Formulating for growth

SupplySide WEST

PRESENTED BY

KSM-66 Ashwagandha

WORLD'S BEST ASHWAGANDHA

Fi North America

NIQ

informa markets

Show Announcements:

- Download the Mobile App to view the Exhibitor List, Show Schedule, Floor Plan and our Sponsors.
  - Thank you to our Mobile App sponsor**: Epicor. (Booth 4465)**
- Wi-Fi – Sponsored by **Cactus Botanicals (Booth 4237)**
  - Select network: SupplySideWest23
  - On the splash page, agree to terms & conditions
  - Enter access code: cactus4237 (access code is case sensitive)
- Please place all devices on silent mode
- The Expo Hall is open today from 10am – 5:00pm.
- What's Up With Supps is tonight from 5-11pm at the House of Blues at Mandalay Bay.
  Separate registration is required.

Formulating for Growth

Sherry Frey

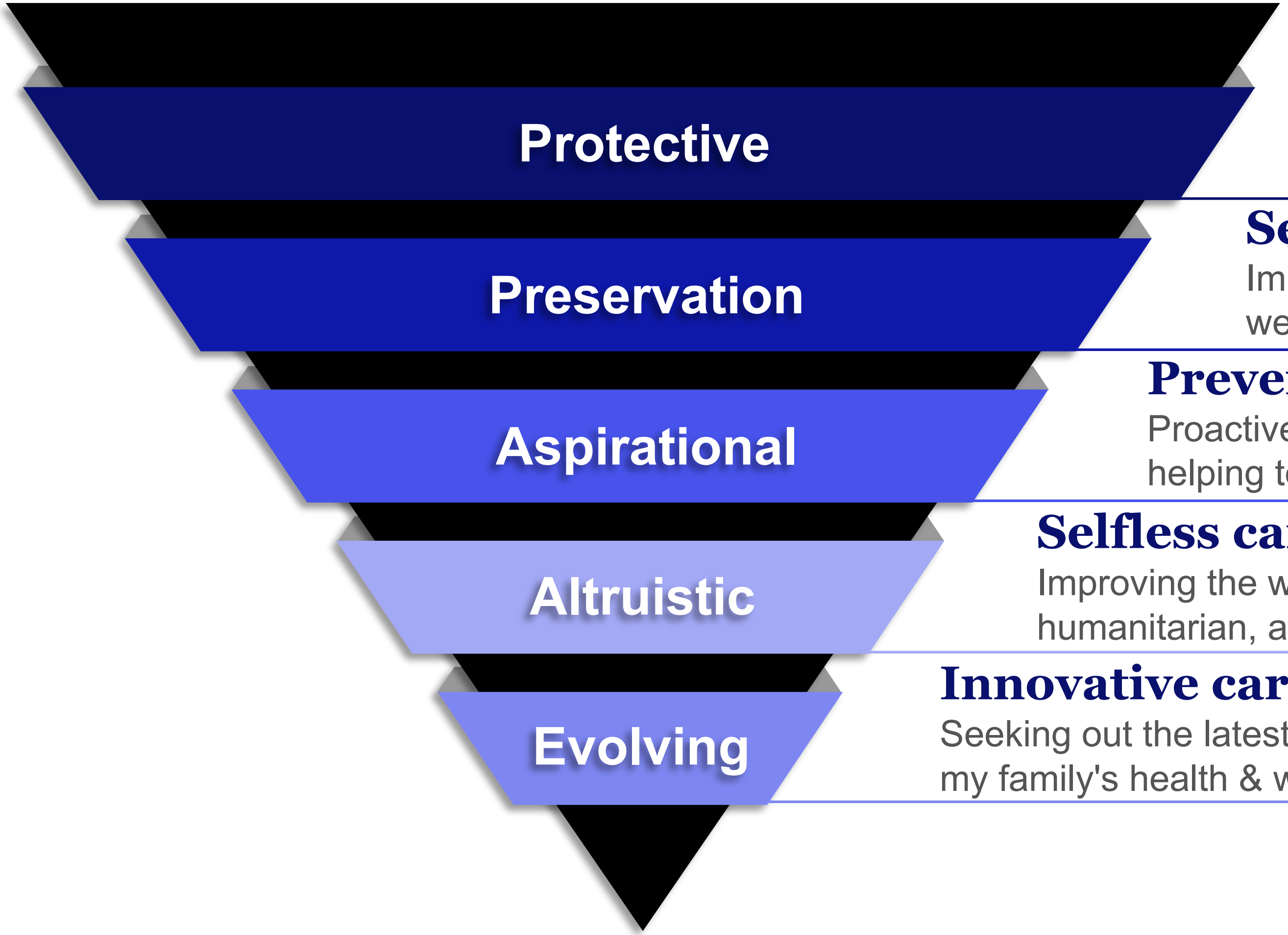
VP Total Wellness, NIQ

Disclaimer

Data will show trends around health and wellness. NIQ is not making unapproved FDA health claims regarding the risk or prevention of disease or, claims that product diagnoses, treats, mitigates, prevents or cures a disease or its symptoms.

Audience is advised not to make such claims on package.

Evolving Consumer Lens of Health



Urgent care
Protecting myself and/or my family members from immediate health threats

Self care
Improving my and/or my family's **current** physical or emotional wellbeing and connections

Preventative care
Proactive actions to achieve & maintain specific health goals, or helping to avoid ailments in the **long-term**

Selfless care
Improving the world around me by advocating for environmental, ethical, humanitarian, and/or philanthropic causes

Innovative care
Seeking out the latest alternatives or developments to continuously meet my and/or my family's health & wellness goals

Ailments drive consumer engagement in health

Ailments in household | 2023

% of households

- 41% Allergies - nonfood related
- 33% Acid Reflux
- 30% **High Blood Pressure**
- 28% Joint/Neck/Back pain
- 27% Imperfect Vision
- 24% Arthritis
- 24% **Obesity**
- 22% Depression
- 21% Cholesterol problems
- 16% Insomnia
- 15% Headache/migraine
- 14% Headache – chronic/tension
- 13% **Diabetes - Type II**
- 12% Asthma
- 12% Lactose intolerance
- 12% Muscle Pain
- 10% Hair loss
- 10% Upper Respiratory illness (RSV, Coronavirus/COVID-19, Flu, etc.)
- 10% Dry eye
- 9% Acne
- 9% Eczema
- 9% Attention Deficit Disorder
- 8% Allergies - food related only
- 8% Skin Condition - not acne
- 8% Urinary incontinence
- 7% Menopause
- 7% **Pre-Diabetes**
- 7% Irritable Bowel Syndrome
- 7% Gum disease
- 6% Eye Disease
- 6% Restless Leg Syndrome
- 6% Constipation - chronic

