William Blair

Equity Research
Consumer | Consumer Products

July 16, 2025
Industry Report

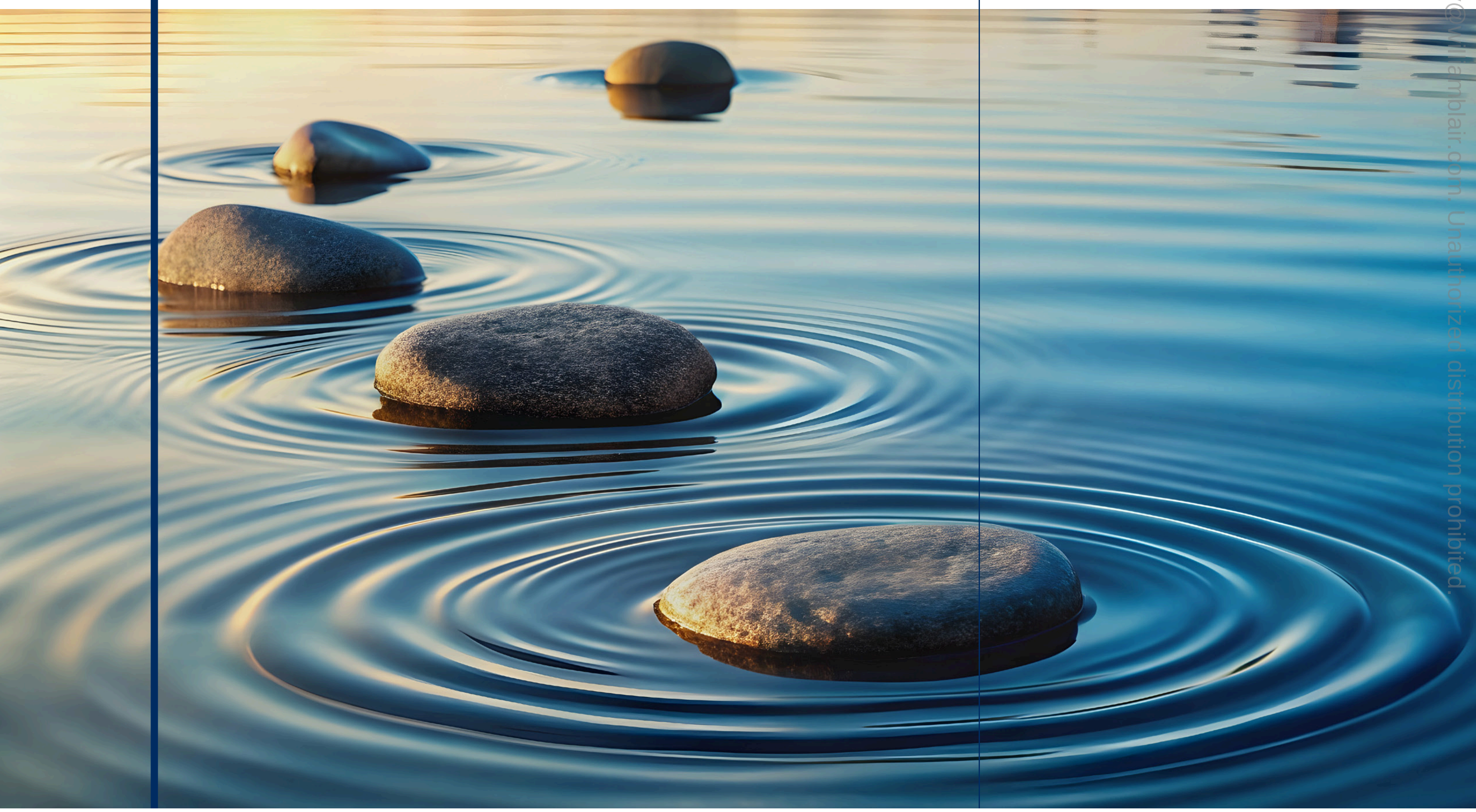
Jon Andersen, CFA +1 312 364 8697
jandersen@williamblair.com

David Shakno, CPA +1 312 364 5256
dshakno@williamblair.com

Glenn West, CPA +1 312 364 8673
gwest@williamblair.com

Industry Insights

Next-Generation Brands: Ripples in Still Water



Please refer to important disclosures on pages 39 and 40. Analyst certification is on page 39.

Contents

What Do Next-Generation Brands Do?

In a consumer-packaged industry populated with large legacy equities and product forms, next-generation brands are creating ripples—and perhaps better said waves—in what has otherwise been relatively still water. We identify next-generation brands as those that are making sustained market share inroads in large, fast-moving consumer goods categories and doing so in concert with five motivating factors. These include a laser focus on serving vital consumer needs, building authentic aligned relationships, deploying disruptive hyperefficient marketing, innovating with relevance and pace, and employing new tools and technologies. When done well, the collective outcome is a vibrant ecosystem that enables the brand to become part of the fabric of consumers' lives. In the following sections, we endeavor to define each factor, describe it in more detail, and offer relevant case studies for brands owned by public (covered) companies and select private companies.

Exhibit 1
Industry Insights: Next-Generation Brands
Strategic Framework

Source: William Blair Equity Research

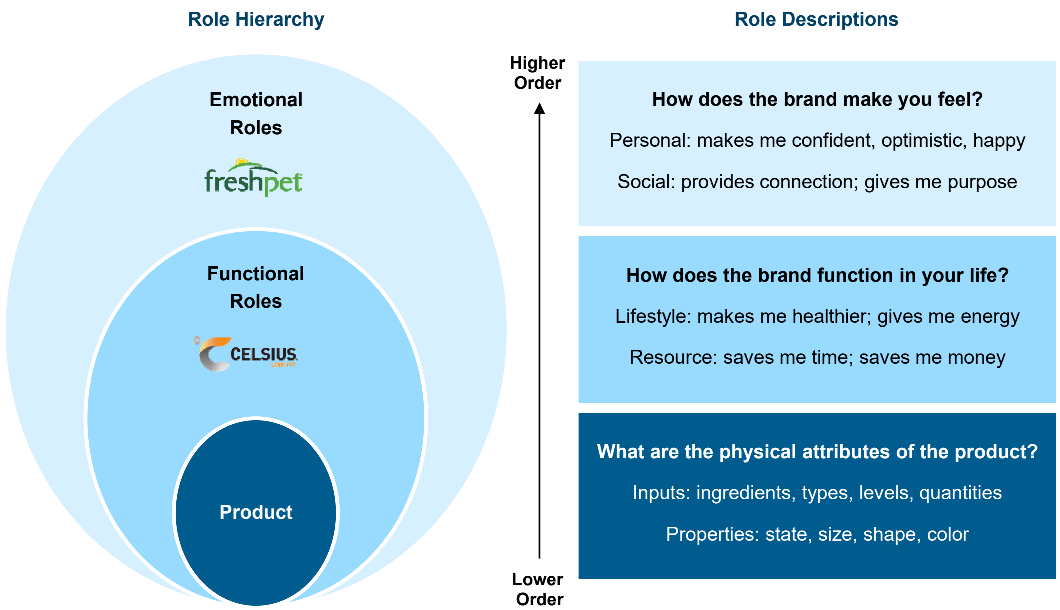
Serve Vital Consumer Needs

Next-generation brands serve vital consumer needs, fulfilling essential functional and emotional roles.

What Do We Mean?

Next-generation brands serve vital and often insufficiently met consumer needs and, thus, are born by identifying, early and often, latent needs, aspirations, use-cases, and occasions. They are then given form and potential by being configured to serve key functional roles such as nutrition, health and wellness, and productivity, and emotional roles such as self-expression, confidence, and companionship.

Exhibit 2
Industry Insights: Next-Generation Brands
Vital Consumer Needs



Source: William Blair Equity Research

Positioning on "higher order" functional and emotional roles helps ensure that the brand's addressable market is large and, when the brand is differentiated—via quality, service, and value—is a precursor and lays the foundation for the brand's in-market success. Serving such higher order roles can lend weight and duration to a value proposition, important in helping a brand break into and ultimately surpass the competition in the category.

