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SUMMIT

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BAIRD



**BAIRD'S
TAKEAWAYS**

August 2024

TABLE OF CONTENTS

- 1** Increasing Dialogue Around Women's Health is Leading to More Investment Opportunities
- 2** Science and Innovation are Driving the Booming Women's Health Market
- 3** Latest Trends in Weight Loss Category Introduce a New and Growing Consumer Base
- 4** Rising Demand from Gen Z and Millennials Drives Growth
- 5** E-commerce Represents the Strongest Growth Channel

INCREASING DIALOGUE AROUND WOMEN'S HEALTH IS LEADING TO MORE INVESTMENT OPPORTUNITIES

The Women's Health Market Is Large And Growing Rapidly

\$4.1B

2024 Market Size for Women's Health

+\$812M

Estimated Increase from 2023 to 2027

+4.8%

Estimated Growth for 2024

+4.9%

Estimated CAGR from 2023-2027

Women Want Natural Solutions And Hormonal Concerns To Be Addressed

4 / 5

women in the U.S. experience hormonal imbalances

79%

of women say that preventative health is important to them

69%

of women say they are more likely to take a supplement designed for the female body

Attractive Category with Increasing Investments by Venture Capital / Private Equity

\$2.2B

funding received by women's health newcomers in the last 4 years

3.0-3.5x

average ROI for investment in women's health

1.6x

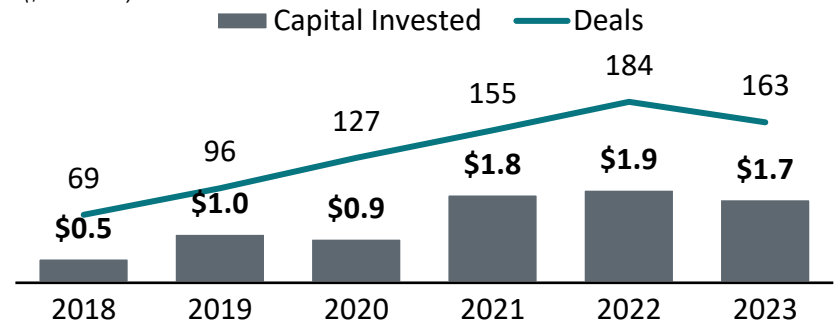
more health spending than men (on average) in 20s, 30s and 40s

314%

increase in women's health VC investment 2018-2023

VC Investment in Women's Health Companies (US & Europe)

(\$ in billions)



Women's health is one of the top 3 priority areas for M&A in the VMS space currently

INCREASING DIALOGUE AROUND WOMEN'S HEALTH IS LEADING TO MORE INVESTMENT OPPORTUNITIES (CONT'D)



Menopause is a Primary Area of Focus Within Women's Health

By 2025 there will be **1.1B** women in menopause globally

Every day in the U.S., **6,000** women enter menopause, which is **1.3M** women per year

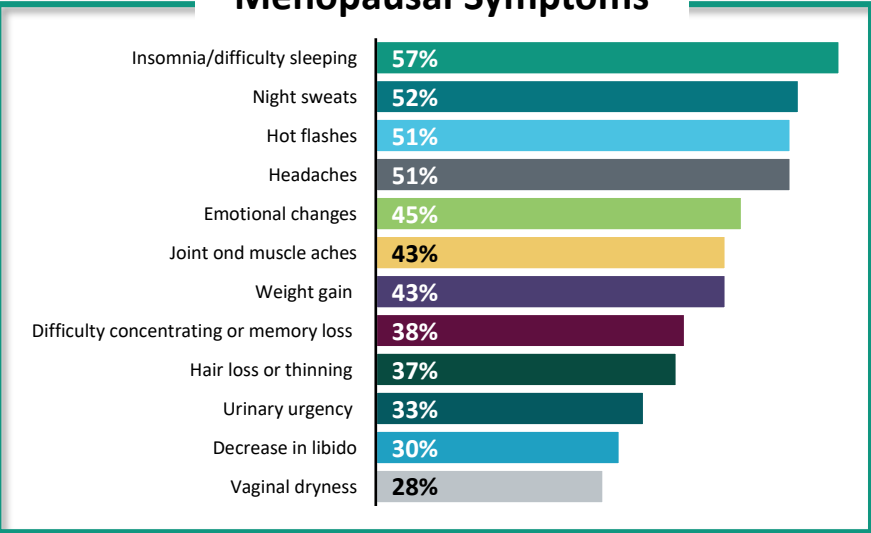
Only **20%** of OB/GYN residencies offer menopause training