Source: NIQ Annual Shopper Health Study, 2023
Q10. Below is a list of health-related conditions / ailments. Please read the list carefully and then select the condition(s) that anyone in your household, including yourself, has experienced during the past 6 months. Please select all that apply

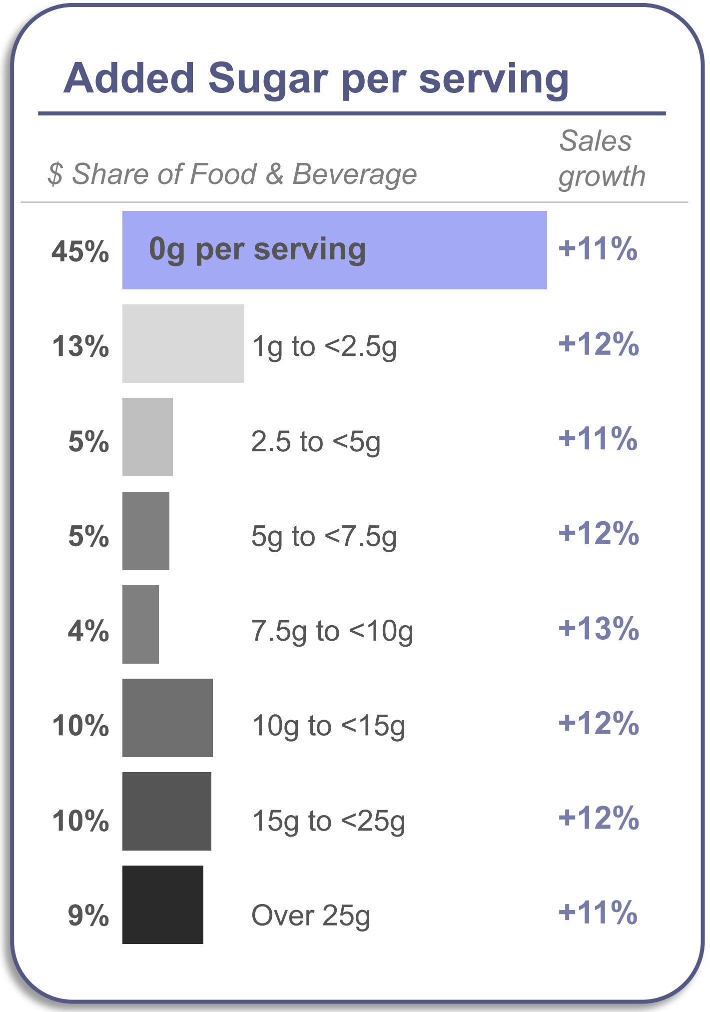
Consumers prioritizing various claims when choosing food products

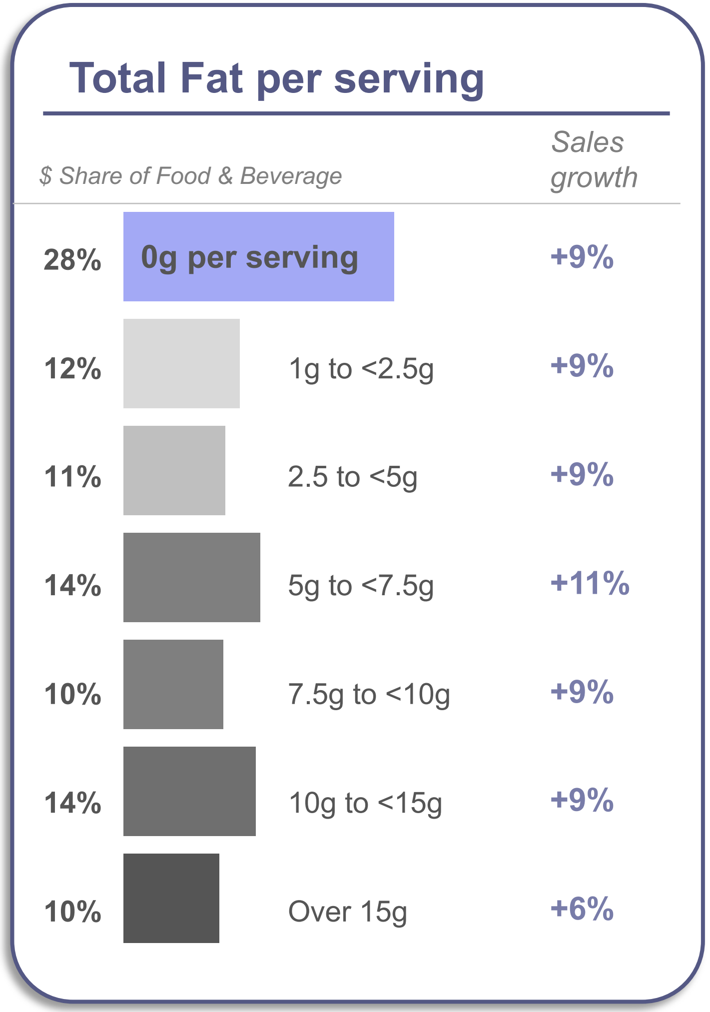
	Avoiding Negatives – 67%	Minimal Processing – 48%	Positive Nutrition – 31%	Ethical Practices – 27%
18% and above	▪ Low sugar ▪ No added sugar ▪ No/low sodium ▪ No added hormones ▪ Low carb	▪ No artificial ingredients ▪ Natural ▪ No preservatives	▪ Whole grain ▪ High fiber ▪ Protein content	
Above 10%	▪ Raised without antibiotics ▪ Low calorie ▪ No/low fat ▪ Carb content ▪ Gluten free	▪ Not bioengineered/Non-GMO ▪ Certified organic ▪ No high fructose corn syrup	▪ Vitamin-enriched	▪ Grass-fed ▪ Free-range ▪ Cage-free ▪ Plant-based
Above 5%	▪ Lactose free ▪ No allergens		▪ Antioxidant-rich ▪ Calcium-fortified	▪ Certified humane ▪ Fair trade

