MARKET PERFORMANCE GROUP

William Hood & COMPANY

NATURAL PRODUCTS EXPO WEST HIGHLIGHTS, INSIGHTS AND TAKEAWAYS

SPRING 2026

WILLIAM HOOD & COMPANY WELCOMES DANIEL GRUBBS

Managing Director and Head of the Food & Beverage Practice, Daniel Grubbs, Discusses Joining William Hood & Company

Daniel has built a career operating, advising, investing in, and acquiring high-growth consumer businesses. Prior to joining William Hood & Company, he served as Chief Venturing & Investment Officer at PepsiCo, where he founded and led the PepsiCo Ventures Group, the company's global corporate venture capital arm focused on early- to growth-stage companies in consumer goods, AgTech, and wellness. During his time at PepsiCo, he oversaw venture investments, supported portfolio companies through strategy and growth initiatives, and played a key role in evaluating and executing acquisitions including Siete, Poppi, SodaStream, Kevita, and Bare. Earlier in his career, he held strategy leadership roles within PepsiCo's North American Nutrition division and worked in consulting at Circana (formerly IRI), advising major consumer brands on growth, innovation, and M&A strategy.

We sat down with Daniel to discuss his path across operating, investing, and advisory roles, the trends shaping the future of food and beverage, and what he's learned from evaluating and scaling some of the industry's fastest-growing brands.

Daniel, you've had a career spanning operating roles, venture investing, and advisory. What originally drew you to the consumer food & beverage space?

Daniel: I began in Consumer F&B with IRI (Circana), which is a high value partner to so many early, growth, middle-market, and multinationals in the space. I was fortunate to work with so many companies over the years in their day-to-day operations, their annual planning, and longer term strategic decisions. I loved the idea of understanding consumer problems and building solutions to meet those needs.

You evaluated over 150 acquisition opportunities at PepsiCo. What separated the brands that ultimately succeeded?

Daniel: Those that transact at the higher end are typically those that have established or are on their way to being a market leader. Whether it be a business that has created consumer affinity that has translated into superior velocity or a brand that is trusted and valued to the point, there is depth of repeat and strong willingness to pay. The other leading factor is the category and positioning in the category. The category "pool" otherwise known as "TAM" (total addressable market), needs to be meaningful with room for growth.

From an M&A standpoint, what major shifts are happening in the food and beverage industry today? How are buyers thinking about acquisitions differently today compared with 5-10 years ago?

Daniel: There are buyers for businesses of all sizes, as there have been historically; however, on the smaller end what has changed is the Strategics have left this market and PEs or Hybrid PEs are predominantly the buyers. Strategics prefer to have more scale but are currently more focused on "tuck-in" opportunities, which is where the PE market would like to also compete. Larger-scale transactions are still feasible for Strategics, but they are increasingly disciplined on valuation and quality, often stepping back when assets become too fully priced.

When strategic buyers evaluate businesses today, what metrics or milestones tend to matter most?

Daniel: Scale is the number one factor. Generally, businesses need to be doing at least $100 million in net revenue. That said, larger strategic buyers often prefer companies with $250 to $300 million in revenue and the potential to grow into a $1 billion business within five to seven years.

Ideally, those businesses are also EPS accretive. But many strategics today are prioritizing revenue growth and market share. If an acquisition helps support the parent company's broader goal of moving into higher-growth categories, they may be willing to accept lower margins.

Having spent years supporting emerging consumer brands from an operating and investing perspective, what drew you to make the leap over to M&A advisory work with William Hood & Company?

Daniel: I've always enjoyed working with companies as they grow and scale. I did this at IRI, during my time leading PepsiCo's growth-stage businesses, and later while investing across the industry. At William Hood & Company, I'm able to continue partnering with these businesses and helping founders and investors realize the full value they've created.