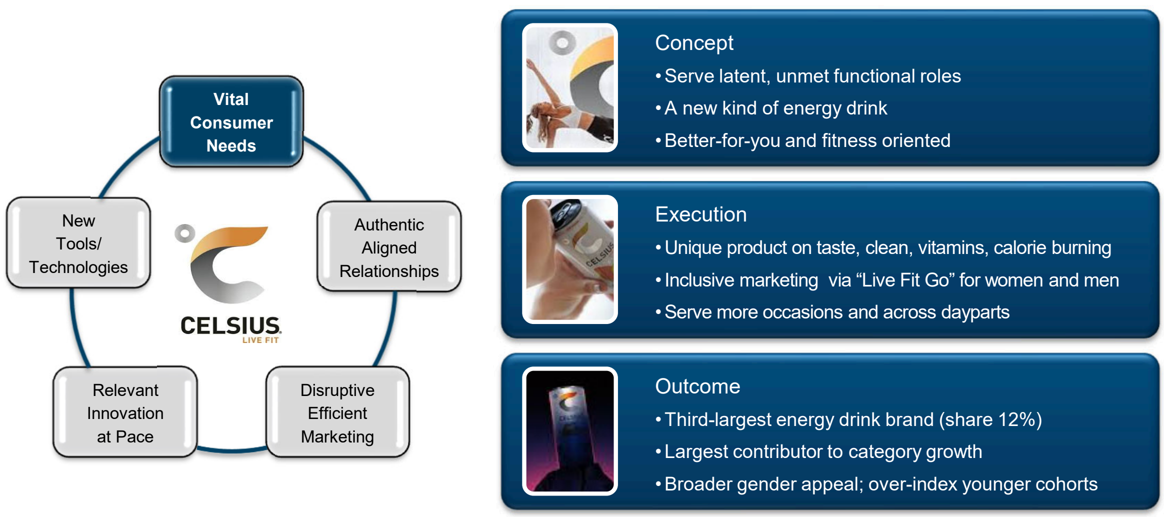
Case Study: Celsius

The Celsius story is a good example of serving functional roles such as fitness to help enable category penetration. In this case, Celsius has helped transform the energy drink category by positioning the brand to broaden the addressable market and expand the range of use-cases.

Before Celsius, the energy drink category was dominated by Monster and Red Bull, beverages that typically contained sugar and were relatively high in calories. The brands were supported by high-octane marketing (extreme sports and entertainment) to drive impulse purchases through on-the-go channels (convenience stores). Partly as a result, the category and, more specific, these brands tended to resonate with more idiosyncratic use-cases (quick boost) and a restrictive demographic (primarily male).

Fast forward to 2020, when Celsius began rapidly scaling—for the first time achieving reported sales of more than $100 million—through serving unmet functional consumer needs. Its beverages were sugar-free, low (or no) calorie, and, perhaps more important, uniquely formulated to be better-for-you (seven essential vitamins, no HFCS or aspartame) and functional (metabolism enhancing, calorie burning). The brand was marketed in a more approachable fashion; that is, as a fitness-oriented beverage that could (and should) be integrated into consumers' everyday hydration regimens across a wider range of use-cases (around a workout, with a meal, as a pick-me-up). The sticking point being Celsius made energy drinks feel aspirational and permissible across all walks of life, providing space for a new consumer identity within energy drinks, thus expanding the TAM. It was also predominantly sold online and in traditional grocery and mass retailers, formats conducive to stock-up purchases, and was more gender inclusive.

Exhibit 3
Industry Insights: Next-Generation Brands
Celsius – Reinventing Energy Drinks



Sources: Company reports and William Blair Equity Research

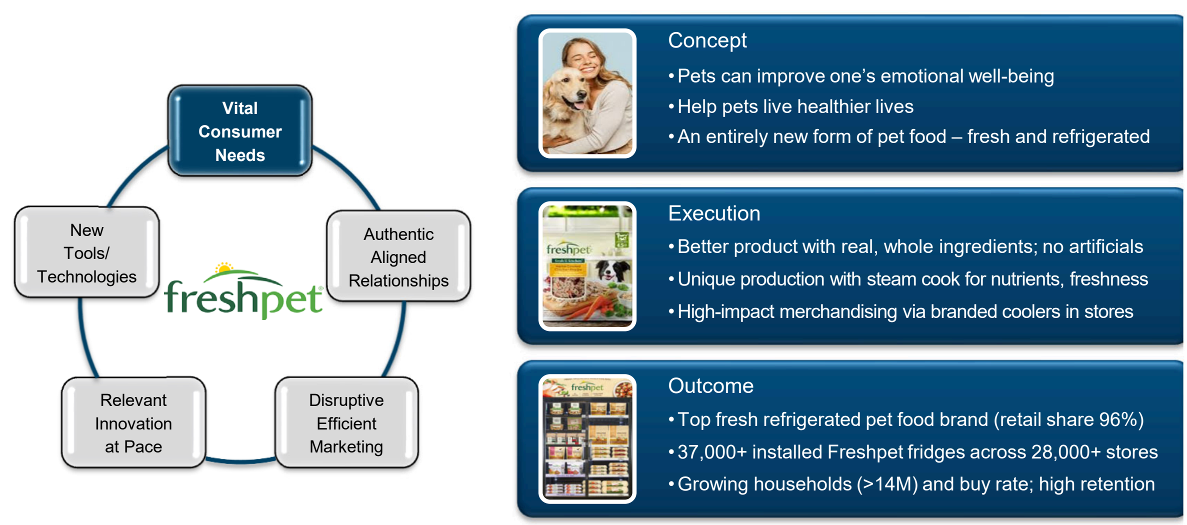
The results speak for themselves. Today, Celsius has become the only other brand (aside from Red Bull and Monster) with a market share of the energy drink category in the double digits and had 2024 reported sales approaching $1.4 billion. Over the past five years, Celsius has contributed more than any other brand to the dollar growth of the energy drink category, which is particularly important to retailers seeking incremental gross profit dollars in strategic categories. It has done this in part by appealing to a broader cohort, with about half of its consumers being female and the other half male (versus a legacy energy drink customer mix that was 70% male).

Case Study: Freshpet
The Freshpet story is a fascinating case of serving emotional roles such as the need for (animal) companionship to help drive category reinvention. In this case, Freshpet has helped redefine the dog food category by configuring the brand to acquire households and grow its share of requirements.

Before Freshpet, the dog food category largely consisted of dry kibble, a form factor developed many decades ago when dogs typically played a more utilitarian role, and, in turn, their treatment was more austere—for example, they were often kept in cages with chains around their necks and sheltered (including at night) in a doghouse outside the home. This treatment extended to their diet, which consisted of highly processed, dehydrated foods containing artificial flavors, colors, and preservatives.

A decade ago, Freshpet began winning share in dog food—for the first time achieving sales of more than $100 million—catering to latent emotional consumer needs present with the changing nature of the relationship between dog and pet parent. Its dog food is more like fresh human food, positioning it at the intersection of powerful macro trends, including zooeyia—a term used to emphasize the ways in which companion animals can improve one's emotional, as well as mental and physical, well-being. Freshpet's dog foods contain all natural ingredients such as chicken and vegetables, gently cooked to preserve nutrients, and packaged fresh. Unlike traditional dog food, it is sold in refrigerated coolers, which act as billboards for the brand and convey the freshness of the product.

Exhibit 4
Industry Insights: Next-Generation Brands
Freshpet – Improving Lives of Dogs



Sources: Company reports and William Blair Equity Research

The results have been powerful. Today, Freshpet is the clear leader, with greater than 95% market share of fresh refrigerated pet food (at retail) and 2024 reported sales approaching $1 billion. Over the past five years, the brand has contributed more than any other brand to the dollar growth of the dog food category (at retail), aided by the placement of more than 30,000 Freshpet fridges and unique manufacturing capabilities that allow it to offer its fresh dog food nationwide. This success has been underpinned by the brand's ability to help companion animals live longer and healthier lives, in turn strengthening the emotional connection between owner and pet.