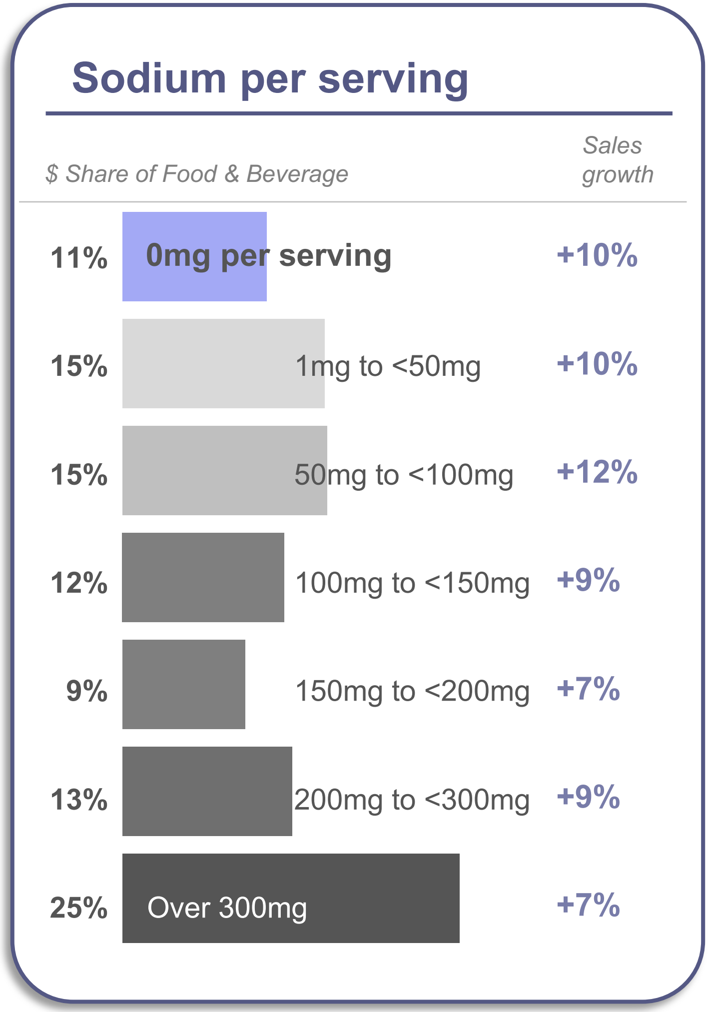
Source: FMI/NIQ The Power of Plant-Based Foods and Beverages, 2022, highlighting indicates the sales growth of the attributes in the last 52 weeks is greater than the growth of total store sales

FDA proposed rule for term *“healthy”* on foods

First defined in 1994, there is currently no limit on added sugars







Source: NIQ, Retail Measurement Services – NIQ Product Insight, powered by Label Insight; Total US xAOC; Total Food & Beverage; $ share of Food & Beverage, $ % change vs year ago; Latest 52 weeks week ending Aug 12, 2023

Top categories with high added sugars and high sodium

High added sugar per serving (>2.5g)	
Grocery	Beverages
Grocery	Candy, Gum, Mints
Frozen	Desserts
Grocery	Cereal and Granola
Grocery	Cookies and Crackers
Frozen	Prepared Foods
Grocery	Sweet Snacks
Dairy	Yogurt
Dairy	Creams and Non-Dairy Creamer
Grocery	Rolls and Buns
Dairy	Beverages
Grocery	Diet and Nutrition
Grocery	Salty Snacks
Grocery	Baking Mixes
Bakery	Desserts

High sodium per serving (>200g)	
Frozen	Prepared Foods
Grocery	Prepared Foods
Meat	Processed Meat
Grocery	Salty Snacks
Dairy	Cheese
Grocery	Sauce/ Gravy/ Marinade
Meat	Lunchmeat
Deli	Prepared Foods
Frozen	Fully Cooked Meat
Grocery	Cereal and Granola
Frozen	Seafood
Grocery	Beverages
Grocery	Bread
Grocery	Cookies and Crackers
Grocery	Vegetables

Source: NIQ, Retail Measurement Services – NIQ Product Insight, powered by Label Insight; Total US xAOC; Total Food & Beverage; Sorted by $ sales volume; 52 weeks week ending Dec 02, 2022

Health patterns shifting across food as medicine vs supplementation; need states evolving over the last four years

Top Food as Medicine claims[1]

- Heart Health
- Diabetes Support
- Muscle Health
- **Digestive Health**
- Bone Health
- Cholesterol Support

Fastest growing supplements vs YA[1]

- Hydration
- Electrolyte
- Mood
- Diabetic
- **Digestive**

Food as Medicine[1]

4-year CAGR stronger than Total Food and Beverage

- **Digestive Health**
- Metabolism Support
- Immune System Health
- **Microbiome**
- Joint Health
  Heartburn/Acid Reflux Support
- Inflammation Health
- Pain Support
- Anxiety Support

NIQ Trending Attribute Search Trends[2]

gut health

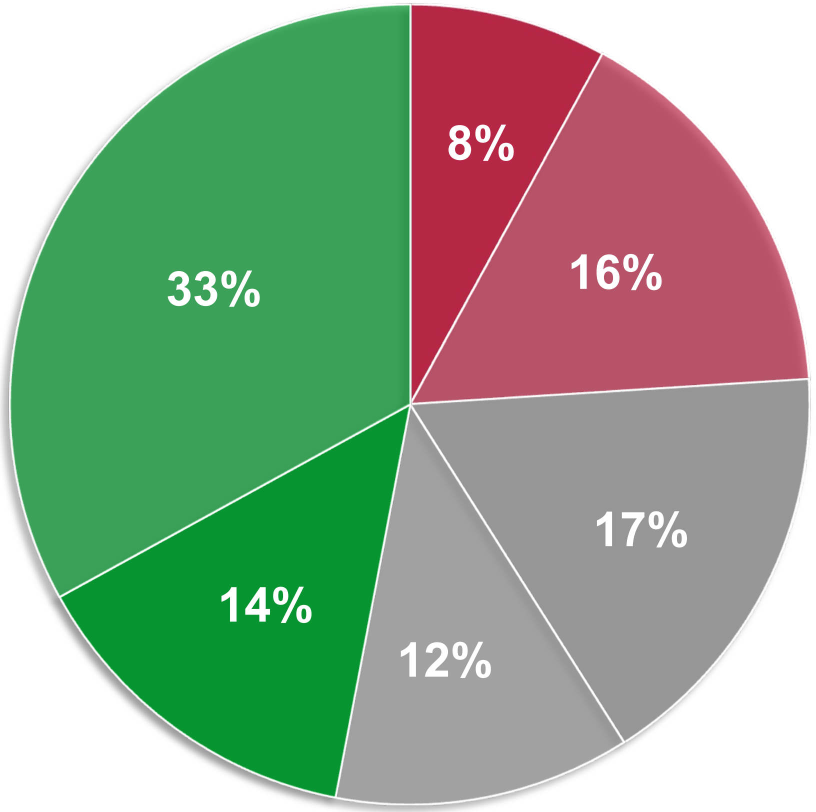
Over 6,000 search queries over last 12 months