Only **54%** of women can correctly identify menopause

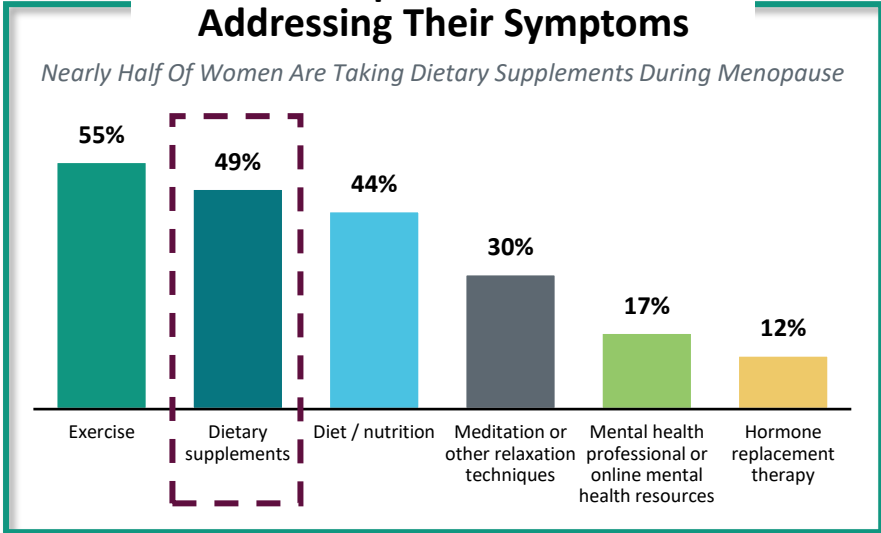
75% of menopausal women go untreated by traditional medical care

Women are spending **\$2-3K a year** out of pocket seeking solutions

Menopausal Symptoms



How Menopausal Women Are Addressing Their Symptoms



SCIENCE AND INNOVATION ARE DRIVING THE BOOMING WOMEN'S HEALTH MARKET

1

Evaluating Science

- More categories are shifting towards incorporating science and a medical thesis to support messaging across products offered

2

Research On Women

- Historically, research was conducted only on men for products meant for both men and women
- Women are more likely to use products designed exclusively for them

3

Collaboration and Partnership

- The future of the VMS and wellness industry depends on partnership and collaboration among manufacturers, social media platforms, scientists and retailers to promote accurate messaging to consumers

4

Integrating Knowledge

- It is important to educate customers on why they should love their products and what products should be used – social media is the best platform these days

5

Personalization & Customization

- Leverage data to inform what the biggest needs are and how to communicate these stories to customers
- There is no one size fits all solution

6

It Matters to Retailers

- Retailers have become more mindful in selecting and promoting products focusing on products that are using high quality and efficacious ingredients

LATEST TRENDS IN WEIGHT LOSS CATEGORY INTRODUCE A NEW AND GROWING CONSUMER BASE

Large Market Size with Robust Growth

\$7.2B

2024 Market Size of Weight Management

+\$1.9B

Estimated Increase from 2023 to 2027

+6.3%

Estimated CAGR for 2023-2027

Key Ingredients in 2024

Meal Replacements
71.1% / 5.3%
Market Share / Growth

Combo Herbs
5.5% / 23.4%
Market Share / Growth

What Do Customers Care About?

- 1 Stress & Anxiety Management
- 2 Maintain Quality of Sleep
- 3 Amount / Speed of Weight Loss

Key Trends / Issues to Know

Rising trend for individuals seeking weight loss to be on **GLP-1 drugs to reduce food intake** – which could lead to inadequate nutrition

Additional concerns around GLP-1 include – what happens to muscle wasting, GI disruptions, delayed gastric nausea, etc.

As businesses continue to expand in this market, there is a crucial opportunity to **educate the consumers**