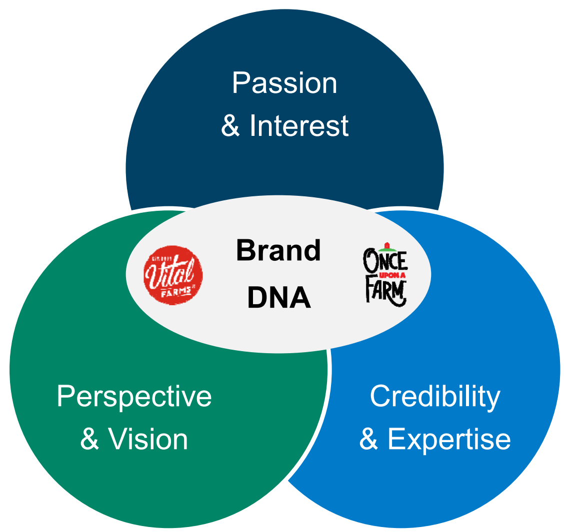
Build Authentic Aligned Relationships

Next-generation brands embody and live up to values in demand by customers and consumers.

What Do We Mean?

Next-generation brands intimately connect with customers and consumers and, as a result, are developed by identifying and embodying tenets, ideals, and ethics valued by these constituents. They are then given shape by making sure the brand lives those values—from point of source to point of sale to point of consumption—via transparent operating practices and standards.

Exhibit 5
Industry Insights: Next-Generation Brands
Pivotal Brand Connections



Source: William Blair Equity Research

Codifying "brand DNA" through a shared vision, common interests, and clear expertise helps lend authenticity and, if communicated well—across all touchpoints with stakeholders—is an important undertaking and underpinning for brand equity. Building such pivotal brand connections can create tighter and more durable relationships with consumers, central to establishing preference and loyalty.

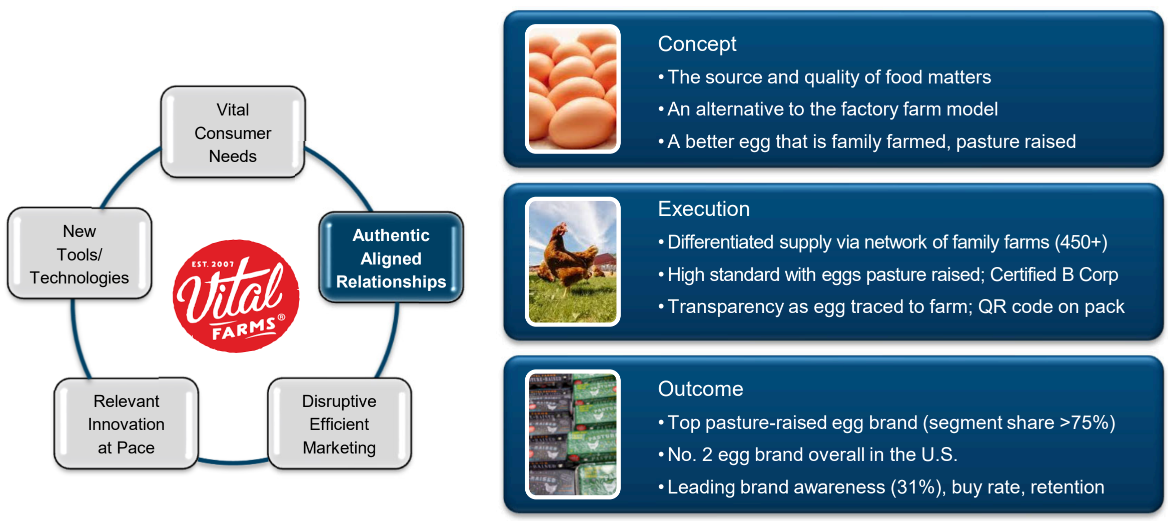
Case Study: Vital Farms

The Vital Farms story is a great study in building authentic relationships through more ethical sourcing to disrupt the factory farm model and establish new standards for fresh eggs. In this case, Vital Farms has helped disrupt the category by aligning the brand with values and practices important to consumers.

Before Vital Farms, the fresh egg category largely consisted of caged eggs, those sourced from factory farms where hundreds of thousands and sometimes millions of chickens were kept their whole lives in cages and fed a simple diet of corn and soybean meal—the goal being to harvest the most eggs at the lowest cost. Even those producers selling eggs classified as cage-free fell well short of ethical treatment, as those farms keep their chickens in very small, enclosed spaces inside barns.

Nearly a decade ago, Vital Farms began making serious inroads in fresh eggs—for the first time achieving sales of more than $100 million—building a brand based on important consumer values such as support for family farms and animal welfare. Its fresh eggs are considered to be premium because of their pasture-raised, certified humane practices. Its egg-laying hens access open-air living conditions (108 square feet per hen) and feed on grains, plants, and insects on family farms that use sustainable land management practices. Moreover, Vital Farms cartons have the name of the farm where the eggs came from and a QR code that can be scanned to see a 360-degree video of the actual farm. In stark contrast to legacy players, Vital Farms built a brand based on business practices and transparent communications and key features consumers are willing to pay for.

Exhibit 6
Industry Insights: Next-Generation Brands
Vital Farms – Generating Trust Through Transparency



Sources: Company reports and William Blair Equity Research

The results have been powerful. Today, Vital Farms is the clear leader, with greater than 75% market share of pasture-raised eggs (at retail) and 2024 reported sales of more than $600 million; it has a medium-term target to reach 2027 sales of at least $1 billion. Over the past five years, the brand has contributed more than any other brand to the dollar growth of the fresh egg category (at retail), aided by increasing brand awareness and availability, growing household penetration and buy rate, and strong consumer loyalty. This success has been underpinned by the brand's ability to connect in an authentic way and embody values and practices increasingly driving its customers' purchase decisions.

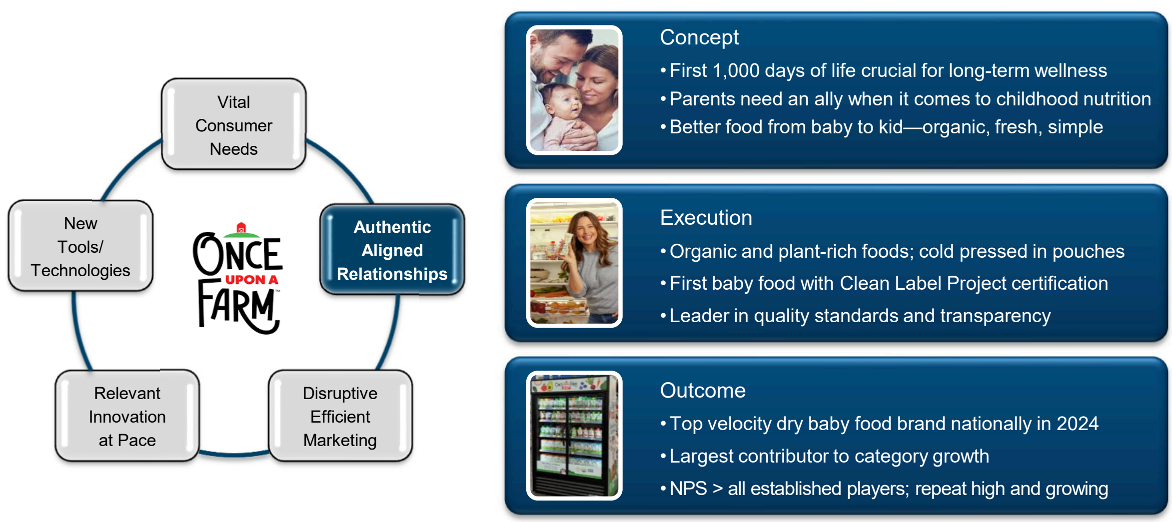
Case Study: Once Upon a Farm

The Once Upon a Farm story is a compelling case of building trust, in effect by becoming an ally to parents seeking better alternatives in childhood nutrition. In this case, Once Upon a Farm has disrupted the children's foods category by establishing and living into a set of values and standards.