+72% **vs a year ago**

1 – Source: NIQ, Retail Measurement Services – NIQ Product Insight, powered by Label Insight; Total US xAOC; Total Store; Sorted by $ sales, $ % change vs year ago, $ 4-year CAGR; Latest 52 weeks week ending Aug 12, 2023
2 – Source: NIQ, Label Insights – Trending Attributes, search trends, Attribute "gut health" within All Food & Beverage; 12 months from Aug 2022 to Jul 2023

Consumer attitudes toward health drives their food and supplementation priorities

US lifestyle choices



Passive consumers – 24%

- Generally don’t think about health
- I’d like to be healthier but difficult to prioritize in my life

- *Diabetic* ***supplements***
- *Menopause* ***supplements***
- *Sexual health* ***supplements***
- *Sleep aid* ***supplements***

Reactive consumers – 29%

- Focus on health only when required
- Sometimes triggered to look after health

- *Performance* ***supplements***
- *Immunity* ***supplements***

Proactive consumers – 47%

- If a healthier option is offered will generally take it
- Actively make decisions on a regular basis to look after health

- *Diabetes support – FAM*
- *Digestive health – FAM*
- *Sleep support – FAM*
- *Immune support – FAM*

Source: NIQ Global Health & Wellness Study, 17 markets, September 2021, US Results

Diabetes-related trends growing across Total Food & Beverage

Diabetes by the numbers

34 million

11% of Americans have diabetes with **21%** undiagnosed

88 million

1 in 3 Americans are pre-diabetic (28% of adolescents)

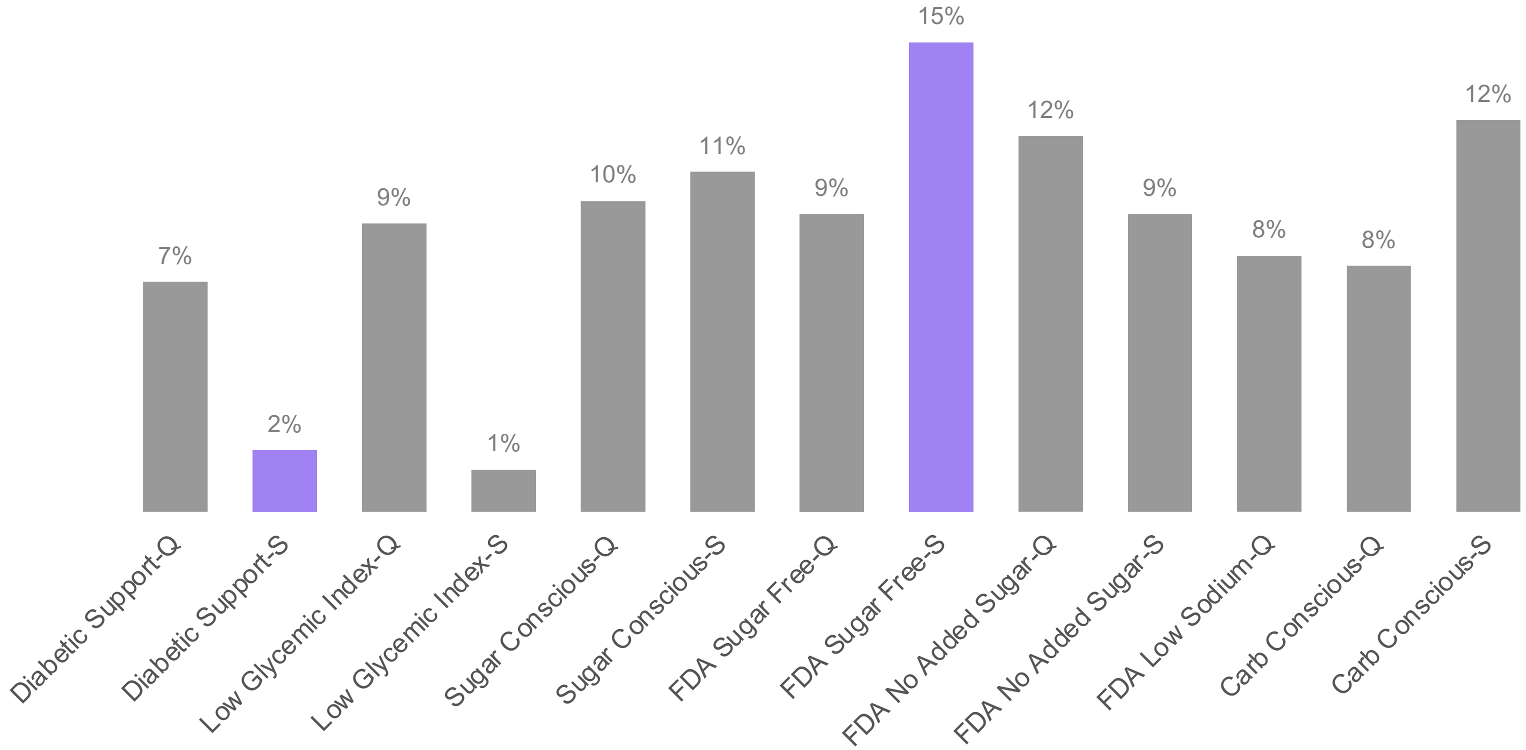
$327 billion

Annual cost of undiagnosed diabetes

2.3X

Healthcare costs for Americans with diabetes

Diabetes-related attributes | Sales 4-year CAGR



Q = Qualified or derived ingredient

S = Stated claims on package

Source: NIQ, Retail Measurement Services – NIQ Product Insight, powered by Label Insight; Total US xAOC; Total Food & Beverage; $ 4-year CAGR $; Latest 52 weeks week ending Sep 9, 2023

NIQ

Diabetic journey

Understanding attitudes and behavior pre and post diagnosis

	Pre-Diabetic/Prevention	Diagnosis	Post-Diagnosis
Attitude			
Behavior	Diabetes ***preventers*** are watching sugar, added sugar, carbohydrates, calories and types of sweeteners Increased purchasing of **soft drinks and water**, especially in convenience channel due to symptoms of thirst		
Medical results	**A1C approaching high level**		

Sources: Natural Marketing Institute, Motivbase, Management Science Associates + NIQ Homescan Panel, NielsenIQ Product Insight

Management Science Associates, Inc.