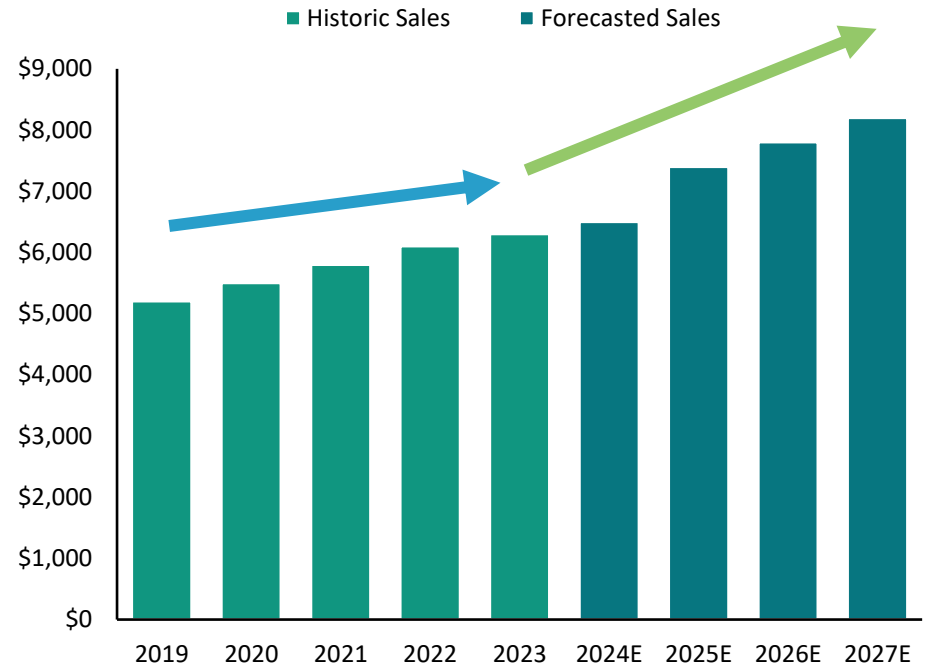
Noteworthy Market Leaders to Watch



Accelerated Growth in Weight Loss Category

(\$ in millions)

Weight Management Climbs Back to Pre-Pandemic Growth Levels Fueled by Meal Supplements and Probiotics



RISING DEMAND FROM GEN Z AND MILLENNIALS DRIVES GROWTH

Gen Z Has The Highest Level Of Trust In Supplements

- The supplements market is **highly dynamic** with considerable variation when data is **segmented by generations**
- Despite these fluctuations, the **fundamental driver** that consistently influences consumer behavior across all demographics is **trust**
- Younger consumers tend to be more trusting of supplements – it's crucial to **reach them through right delivery formats and channels** to capitalize on this trust
- Gen Z and Millennials show a **clear preference for gummies**, more so than any other generation, indicating where the market is heading – it's crucial for businesses to prioritize product formats that resonate with their consumers

27%

of Gen Z Increased Trust in Supplements YoY

56%

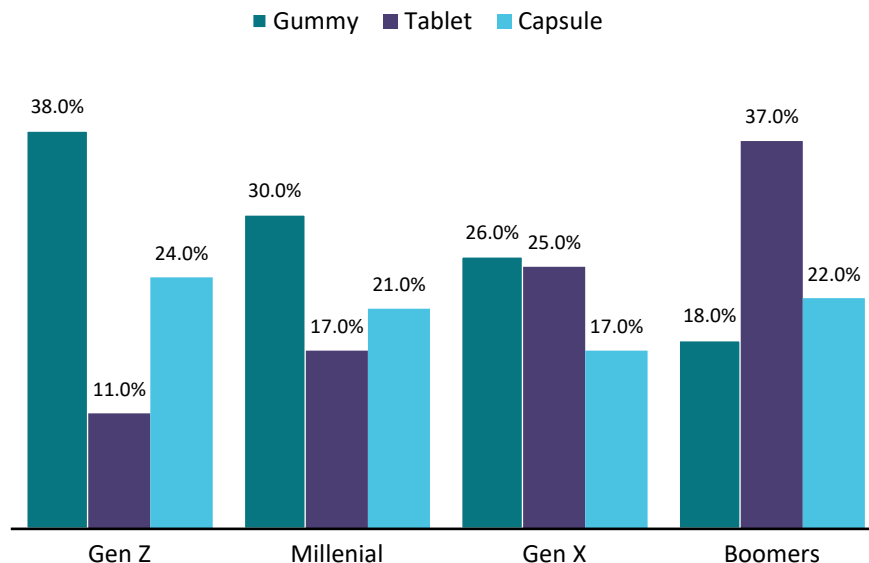
of Gen Z Started Using Supplements in the Last 2 Years

Other Key Trends

- An increasing number of younger consumers are adopting products aimed at **mood enhancement and mental health**, addressing stress in particular
- Products offered in more **engaging and unique formats** such as mushroom gummies are anticipated to invigorate the category
- Younger consumers prefer information in bite-sized formats, making it important for businesses to **adapt their communication strategies** to align with this preference
- **Social media platforms** are particularly effective in delivering concise, engaging content that resonates with this demographic