Before Once Upon a Farm, the children's foods market—including baby food and kids' snacks—lacked real nutrition, consisting mostly of foods that were more highly processed, with added sugar and preservatives, to provide shelf stability. In essence, products tended to prioritize preservation and, to some extent, convenience over ingredient integrity and nutritional value. This treatment extended to production techniques, favoring high heat sterilization that can lead to nutrient loss.

Since 2019, Once Upon a Farm has focused on its core kids' snacking assortment while continuing to build out its offerings in baby and fresh snacking, inspired by its mission—to drive systemic change in childhood nutrition for a happier, healthier, and more equitable world. Its simple organic fresh formulations are a point of difference, made using fresh and fresh-frozen IQF fruits and vegetables and cold pressing them together (never above 40 degrees Fahrenheit), and then high-pressure processing (HPP) to lock in nutrients and provide cold chain distribution. In essence, Once Upon a Farm has built a brand that adheres to elevated standards from farm to fridge—one an increasing number of parents rely on.

Exhibit 7
Industry Insights: Next-Generation Brands
Once Upon a Farm – Providing Parents Peace of Mind



Sources: Company reports and William Blair Equity Research

The results have been impressive. Today, Once Upon a Farm has become a leader in the baby and kids' snack foods categories, with last-52-week scanned retail sales growing 75% to more than $210 million. In 2024, the brand was the largest contributor to baby food and kids' fresh snacking growth and had the top-velocity item in dry baby food nationally, aided by new product introductions, high incrementality, and strong customer satisfaction (Net Promoter Scores) and repeat purchase rates. This success has been underpinned by the brand's ability to earn a role as a valued resource and ally for parents seeking real nutrition from a trusted brand that spans ages—from baby to toddler to kid.

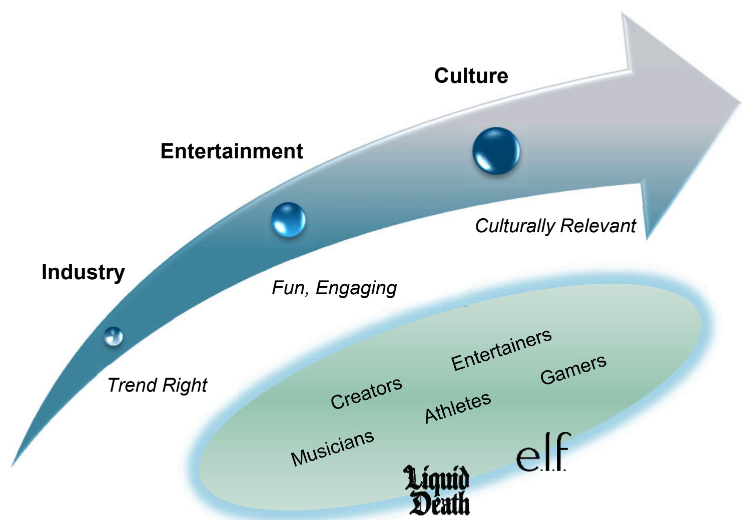
Deploy Disruptive, Hyperefficient Marketing

Next-generation brands create influential marketing and employ efficient media to drive demand.

What Do We Mean?

Next-generation brands employ novel marketing to create awareness and promote trial and, thus, are introduced by crafting impactful marketing and employing targeted media to cut through the clutter. They are then given further life by being supported with messaging that is as much entertainment as call to action and via platforms that consumers frequent for entertainment, socialization, and commerce.

Exhibit 8
Industry Insights: Next-Generation Brands
Enlightened Consumer Engagement



Source: William Blair Equity Research

Moving up the "relevance ladder" helps a brand become more central in consumers' lives and, when executed well—via continuous creative and cost-optimized copy—is a driver and creates conditions for engagement and efficiency. Graduating from trend right to source of entertainment to cultural significance can make a brand part of the social zeitgeist, elevating it from nice-to-have to must-have.

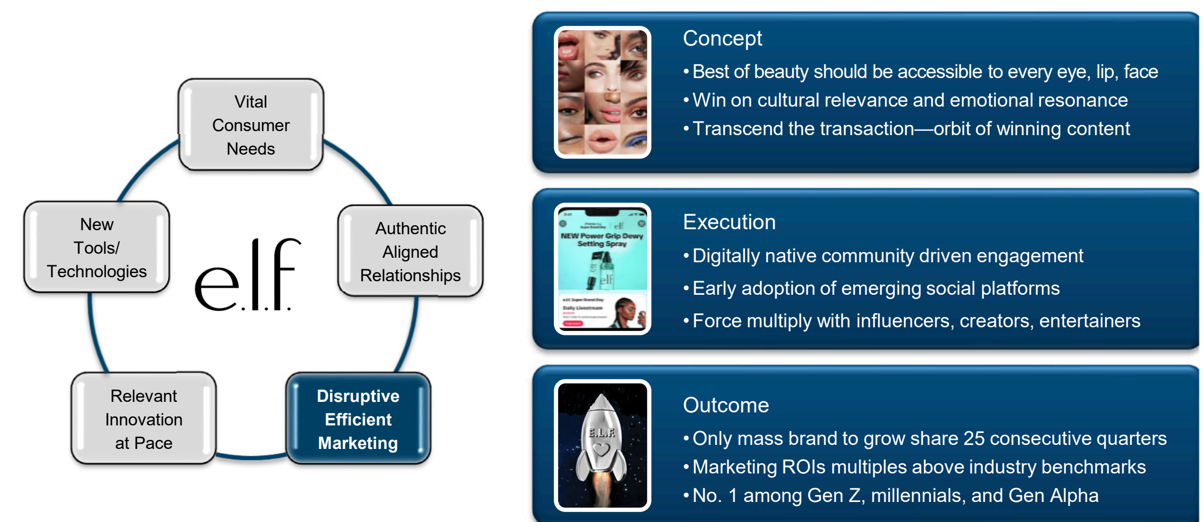
Case Study: e.l.f. Beauty

The e.l.f. Beauty story is a terrific example of applying a highly effective and efficient marketing engine to drive category engagement and market share gain. In this case, e.l.f. Beauty has helped fundamentally transform the way in which a beauty brand develops and interacts with its community.

Before e.l.f. Beauty, the cosmetics category largely consisted of legacy brands, including mainstream-priced mass cosmetics sold in high-frequency channels with little to no direct consumer engagement; and higher-priced prestige cosmetics sold in specialty channels often with the support of technicians at a beauty store counter. Both forms leaned heavily on traditional media such as TV and print and used high-profile celebrities and spokespersons for endorsement.

More than a decade ago, e.l.f. Beauty began more rapidly scaling in cosmetics—for the first time achieving sales of more than $100 million—offering quality products at great value supported by powerful innovation and a unique and effective marketing engine. E.l.f. has been an early adopter of social platforms such as TikTok, Twitch, and Roblox to entertain its community—using music, gaming, sports, movies, and other areas of cultural discourse to help the brand transcend the transaction and create an orbit that people want to join for engaging content. Each piece of content engages a subculture whose members return signals that it puts back out in the form of new content. The company also collaborates with like-minded disruptors—Chipotle, Liquid Death, and Tinder—to force multiply or expand its audience pools.

Exhibit 9
Industry Insights: Next-Generation Brands
e.l.f. Beauty – Creating Unique Content and Experiences



Sources: Company reports and William Blair Equity Research

The results have been impressive. Today, e.l.f. Beauty is a clear leader with 12% (No. 2) market share in U.S. cosmetics and fiscal (March) 2025 reported sales of $1.3 billion. Over the past five years, the brand has contributed more than any other brand to the dollar growth of the mass cosmetics category (at retail) and is the only mass brand to grow market share for 25 consecutive quarters, aided by powerful innovation and a disruptive marketing engine that has driven top on-shelf productivity. This success has been underpinned by the brand's ability to deliver a continuous flow of high-impact content that extends the brand's cultural relevance and emotional response to more consumers on more occasions.