Diabetic journey

Understanding attitudes and behavior pre and post diagnosis

	Pre-Diabetic/Prevention	Diagnosis	Post-Diagnosis
Attitude		**“Reclaiming a normal life”** Consumers experience mental and emotional demands of disease	
Behavior	Diabetes ***preventers*** are watching sugar, added sugar, carbohydrates, calories and types of sweeteners Increased purchasing of **soft drinks and water**, especially in convenience channel due to symptoms of thirst	Diabetics index high on frozen desserts, granola, cookies, chocolate candy	
Medical results	**A1C approaching high level**	**First receive high A1C test**	

Sources: Natural Marketing Institute, Motivbase, Management Science Associates + NIQ Homescan Panel, NielsenIQ Product Insight

Management Science Associates, Inc.

Diabetic journey

Understanding attitudes and behavior pre and post diagnosis

Post-Diagnosis

Attitude	**"Embracing healthy habits"** Believe lifestyle changes are more effective than medication alone; discuss reducing carb intake but are confused.			**"Preventing complications"** – becomes key for consumers
Behavior	Change from high consumption in 3+ categories to low (more than 50%)	Diabetics who purchase higher percentage of "Sugar Conscious" cookies are more likely to lower their A1C test	**Dietary changes drive category and brand performance** ▪ Shifts to drinking water and diet soda ▪ Shifts in carb-heavy categories to healthier/whole grain ▪ Shifts in alcohol to focus on reducing carbs ▪ Average diabetic makes modest decreases in ice cream and pasta but ultimately regress ▪ Had the most difficulty cutting cakes and doughnuts	*Multiple diabetics in the HH have a positive impact on each other* *Children in the HH impact ability to make changes in certain categories*
Medical results	Decrease A1C 20%	Decrease A1C 25%		

Sources: Natural Marketing Institute, Motivbase, Management Science Associates + NIQ Homescan Panel, NielsenIQ Product Insight

Management Science Associates, Inc.

Sugar
FDA Added sugar presence, Added sugar per serving, Sugar conscious, Sugar alcohols, *and more…*

Calories
FDA Calorie presence, 100 Calories or less, Calories per serving, Calorie conscious, *and more…*

Fat
FDA Saturated fat presence, FDA Total fat presence, Total fat per serving, Fat conscious, *and more…*

Carbs
Carbohydrate presence, Carbohydrates per serving, Net carb per serving, *and more…*

Sodium
FDA Sodium presence, FDA Unsalted, Sodium per serving, Sodium conscious, *and more…*

Fiber
FDA Fiber presence, Fiber per serving, Soluble fiber and heart disease, Fiber grains, fruits, veg & cancer, *and more…*

Cholesterol
FDA Cholesterol presence, Cholesterol support, Cholesterol conscious, Lowers cholesterol, *and more…*

Needs states
Heart health, Hypertension support, Kidney health, Obesity support, *and more…*

Natural & Artificial sweeteners (over 40 ingredients)
Allulose, Honey, Stevia, Pearl sugar, Acesulfame K, Aspartame, High Fructose Corn Syrup, *and more…*

Diets
Atkins, Dash, Keto diets, Low glycemic, Vegan, Vegetarian, *and more…*

1 – Source: NIQ, Retail Measurement Services – NIQ Product Insight, powered by Label Insight; Total US xAOC; Total Food & Beverage; $ % change vs year ago and vs 4 years ago; Latest 52 weeks week ending Sep 9, 2023

NIQ

Formulating ingredients[1]

$ % C4YA | $ % CYA

+151% | +13%
Contains erythritol

+100% | +12%
*Contains monk fruit**

+51% | +5%
Contains stevia

+45% | +10%
Free from artificial sweeteners

*Attributes represent claims STATED on package unless indicated by a * symbol*

Example of quickly evolving sweetener ingredient formulations

Top 5 Super Categories with Allulose*

Super Category	$ % Chg vs YA
Yogurt	**149%**
Desserts	**1%**
Diet & Nutrition	39%
Bread	**6%**
Candy, Gum, Mints	16%