Supplement Preference by Generation

38% of Gen Z Prefers Gummies, Highest of Any Generation



E-COMMERCE CONTINUES TO BE THE STRONGEST GROWING CHANNEL IN 2024



Amazon Is A Dominant E-tailer That Is Incubating And Scaling Brands

~80%

Market Share in the E-commerce Channel

~\$11B

Estimated Sales for the Latest TTM Period – Up 20%+ YoY

~\$1 in \$5

Spent on Supplements via Amazon

Amazon's Updated Policy For Dietary Supplements

- 1 Manufacturing facilities are compliant with good practices
- 2 Products do not contain contaminants that may pose a human health or regulatory concern
- 3 Products contain the ingredients claimed on the product label
- 4 Products do not contain active pharmaceutical ingredients

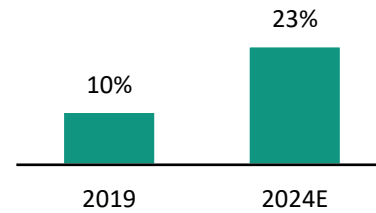
Expect More Digital Brand Activity

Brands are effectively and rapidly scaling online – reaching \$100+ million in sales without ever entering brick-and-mortar retail

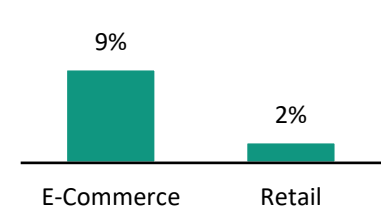
Digital revenue is a **different quality of revenue** and is looked at differently by acquirers because of loyalty, repeat purchases and subscriptions

The Importance Of E-commerce for VMS

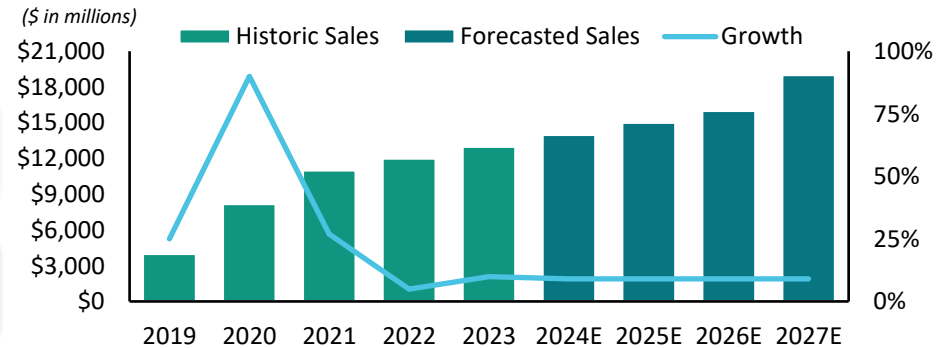
E-Commerce Channel Market Share in VMS is Up From 2019



VMS Digital Channel Growth is Outpacing Retail YoY



Covid Disrupted Consumer Buying Habits – Transformation into E-Commerce with Stabilizing Forward Growth



BAIRD'S DIFFERENTIATED APPROACH TO BEAUTY & WELLNESS

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We wanted give you a glimpse of what we learned and we're happy to continue the conversation. Feel free to contact a member of our team to discuss further



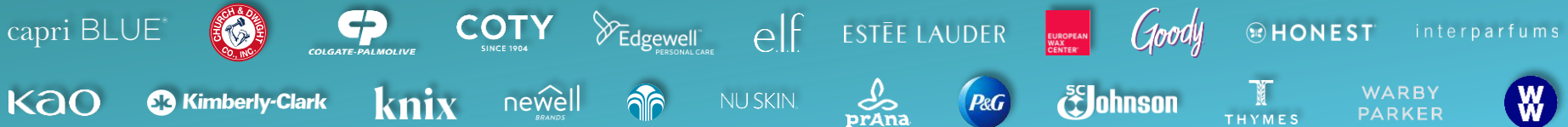
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- ✓ **Dedicated senior team covering multiple sectors**, from branded products to services and contract manufacturing
- ✓ Unmatched reputation for **thought leadership in the category**
- ✓ Track record of positioning **businesses focused on the female consumer**, with a deep understanding of business models
- ✓ **Active dialogue across the spectrum of Beauty & Wellness brands** – from early-stage brands to the large beauty consolidators
- ✓ **Longstanding relationships with the strategic and financial buyer universe** with unmatched access and active dialogue
- ✓ **High-touch, world-class process execution**

Companies We've Worked With:



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