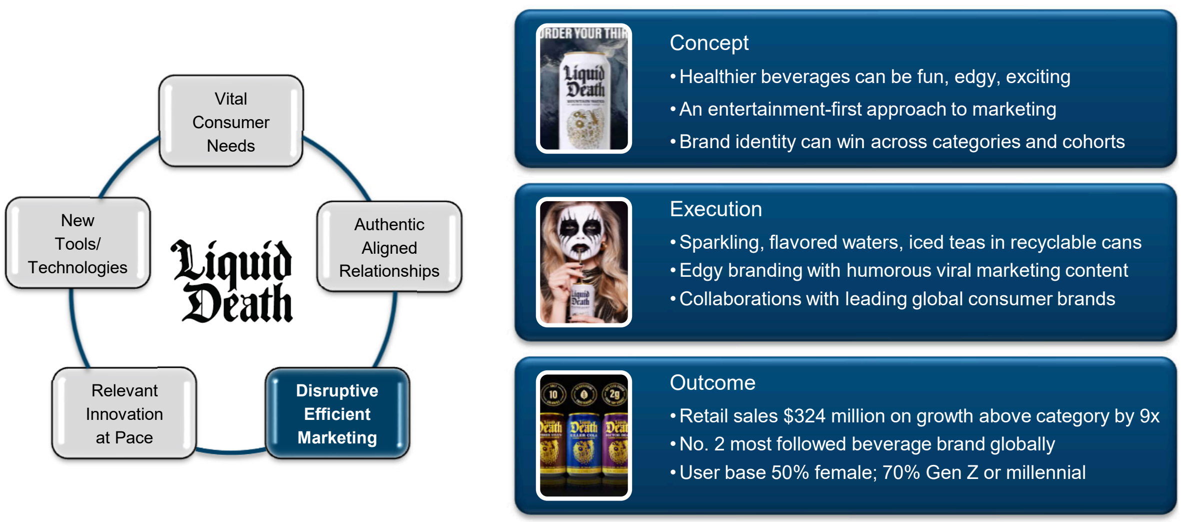
Case Study: Liquid Death

The Liquid Death story is an astonishing study in the power of originality, humor, and entertainment in marketing to disrupt a large yet historically prosaic category. In this case, Liquid Death has helped upend the way healthy beverages are branded and marketed by bringing energy and excitement to the category.

Before Liquid Death, the water category largely consisted of traditional brands, including domestically sourced and European imports, the latter marketed in a manner that might evoke serenity and wellness but one that also was very vanilla—perhaps with a babbling brook, snow-capped mountains set against an unblemished blue sky, or even giggling babies. The fun and edgy branding was left for unhealthier categories such as carbonated soft drinks or snack foods.

A little more than five years ago, Liquid Death made a large splash in the healthy beverage market by producing a funny commercial (for $1,500) for its water in a can and posting it on Facebook; over the next three months, the ad garnered 3 million views and 80,000 followers—more than Aquafina at the time. Since then, it has continued to use marketing to entertain, rather than just sell, to create fandom for Liquid Death. The brand has created a gravitational pull that makes consumers want to be a part of it—so much so that it is now the No. 2 most followed beverage brand globally (14 million followers). This digital-first strategy is purpose-built for modern marketing and has enabled Liquid Death to consistently generate substantial earned media at a fraction of the cost incurred by traditional brands. Publicly traded brands now come to Liquid Death to partner, with recent collaborations garnering billions of impressions and millions of dollars in free awareness through campaigns like e.l.f. Cosmetics, NASCAR, Yeti, and Depends.

Exhibit 10
Industry Insights: Next-Generation Brands
Liquid Death – Entertaining Your Brain, Murdering Your Thirst



Sources: Company reports and William Blair Equity Research

The results have been scary good. In 2024, the brand hit record scanned retail sales of $324 million, exceeding the combined category growth rate by 9 times. It has succeeded in porting the brand to several new categories (flavored sparkling water, iced teas), becoming the top-selling flavored sparkling water item (Severed Lime) in the U.S. convenience channel and No. 2 dollar share growth leader in iced teas at Walmart (despite being available in only one-third of its stores). As a result, flavored sparkling water and tea now represent roughly 70% of scanned sales, demonstrating that the brand is much more than a "water in a can" company. About half of Liquid Death customers are female and nearly 30% are over 45 years of age, showing it is not just a "dude" or exclusively "young" brand. This success has been underpinned by its entertainment-first approach to marketing, a model that has arguably made Liquid Death much more than a branded can of water—it has become an ethos or way of life.

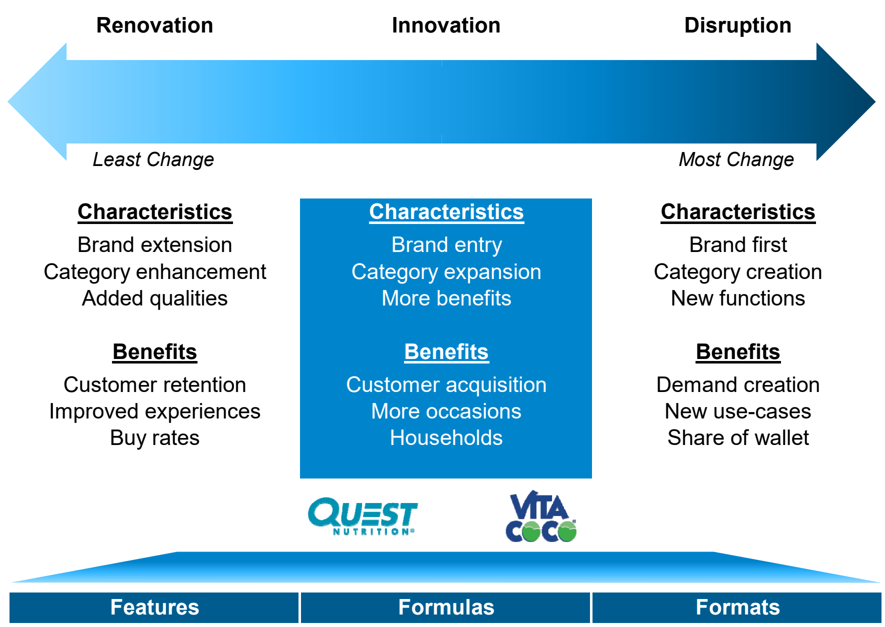
Innovate With Relevance and Pace

Next-generation brands use deep insights and swift concept-to-commercialization means to innovate at speed.

What Do We Mean?

Next-generation brands are continually renewed and extended and, as a result, are given duration by directly engaging with consumers and accurately interpreting marketplace signals. They are then afforded additional advantages with innovation informed by consumer insight and active social listening as well as fast innovation through systems that enable swift concept-to-commercialization.

Exhibit 11
Industry Insights: Next-Generation Brands
Innovate With Relevance and Pace



Source: William Blair Equity Research

Addressing all points on the "innovation spectrum" helps ensure the brand's selling proposition remains germane and, when done with precision—across relevant feature and benefit segments—is an essential element and enhancer of brand advantage. Bringing renovation and disruptive innovation to market can help facilitate customer retention and demand creation, translating share of shelf into share of market.