Fastest Growing Super Categories with Allulose*

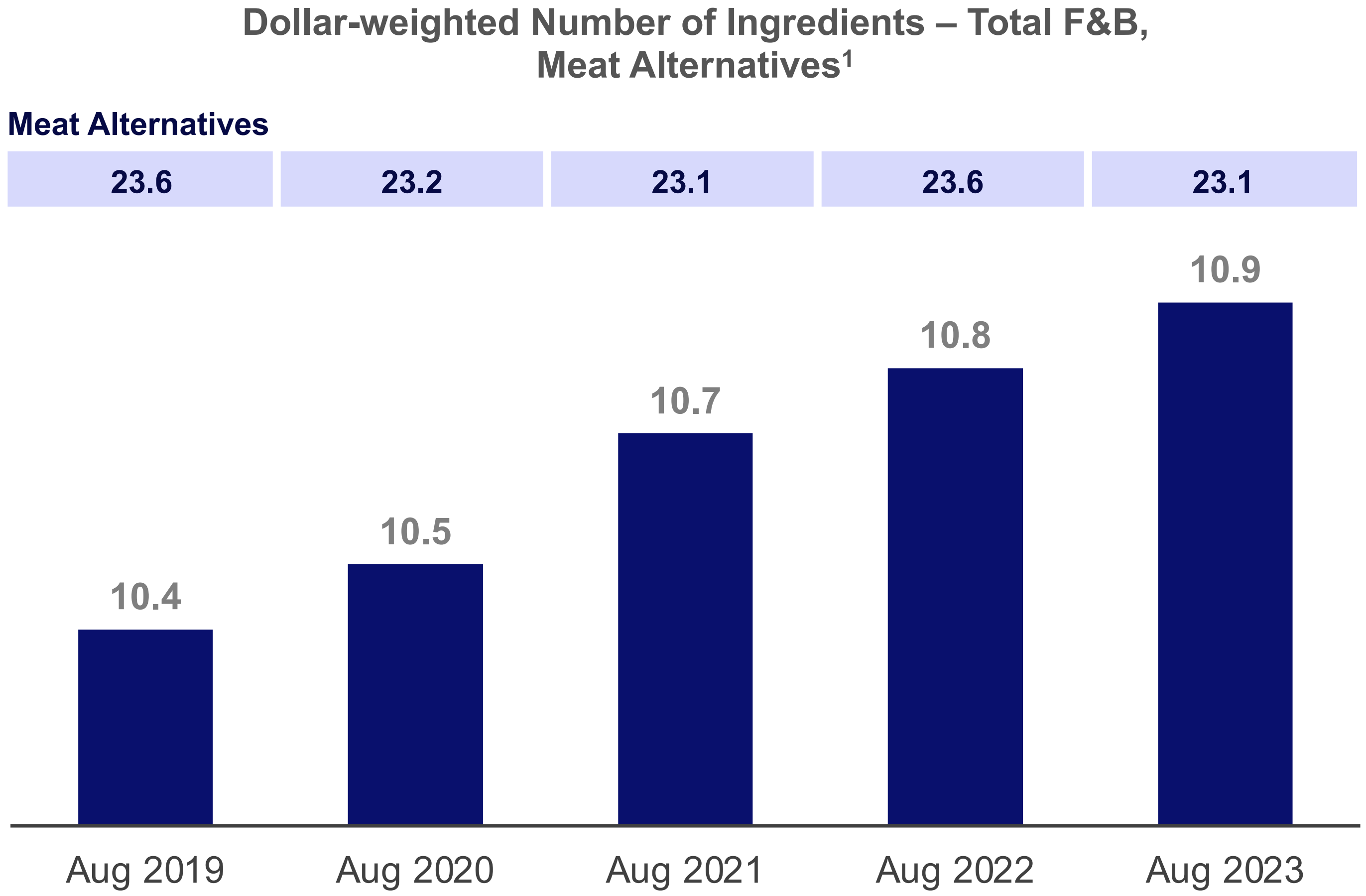
Super Category	$ % Chg vs YA
Beverage Enhancers	21,257%
Nut Butters, Jam, Jellies	2,660%
Vitamins and Supplements	2,237%
Muffins	**1,385%**
Extracts, Herbs, Spices & Seasoning	905%

*Allulose found in 36 super categories across the store

Source: NIQ, Retail Measurement Services – NIQ Product Insight, powered by Label Insight; Total US xAOC; Food & Beverage super categories; $ % change vs year ago; 52 weeks week ending May 27, 2023

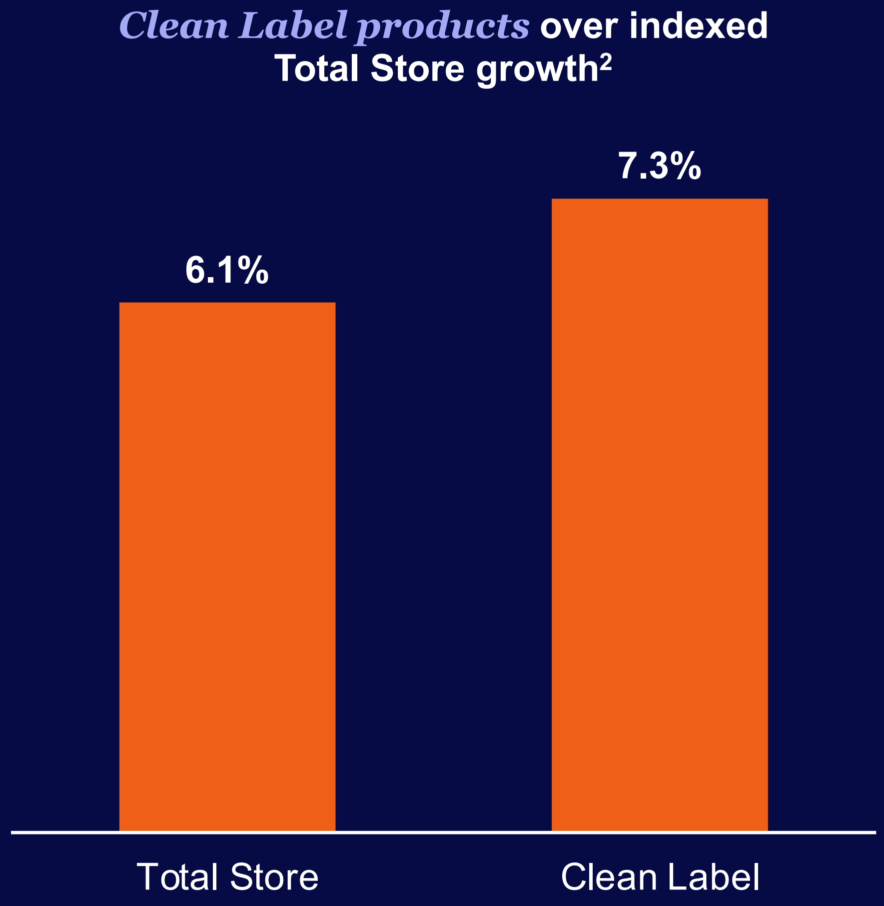
Ingredient counts are increasing

Meat alternatives have more than 2x the ingredients of the average product



1 – Source: NIQ, Retail Measurement Services – NIQ Product Insight, powered by Label Insight; Total US xAOC; Total Food & Beverage – Meat Alternatives, PI Count of ingredients; Weighted $ share trended; 5-year trend through week ending August 12, 2023

