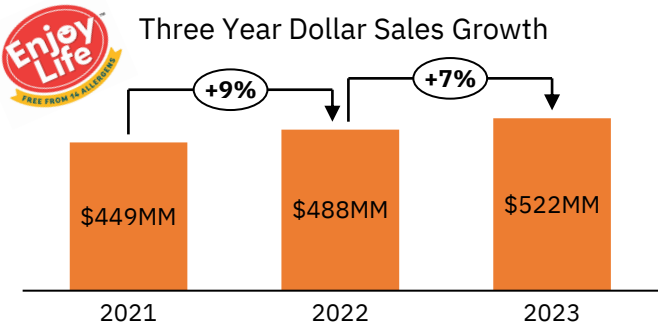
SKU: Original Baby Oatmeal Organic 8 Oz
Subcategory: Baby and Toddler Snacks
Dols: +992% | +\$443K
Units: +987% | +45.8K



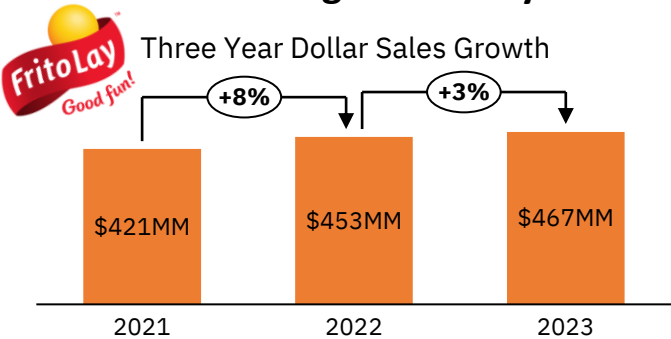
Rising Consumer Demand for Allergen-Friendly Foods Drives Growth

Allergen-friendly foods are becoming more popular, indicating a shift toward dietary awareness and health-conscious choices.

Allergen Friendly



Non-Allergen Friendly



Top Allergen Friendly Food & Beverage Categories

Absolute Dollar Growth- |\$ % Change vs YA

SHELF STABLE COOKIES & SNACK BARS	\$10.8MM	+11.6%
FROZEN FRUITS & VEGETABLES	\$9.6MM	+510.9%
WELLNESS BARS & GELS	\$5.8MM	+74.9%
SHELF STABLE CANDY	\$5.4MM	+13.1%
SHELF STABLE BAKING MIX & INGREDIENTS & FLOUR	\$4.9MM	+11.3%
SHELF STABLE DESSERTS & DESSERT TOPPINGS	\$4.5MM	+11.7%
SHELF STABLE OILS & VINEGARS	\$4.0MM	+33.9%
SHELF STABLE CRACKERS & CRISPBREADS	\$4.0MM	+194.7%
SHELF STABLE NUT & SEED BUTTERS	\$2.7MM	+8.8%
SHELF STABLE JUICES	\$2.6MM	+17.5%
FROZEN ICE CREAM & NOVELTIES	\$2.5MM	+63.0%
FROZEN PIES & BAKED GOODS	\$1.4MM	+18.9%
REFRIGERATED PLANT BASED MEAT ALTERNATIVES	\$1.2MM	+80.3%
SHELF STABLE CONDIMENTS & DRESSING & MARINADE	\$1.1MM	+6.7%
INFANT FORMULA & TODDLER NUTRITION DRINK	\$0.7MM	+165.3%

Probiotics gain traction as tool to improve microbiomes and in turn combat allergies early

Probiotics For The Potential Prevention And Treatment Of Food Allergies

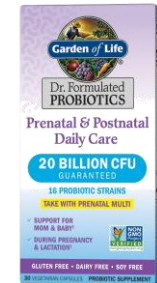
The use of prenatal and infant probiotics to prevent food allergies is an area of ongoing research. More and more studies have shown that the gut microbiota plays an important role in the susceptibility to food allergies.

Probiotics, which are beneficial bacteria, are believed to play a role in supporting a healthy gut microbiome. **A balanced microbiome might potentially reduce the risk of developing allergies by modulating the immune system.**

Other interventions including supplements with **vitamin D** and **Omega-3s** are also being studied along with probiotics as possible preventative measures, but further research is still needed as the evidence is not yet definitive.

Pre-Natal & Infant / Toddler Probiotics Are Growing

Prenatal Probiotics
+15.6%



Garden Of Life
Prenatal & Postnatal Probiotics

Baby / Toddler
Probiotics
+100.1%



Mommy's Bliss
Baby Probiotic Drops

Sign up for The Whipstitch Weekly!

Keep up with the latest in consumer deal flow every single week



The graphic is a promotional banner for 'The Whipstitch Weekly' newsletter. At the top, the 'whipstitch CAPITAL' logo is on the left, and 'The Whipstitch Weekly' title is on the right, with 'Volume 8 Number 10' below it. The central image shows three women in a panel discussion setting. Overlaid on this image is the text 'The Investment Bank for Consumer Brands' and a large blue button with the text 'Click to Subscribe!'. Below the image, the main headline reads 'Consumer Transaction Recap February 27-March 4, 2024', followed by a sub-headline: 'We track and report on consumer markets activity over the past week so you don't need to.' To the right of this text is a list of topics: 'Whipstitch News', 'Food & Beverage', 'Personal Care', 'Health & Wellness', 'Pet', 'Other Consumer', 'Interesting Reads', and 'More from Whipstitch'.

whipstitch
CAPITAL

The Whipstitch Weekly
Volume 8 Number 10

**The Investment Bank
for Consumer Brands**

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**Consumer Transaction Recap
February 27-March 4, 2024**

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

- Whipstitch News
- Food & Beverage
- Personal Care
- Health & Wellness
- Pet
- Other Consumer
- Interesting Reads
- More from Whipstitch

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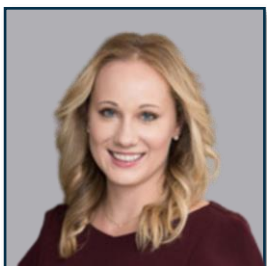


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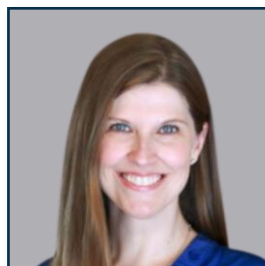


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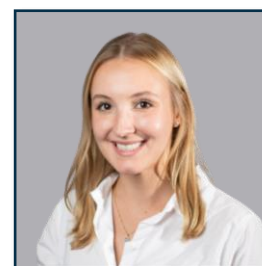


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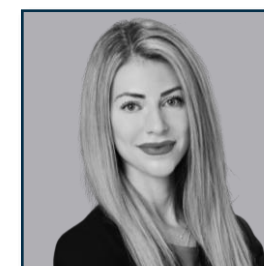


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