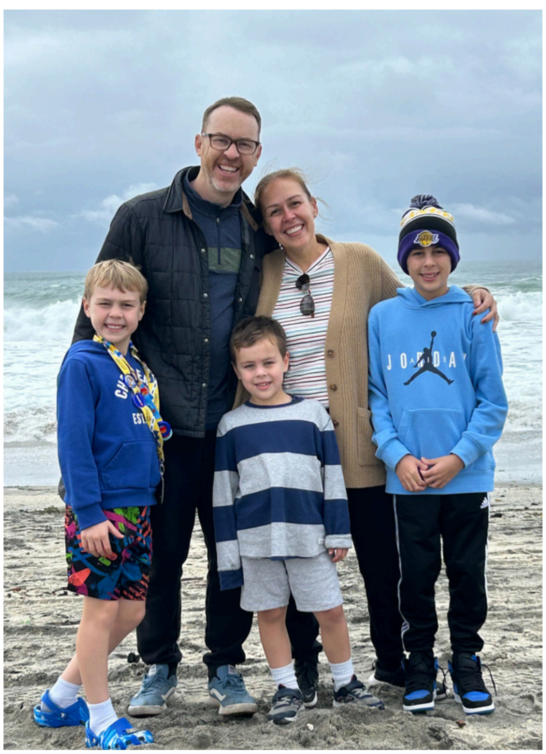
What made William Hood & Company such a natural fit is the firm's deep industry focus and its advisory approach. The team works closely with founders and growth-stage companies, bringing real sector expertise to help them think strategically about scaling their businesses and finding the right long-term partners.

My background across strategy, operating leadership, and investing aligns well with that model.

It allows us to combine industry insight and banking expertise with a practical understanding of what it takes to build and sell these businesses, which is ultimately what William Hood & Company does best.

Looking ahead five years, what changes do you think will most reshape the Food & Beverage industry? What characteristics will define the next generation of successful food and beverage brands?

Daniel: One of the major changes to the industry over the last 10 years is the pace of growth for individual businesses. Based on my research, the companies that could scale to $100MM would take in Beverage 7 years on average and 13 years in Food.

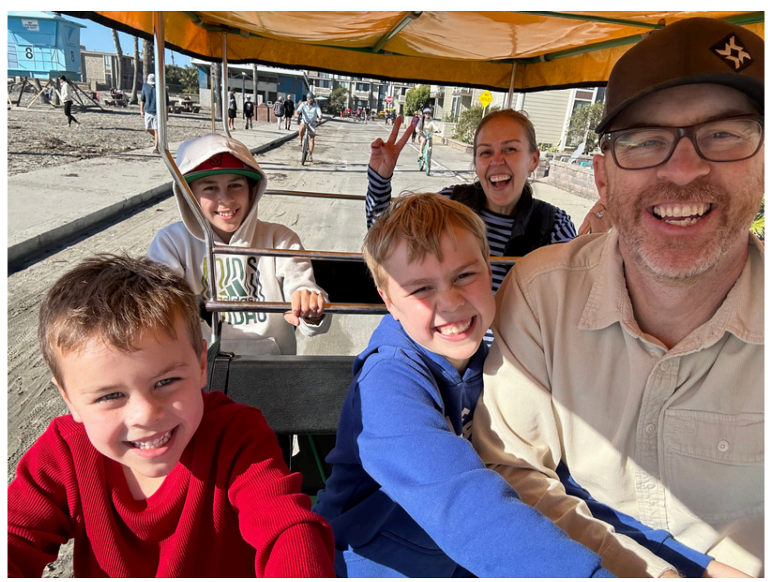


In the last 10 years, the ability to scale has increased significantly, with companies now reaching these milestones in 4-5 years in Beverage and 7-10 years in Food.