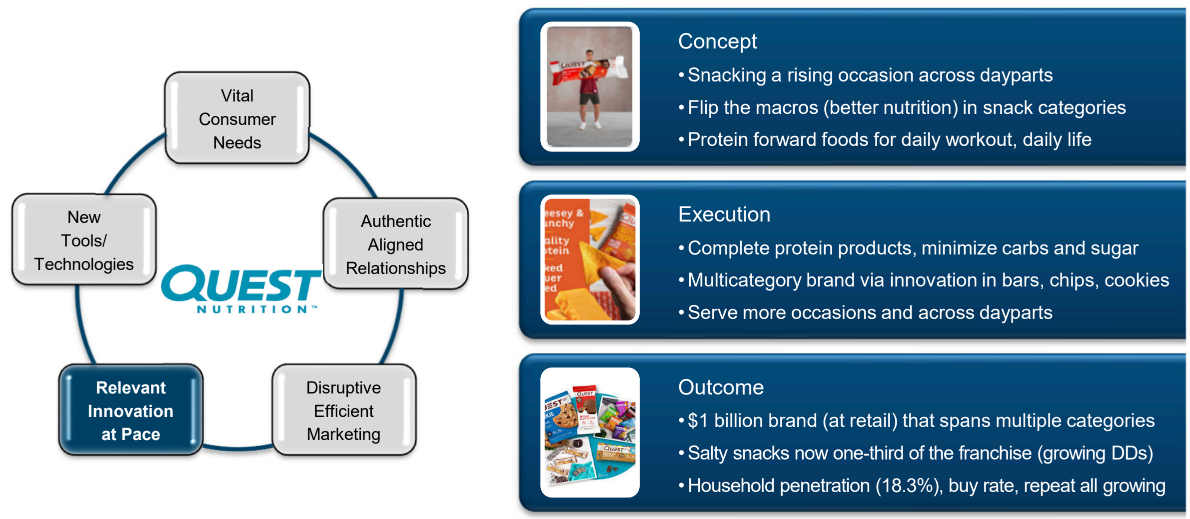
Case Study: Quest

The Quest story is a novel example of staying true to the value proposition while successfully innovating outside the core to help expand the addressable market. In this case, Quest has helped broaden the definition of nutritious snacking by introducing new products that flip the macros in more categories.

Before Quest, performance based (protein-rich) innovation tended to center on a handful of niche categories such as bars, ready-to-drink shakes, and ready-to-mix powders, form factors generally easier to produce with a reasonably palatable taste and mouthfeel. The users of such products were typically gym or fitness fanatics with the primary use-case for body-building performance. The treatment extended to distribution, with such products found in fitness centers and specialty nutrition stores.

More than a decade ago, Quest was launched as a protein-packed nutrition bar that used a recipe devised by one of the cofounder's wives, then a fitness trainer. While initial sales were driven by free handouts to fitness influencers and sold through fitness centers, within several years the brand had grown sales to nearly $100 million, aided by broad-based distribution across food, drug, and mass. Recognizing that many consumers, particularly younger and active cohorts, wanted to get more protein in their diets, Quest sought to capitalize on the brand's expertise and credibility by offering higher-protein, lower carbohydrate product alternatives in other large categories—the most successful to date being salty snacks (chips), which now make up one-third (more than $300 million) of franchise sales (at retail).

Exhibit 12
Industry Insights: Next-Generation Brands
Quest – Flipping the Macros



Sources: Company reports and William Blair Equity Research

The results have been impressive. Today, Quest (owned by Simply Good Foods) is a clear leader and category elastic brand in nutritious snacking, with scanned retail sales of about $1 billion. Over the past five years, the brand has consistently grown at strong double-digit rates as it innovated its way into the protein-rich segments of multiple categories, including salty snacks (chips, crackers), baked goods (cookies, brownies, muffins), and confections. It maintains a robust pipeline of new products, including for the Bake Shop platform, a ready-to-drink milkshake line, and new (Overload) bar with more inclusions and different mouthfeel. This success has been supported by the brand's ability to flip the macros—offering a higher protein and lower carbohydrate alternative—in large and traditionally less healthy consumer packaged food categories.

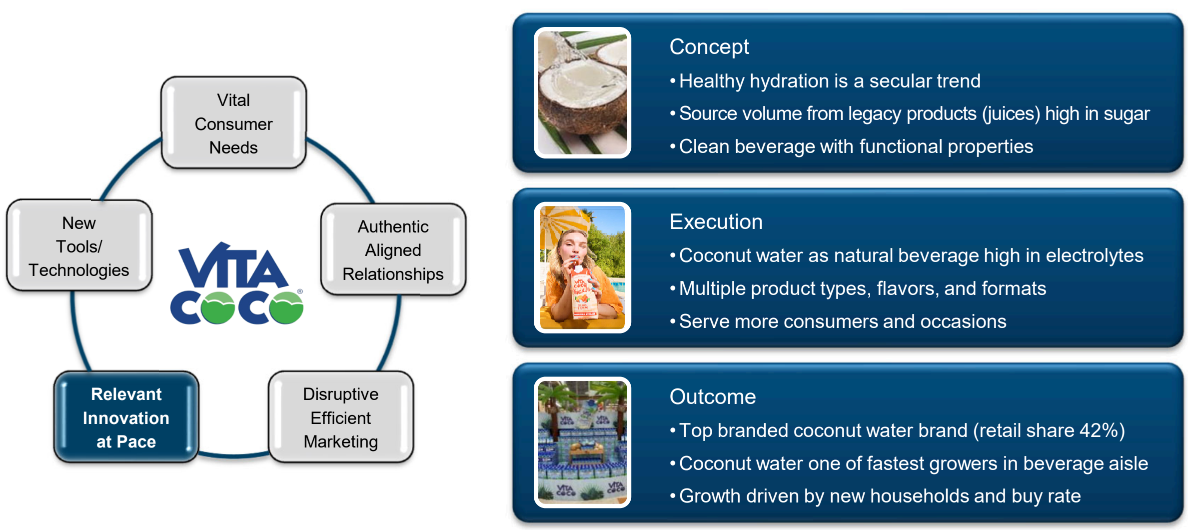
Case Study: Vita Coco

The Vita Coco story is a fascinating case of applying insights and innovation to help pioneer and grow a new category. In this instance, Vita Coco has helped drive packaged coconut water category growth by building the brand through relevant form, flavor, and packaging innovation to serve more occasions.

Before Vita Coco, packaged coconut water really did not exist, or at best was a tiny niche with sales of less than $10 million (at retail), in the U.S. When it came to hydration, consumers would typically look to beverages such as fruit (orange) juices, sports drinks, or (enhanced) waters during various dayparts and occasions. These were beverages most Americans were quite familiar with, sourced domestically, and readily available across a wide range of retail and foodservice locations.

More than a decade ago, Vita Coco began to reach escape velocity—for the first time achieving sales of more than $100 million—by tapping consumers' increasing interest in healthier hydration alternatives that were natural and functional. While coconut water was palatable to many Americans, the brand proactively innovated to expand the addressable market. For example, it introduced Vita Coco Pressed—with added coconut puree and the true taste of coconut—and flavored coconut waters to appeal to new users; it rolled out a coconut water juice in cans to capture a previously untapped segment and address the grab-and-go occasion served by the convenience store channel; and it launched a variety of multipacks to promote stocking up and increased share of requirements.

Exhibit 13
Industry Insights: Next-Generation Brands
Vita Coco – Serving More Occasions



Sources: Company reports and William Blair Equity Research

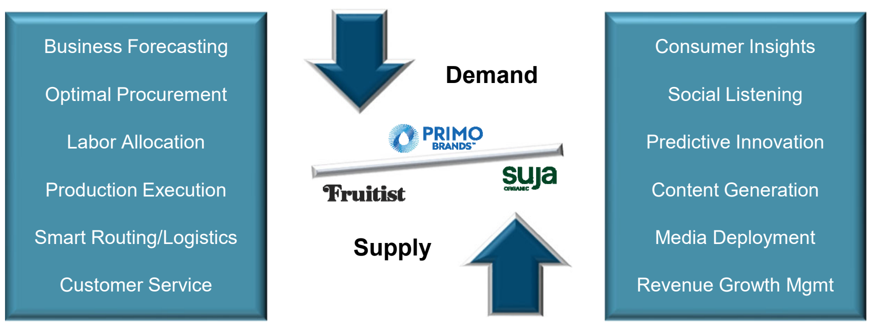
The results have been formidable. Vita Coco is the clear leader with greater than 40% market share of branded coconut water (at retail) and 2024 reported sales of more than $500 million. Over the past five years, coconut water—led by Vita Coco—has been one of the fastest-growing categories in the beverage aisle, aided by commercial initiatives that have placed more Vita Coco products at more retail locations (ACV 80%) across the U.S. and in key international markets such as the U.K. and Germany. This success has been underpinned by the brand's ability to innovate relevant new products and pack sizes and partnerships, which in turn help attract new households to the category and the Vita Coco brand.