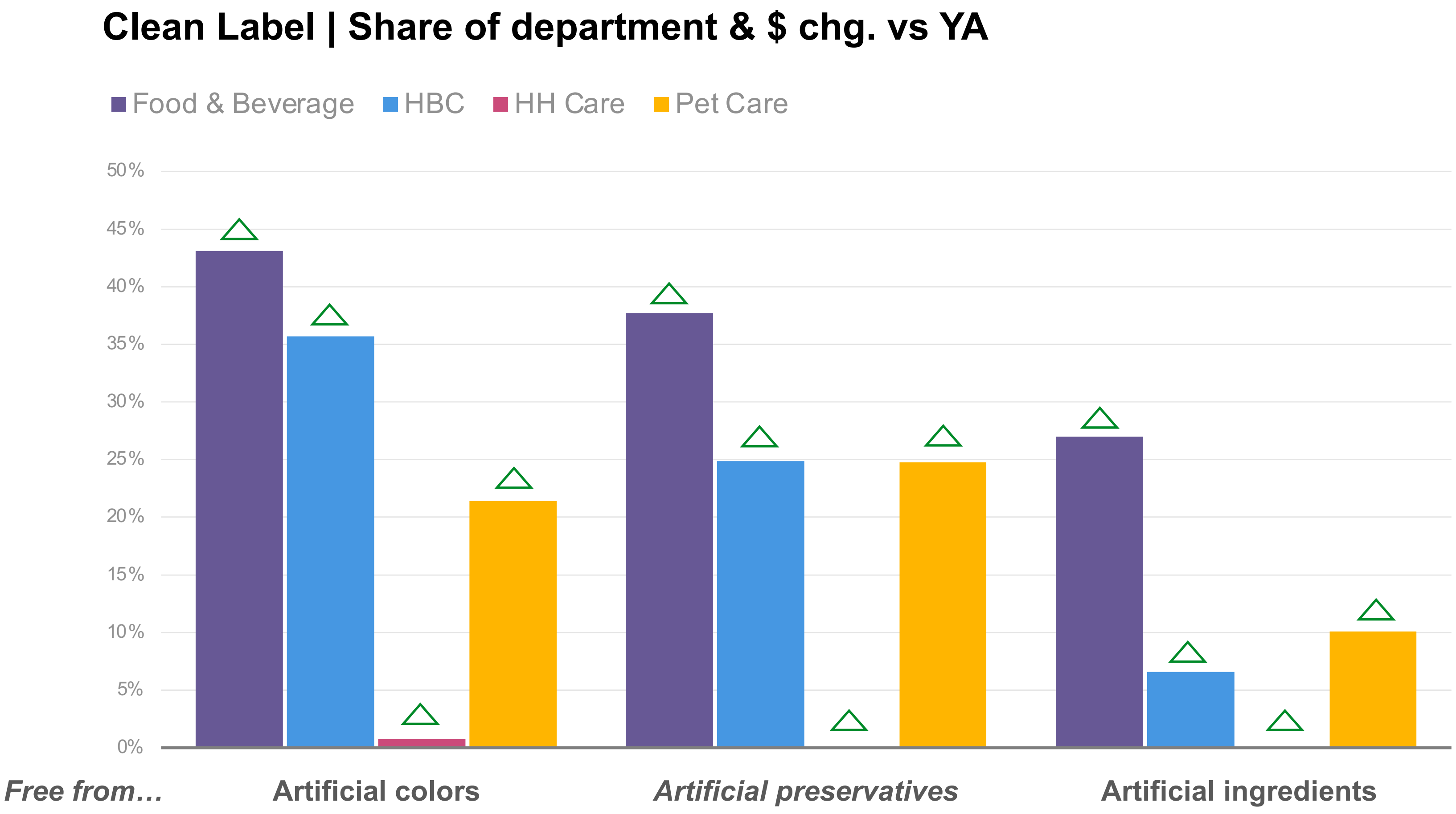
Clean Label is a consumer priority



2 – Source: NIQ, Retail Measurement Services – NIQ Product Insight; Total US xAOC; Total Store vs PI All Clean Label; $ % change vs year ago; 52 weeks ending August 12, 2023

Continued growth of clean label across most of store

About a third of consumers regularly buy products with “clean ingredients”



Qualified attributes = derived from the ingredient label on package

Top clean label claims

Food & Beverage

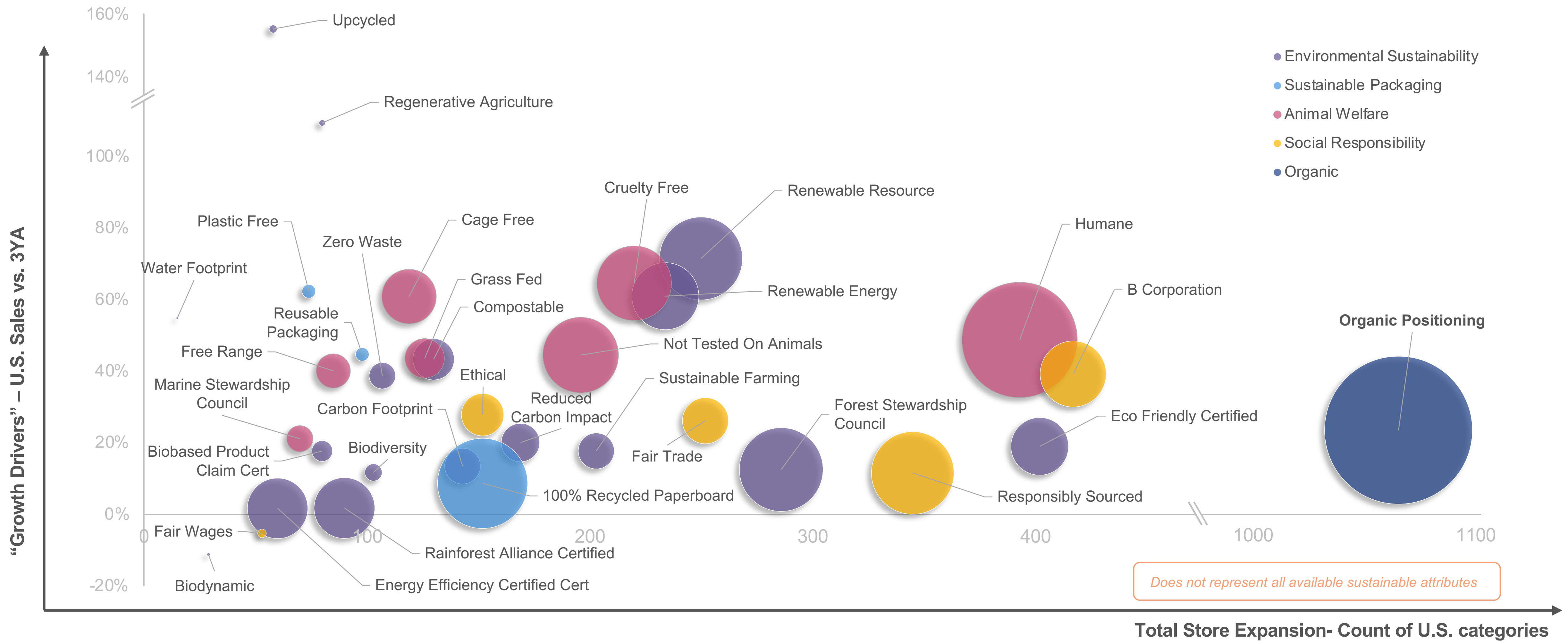
- *Free from artificial flavors*
- *Non-GMO*
- *Contains natural flavors*
- *Free from artificial preservatives*
- *Free from artificial colors*
- *Free from preservatives*
- *Free from high fructose corn syrup*
- *Free from RBST*