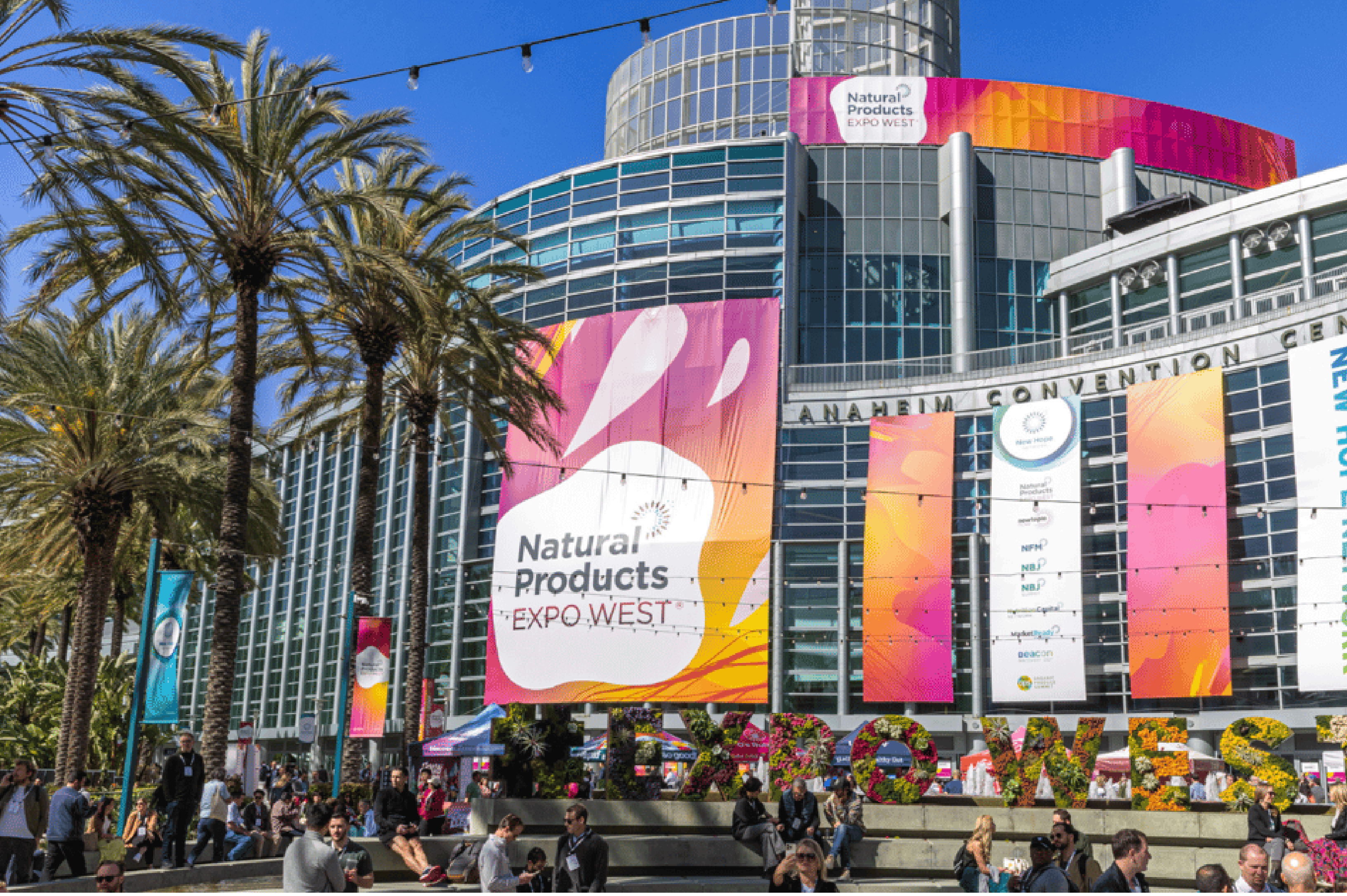
The ability to source capital, connect with consumer audiences, and partner with distributors to achieve scale are some of the factors that have contributed to this dynamic. I believe this will continue to hold true for the next 5-10 years.

For those interested in learning more about the Food & Beverage space or continuing the conversation, what's the best way to reach you?

Daniel: I'm always happy to connect and discuss opportunities in the Food & Beverage sector. I'm based in Los Angeles, and the best way to reach me is via email at **dgrubbs@williamhoodandcompany.com** or on my cell at **(917) 454-4964.** I'd welcome the conversation.



Daniel and his family enjoying the California beaches



NATURAL PRODUCTS EXPO WEST 2026:

Signals from the Show Floor — and What They Mean for the Next Generation of Food, Beverage, and Wellness Brands

With more than 60,000 attendees and 3,000 exhibitors gathered in Anaheim, Natural Products Expo West has become a true brand stage where momentum becomes visible in real time.

This year's show confirmed that the natural health and wellness industry is entering a new phase of maturity and delivered no shortage of excitement, innovation, and commercial opportunity. Across the show floor, brands and ingredient suppliers converged around a common theme: health benefits embedded in everyday consumption formats.

An Industry in Motion

Expo West 2026 reinforced something the industry has seen repeatedly: There is rarely a single mega-trend that defines the future. Instead, the market evolves through a mix of emerging signals, some small, some structural, that eventually shape the next generation of categories. What stood out this year was a marketplace moving in multiple directions simultaneously: protein everywhere, hydration continuing to boom, functional ingredients stacking together, global flavors broadening, and a growing emphasis on ingredient transparency, performance, and longevity.

A Pattern the Industry Has Seen Before

If you look at the past decade of food and beverage innovation, the arc is remarkably consistent. Entrepreneurial brands introduce a new idea. Consumers begin to respond. Retailers start leaning in. And eventually one or two companies emerge that scale the concept nationally. The companies that ultimately dominate the category are often not the first movers, but the ones that recognize the trend early and execute at scale.