Employ New Tools and Technologies

Next-generation brands possess distinctive capabilities necessary to enrich consumer experiences and lower costs.

What Do We Mean?
Next-generation brands operate with excellence and, as such, are elevated by using advanced tools and technology to develop value-added operating capabilities. They are then reinforced in ways that promote brand preference and loyalty by deploying solutions that deliver premium quality, accessibility, and convenience in a highly efficient manner.

Exhibit 14
Industry Insights: Next-Generation Brands
Employ New Tools and Technologies



Source: William Blair Equity Research

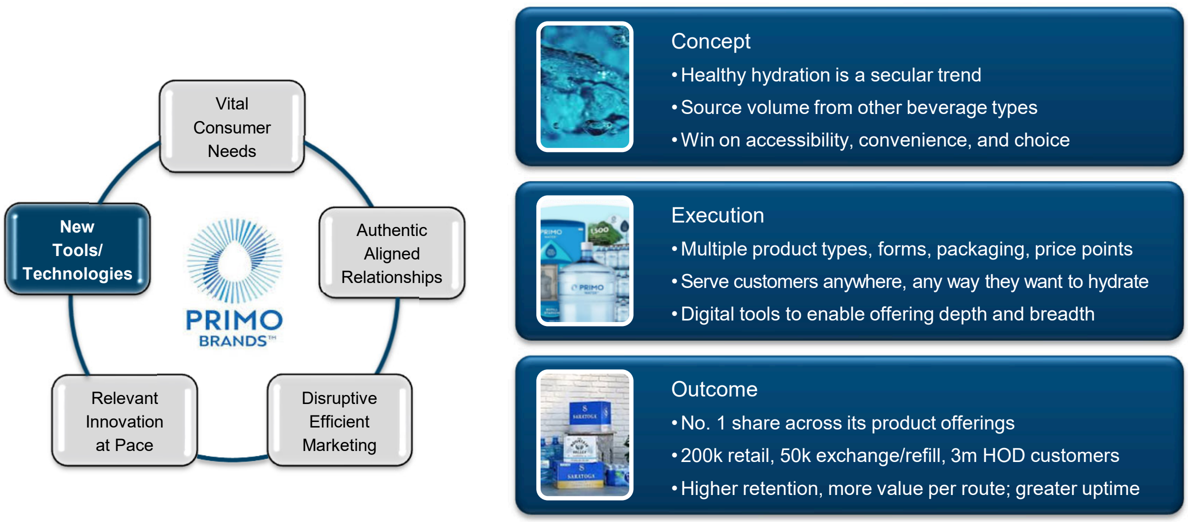
Leveraging distinctive capabilities in demand generation and supply operations can help enhance a brand value proposition and, when implemented well—supported by best-in-class tools and strong quality controls—is a lever for brand differentiation and contribution. Establishing a capability-led enterprise via these means can dramatically improve service levels, central to delighting consumers in an effective and efficient fashion.

Case Study: Primo Brands
The Primo Brands story is an instructive case of using tools and technologies to enhance customer and consumer satisfaction and scale in healthy hydration. In this case, Primo Brands has helped create new ways for consumers to access water solutions via an unrivaled range of technology-enabled formats.

Before Primo Brands, bottled water mostly consisted of water packaged in glass or plastic bottles, sold at retail in single-serve or case packs, as well as at foodservice establishments, and provided an option for consumers concerned about the quality of (or potential contaminants in) public water supplies to avoid the tap. The single "format" approach prioritized efficiency in sourcing and bottling efficiency, as well as ease of distribution, over convenience, selection, and sustainability.

Over the past couple of decades, Primo Brands has given consumers the ability to access quality water solutions anywhere and any way they want to hydrate. It established competitive advantages rooted in the breadth and depth of its infrastructure and routes to market, which, supported by technology, offer consumers unrivaled choice and convenience—from formats to price points to delivery preferences. For example, it has insourced bottled production for greater control and profitability, automated its processes for shipping optimization and better space utilization, systematized integrated business planning, deployed AI service agents, optimized its app and chat functions for improved service and customer retention, and created a frictionless website platform (water.com) to drive traffic and reduce costs. Regarding product formats, the company competes across traditional, sparkling, flavored, and enhanced water categories, offering a variety of formats—single-serve, bulk, occasion pack, and multi-serve—across packaging types including glass, plastic, and aluminum.

Exhibit 15
Industry Insights: Next-Generation Brands
Primo Brands – Serving Up Healthy Hydration



Sources: Company reports and William Blair Equity Research

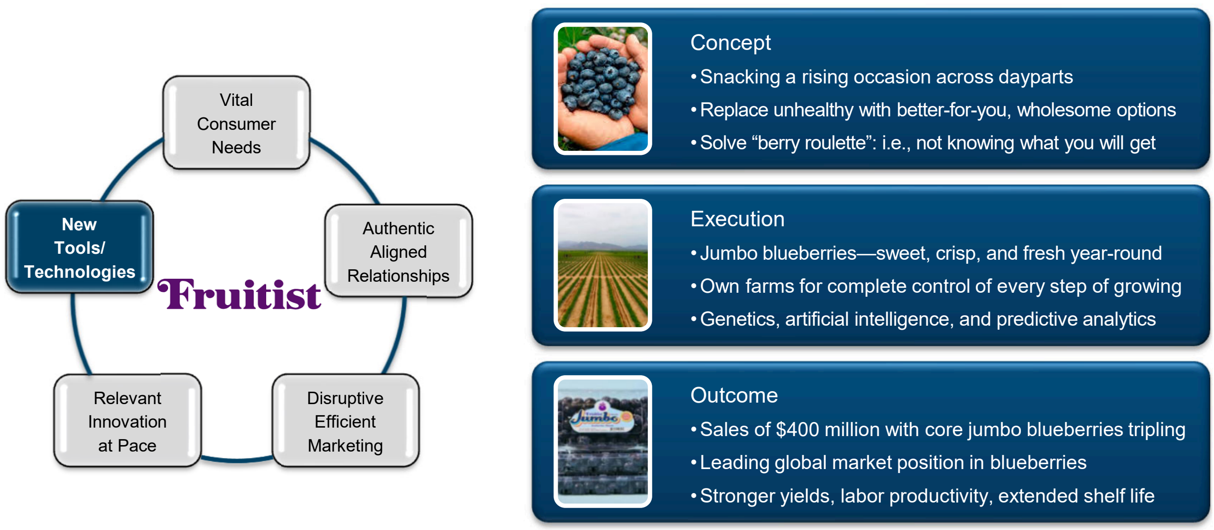
The results have been refreshing. Today, Primo Brands is the market share leader across a range of water business lines, including retail bottled water, water refill and exchange, and direct (home and office) delivery, with 2024 reported sales of more than $6 billion. Over the past decade, the brand (portfolio) has consistently grown at above-category growth rates, with earnings growing faster than sales, aided by the sale of its water at 200,000 retail outlets, to 3 million direct delivery customers, through 26,500 exchange locations, and via 23,500 refill stations nationwide. This success has been underpinned by the brand's ability to use advanced tools and technology to efficiently service its accounts and equipment.

Case Study: The Fruitist Company
The Fruitist story is great study in innovating at pace with the application of technology to elevate product quality and operational efficiency to disrupt a fresh food category. In this case, Fruitist is working to uplift the berry category by enabling the brand to deliver consistently delicious berries to retailers and consumers year-round.