Supplements

- *Free from artificial flavors*
- *Free from artificial colors*
- *Non-GMO*
- *Contains natural flavors*
- *Free from artificial sweeteners*
- *Free from preservatives*
- *Free from high fructose corn syrup*
- *Contains natural colors*

Source: NIQ Retail Measurement Services, NIQ Product Insight, powered by Label Insight; Total US xAOC; Total Store; $ % change vs year ago; 52 weeks W/E 08/12/23

Sustainability and social responsibility impacting consumer wellness and becoming more prevalent across the store



Bubble size denotes total sales in L52 week All attributes represent claims STATED on package unless indicated by an * symbol

Source: NIQ, Retail Measurement Services – NIQ Product Insight, powered by Label Insight; Total US xAOC; Total Store; Count of Categories, $ % change vs 3 years ago; Latest 52 weeks week ending April 22, 2023

NIQ *Better For…*

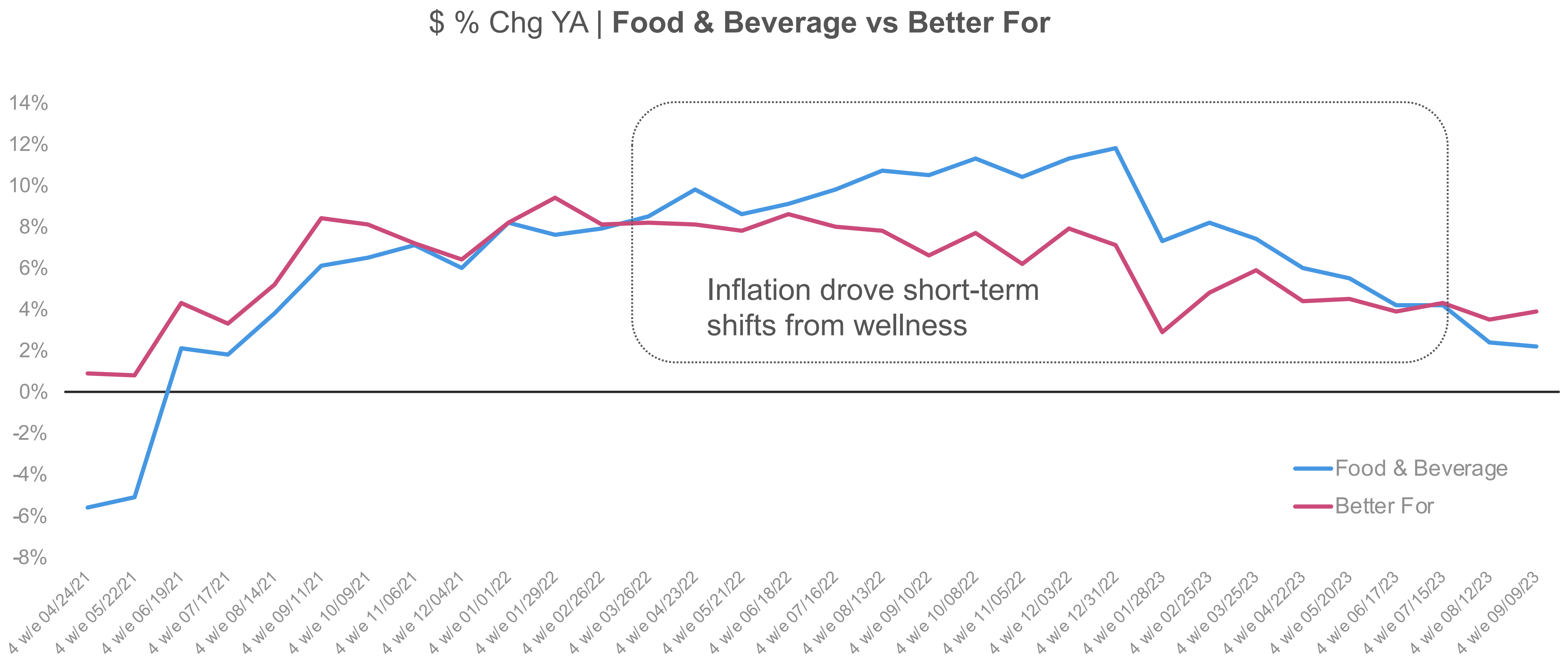
Better For growing faster than total Food and Bev

	$ % C4YA Better For	$ % C4YA Total Dept
14% of Dairy	+40%	+36%
10% of Frozen	+46%	+38%
10% of Meat	+40%	+26%
9% of Grocery	+47%	+38%
6% of Deli	+46%	+28%
2% of Bakery	+60%	+37%

Source: NIQ, Retail Measurement Services – NIQ Product Insight, powered by Label Insight; Total US xAOC; Total Food & Beverage; $ % Change vs 4 years ago; Latest 52 weeks ending September 9, 2023

NIQ

Wellness impacted over the last year with inflation but beginning to rebound



Source: NIQ, Retail Measurement Services – NIQ Product Insight, powered by Label Insight; Total US xAOC; Total Food & Beverage vs Better For segment; $ % Change vs year ago; 4-week trended through week ending September 9, 2023

For a copy of the presentation, please email: sherry.frey@niq.com