You don’t have to look far back to see this play out:

Poppi scaled functional soda into the fastest-growing modern CSD segment	**Chomps** and **Archer** transformed meat snacks with clean ingredients	**Siete** built a platform around grain-free Mexican inspired foods	**Simple Mills** redefined crackers with ingredient transparency	**Kodiak** turned protein breakfast into a national platform

1. Proteinfinity

Protein remains the most visible trend across categories, but the story is no longer about protein shakes and bars. There are now countless products emphasizing protein. While traditional shakes and bars continue to post strong, sustained gains with Nutrition Business Journal (NBJ) projecting Sports Nutrition as the fastest-growing supplement category at roughly 8% annual growth through 2028, and Performance Nutrition Powders up 30% in the US AOC market over the last year and another 40% on Amazon, the powder supplements of old have left the gym. They have now entered every format: soda, shots, sparkling water, tea, coffee, chips, and ready-to-eat meals. Across formats, the arms race is escalating, and 20 grams increasingly feels like the new standard.

Expo West also showed protein moving deeper into everyday foods, with protein candy, popsicles, pasta, sauces, pretzels, and coffee among them. More broadly, consumers increasingly expect protein to be built into the foods they already eat rather than consumed separately as a supplement.

2. The Mighty Shroom Boom

Functional mushrooms and adaptogenic botanicals were among the most visible ingredients across Expo, appearing in beverages, supplements, snacks, teas, and culinary products.

Once largely confined to capsules and powders, these ingredients are increasingly being incorporated into everyday food and beverage formats as consumers seek functional benefits embedded in daily consumption occasions.

According to NBJ, the broader herbs and botanicals category, which includes mushrooms and adaptogens, is projected to reach approximately $17B in annual sales by 2028, supported by rising consumer interest in stress management, cognitive performance, immune resilience, and metabolic health. Several ingredients within this category are demonstrating particularly strong momentum: Functional mushrooms (+16.4%) and Ashwagandha (+14.9%) in 2025. As consumer focus on stress resilience, mental clarity, and proactive wellness continues to grow, mushrooms and adaptogens are emerging as an intriguing ingredient platform with application across multiple consumer health categories.

3. The Brain Game

Speaking of mental wellbeing, the nutrition industry has a lot going on upstairs, and brain health was front and center. Solutions ranged from beverages, teas and bars to probiotics and snacks designed to support mood, sleep, focus, memory, and cognition. Cognitive enhancement is also evolving beyond caffeine toward more rounded productivity and mental wellness positioning. Magnesium, the fastest-growing VMS supplement type across both US AOC and Amazon* clearly stood out, particularly where brands are speaking to stress, calm, sleep, and recovery.

The market data backs up the visibility. Within tracked channels*, Brain Health represents approximately $1.4B and stress relief approximately $0.9B annually, with growth of 24.4% and 27.9%, respectively[2]. Stress relief penetration has also increased to roughly 15.8% of households, while brain health households spend about $64 per year, pointing to both new-user growth and high engagement.[3]

4. Hydration Nation

Just when it seemed consumers could not possibly get any more hydrated, Expo West made clear that hydration is now the delivery vehicle, not just the objective. Water and electrolytes are no longer enough to satisfy consumer thirst. Products are increasingly designed to hydrate while also supporting muscle, gut health, skin, sleep, mood, or mental performance. The Hydration category today tops $2.6B[2] across tracked channels and continues to post double-digit gains year over year. Those numbers reflect a consumer base that is not just spending on water enhancement but is also more willing to discover and try new benefit-led formats with a focus on optimal body function and hydration overall.

5. Functional Beverages Continue Their Bevolution

Speaking of beverages, functional beverage aisles were crowded as the format continues to expand in response to growing consumer demand for health-beneficial ingredients delivered in convenient ready-to-drink forms, specifically, functional beverage platforms that combine hydration, cognitive support, and mood management.

Starting with seltzers several years ago, the category has continued to grow through significant product innovation and investment. This year, Expo West featured clear and opaque protein drinks, mocktails that do not get you buzzed, alcohol-free beer and wine that actually taste good, and an expanding set of creatine, nootropic, and mood-support beverages. For mood, there was a notable expansion of mushroom-based and adaptogenic drinks. Sparkling mushroom beverages, adaptogenic tonics, and coffee alternatives infused with ingredients such as lion's mane, reishi, and cordyceps were widely represented across the show floor. These beverages increasingly target benefits beyond energy, including focus, calm, stress support, and cognitive performance, reflecting a broader consumer shift toward beverages that deliver multiple wellness benefits in a single format.

In addition, this evolution aligns with a broader shift toward food-like and liquid formats overall. Fifty seven percent of VMS users report limiting themselves to only two or three products to avoid pill fatigue.[4] That creates real demand for alternative formats like powders, gummies, beverages, shots, and other easy-to-use forms to help deliver functional benefits. Within supplements, food-like forms are now growing faster than pills across core benefit areas across tracked channels.[2]

6. Live Long and Prosper

Not getting old never gets old. The drive for longevity has shifted from anti-aging rhetoric toward a broader healthspan conversation centered on energy, mobility, cognitive resilience, and metabolic health. According to a recent study by Lumina Intelligence, 71% of consumers cite aging in good health and longevity as their #1 health goal[5], and the underlying category dynamics are supportive.

New consumer survey data from Suzy and New Hope Network reinforces that shift. Healthy aging is increasingly being framed less around preserving youth and more around protecting independence and everyday capability, with consumers prioritizing staying physically active, eating a healthy diet, maintaining strength and mobility, and supporting mental well-being. That consumer demand is also showing up in the numbers: Healthy aging supplements are projected to grow 12.9% annually, while consumers continue to show strong willingness to invest in health despite price pressure.[1]

Most new offerings promise to slow aging at the cellular level, which is easier to prove than the 100+ year clinical trials that would be required to prove actual longevity enhancement. The four pillars of cellular longevity are cellular protection, cellular energy, cellular renewal, and cellular strength, and there are now ingredients for all four. At the same time, there are plenty of much shorter-term promises being made for better skin/hair/beauty, better sleep, and better energy, all related to feeling your best now at any age.

7. Getting to the (Natural) Source of Truth

The movement toward cleaner labels and more recognizable ingredients was impossible to miss. Packaging and booth language repeatedly highlighted beef tallow, avocado oils, real meat, and natural sweeteners like dates and honey, all tied back to the minimally processed movement.

That consumer mindset is now well documented. Forty percent of VMS users say quality of ingredients is a factor in purchase decisions, and transparency, format flexibility and personalization increasingly shape how consumers evaluate product value.[4] In practice, that means functionality alone is not enough; brands must also communicate ingredient credibility and processing simplicity.

8. Fiberlicious

Fiber is having a significant cultural moment. No longer just for old people, fiber is increasingly positioned as the next functional macro, with brands working it into beverages, snack foods, meal replacement powders, and supplements. Since the average American consumes roughly half of the approximately 30 grams per day recommended by the USDA, the runway for innovation remains substantial.

That opportunity is supported by category growth. The specialty supplement segment, which includes fiber, probiotics, and other functional ingredients, is projected to exceed $20B in annual sales by 2028. Within that broader specialty set, fiber supplements grew 8.3%, synbiotics 7.4%, and probiotics 6.5%, reinforcing why digestive health platforms continue to attract attention.[1]

9. Experiences and Community Matter

One of the most notable shifts this year had nothing to do with ingredients. Several brands that built their audience primarily through TikTok Shop arrived at Expo West with large booths, some even streaming TikTok Live directly from the show floor. This signals that social commerce is increasingly functioning not just as a marketing channel, but also as a product validation and distribution platform. Brands are investing heavily in memorable experiences, from games and scavenger hunts to interactive sampling environments designed for social media sharing. In modern CPG, brand personality increasingly matters as much as product innovation.

1. Nutrition Business Journal 2025. 2. Nielsen Scan xAOC, 52WE 12/27/25; NIQ Omni Panel Amazon & Costco, 52WE 12/27/25; SPINS Natural, 52WE 12/28/25. 3. NIQ Omnipanel through February 2026. 4. Mintel, "Vitamins, Minerals & Supplements - US - 2025." 5. Lumina Intelligence Report, "The Rise of Longevity Nutrition: Targeting the Healthspan Generation."

The Bottom Line

Expo West 2026 did not reveal one dominant trend so much as an industry moving toward functional performance, nutrient density, cleaner ingredient stories, and everyday wellness formats. These signals will shape the next wave of category growth. The most attractive opportunities continue to cluster around durable human needs, such as energy, protein and satiety, hydration and recovery, gut health, cognitive support, and longevity, and where brands can translate those needs into everyday rituals.

The next generation of category leaders will likely emerge from the intersection of functional benefits, strong flavor, and sensory experience, cultural or ingredient authenticity, digital-first brand building, and scalable retail execution. Trends create opportunity. Brands create categories. Some of the brands on the show floor will become major businesses. Others will simply serve as early proof points for the trends that larger companies eventually scale. But the underlying signals are clear. The brands that turn those signals into simple, scalable consumer rituals will define the next set of category leaders.

And as history has shown repeatedly, the companies that ultimately lead these categories will not simply recognize these signals. They will execute on them faster and better than everyone else.

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