Before Fruitist, the fresh berry category was arguably a bit of a "roulette" for retailers and consumers—that is, fraught with market volatility, unpredictable quality, inconsistent supply, commodity perceptions, and high spoilage. This was due in part to lack of integration and limited use of technology, resulting in a disjointed and inefficient supply chain in which various growers send their products to packers, who then rely on an array of distributors and/or importers to eventually land their berries with retailers.

Over the past five years, Fruitist began winning share in premium blueberries—achieving sales of more than $100 million for the first time in 2021—supplying supersized berries of premium quality, consistent firmness and crunch, and great taste. Its berries are designed to inspire enjoyable and nutritious snacking, not just to be used as an ingredient or enhancer in other food products. To achieve these outcomes, the company employs a proprietary tech stack that includes an advanced genetics portfolio; automation for pick, pack, ship; data modeling and analytics for predictive planting, growing (pruning and yield maximization), and harvesting (pick timing and labor optimization); and a vertically integrated footprint of over 4,000 hectares of farmland in unique microclimates around the world.

Exhibit 16
Industry Insights: Next-Generation Brands
Fruitist – Solving the Berry Roulette



Sources: Company reports and William Blair Equity Research

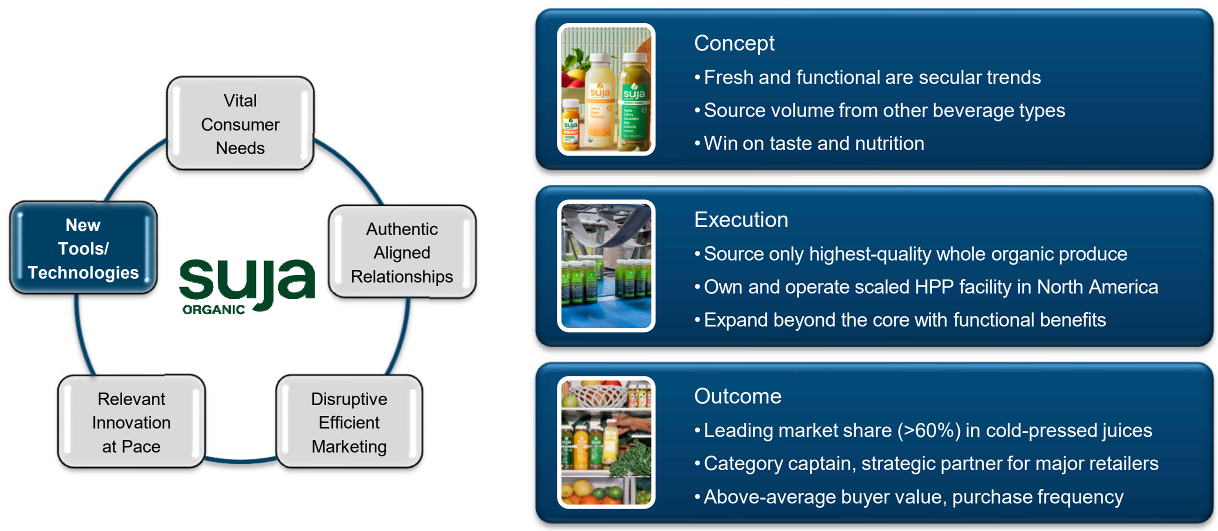
The results have been encouraging. Today, Fruitist is a category leader with the No. 1 global share in premium blueberries globally and 2024 reported sales of about $400 million. Over the past five years, the brand has contributed more than any other to the dollar growth of the premium blueberry category, and it has built direct relationships with marquee retail customers including Costco, Whole Foods, Trader Joe's, Publix, and Wakefern. This success has been underpinned by the brand's ability to leverage its premium global growing locations and proprietary tech stack to deliver berries of superior quality, consistency, and taste—a combination historically lacking in the fresh berry category.

Case Study: Suja Organic
The Suja Organic story is a compelling case in using new technology and continuous innovation to unlock functional benefits and remain at the forefront on consumer demands in the juice category. In this case, Suja Organic pioneered the use of high-pressure processing (HPP) to capture the nutrition and flavor from its fresh organic produce, offering consumers a clean, fresher option without preservatives.

Before Suja Organic, the juice aisle was filled with beverages made from concentrates or purees, often with added sugars, artificial ingredients, and processed using high heat for pasteurization—a technique that can degrade the flavor and nutritional content. Many of these juices were shelf-stable and made with non-organic or non-GMO ingredients.

Over the past decade, Suja Organic has reshaped the category. Its scanned retail sales have reached hundreds of millions of dollars by delivering cold-pressed juices made from whole organic produce—no artificial ingredients, no concentrates, and no fillers. Blends are crafted in partnership with chefs and nutritionists, and HPP technology is used to protect taste and nutritional value. In addition, Suja has innovated its offering to include beverages with benefits such as protein, energy, immunity, and gut health. As a result, Suja has built a brand that consumers trust for high-quality organic nutrition with functional benefits.

Exhibit 17
Industry Insights: Next-Generation Brands
Suja Organic – An OG in HPP



Sources: Company reports and William Blair Equity Research

The results have been resounding. Today, Suja Organic is the category leader with the No. 1 market share in cold-pressed juice and, in doing so, has become a strategic partner and category captain for major food and beverage retailers. Its built-in quality—organic ingredients, nutritional stack, and functionality—has yielded strong consumer metrics, including top-tier repeat rates and buyer value. This success is underpinned by proprietary sourcing tools, vertically integrated HPP production, and cold-chain distribution—all capabilities that collectively deliver both quality and cost advantages.

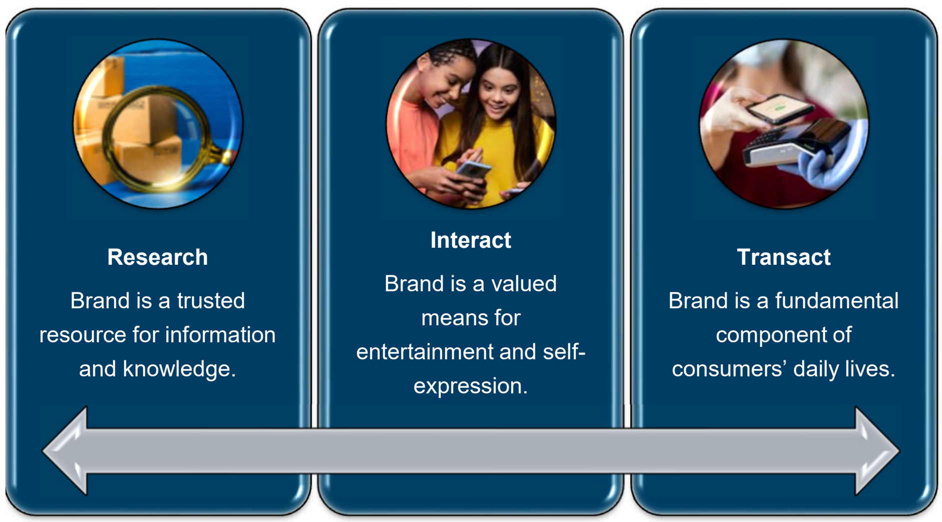
Brand Ecosystem

Next-generation brands embed themselves in the fabric of consumers' lives.

What Do We Mean?

As we can see from the above, next-generation brands create vibrant ecosystems and, as a result, become part of the fabric of consumers' lives by creating interconnected networks of products, services, experiences, entertainment, and commerce. They then further integrate into consumers' lifestyles and regimens by being available anywhere, anytime, and any way consumers want to research, interact, and/or transact with the brand.

Exhibit 18
Industry Insights: Next-Generation Brands
Brand Ecosystem



Source: William Blair Equity Research

One additional thought: brands, at their core, are vessels of meaning. For that meaning to have social, cultural, functional, and emotional relevance and resonance is unique and powerful. The combination of these things can be influenced by brand owners, but meaning ultimately reaches full potential when, as noted by one leader, the brand is shaped by the people, for the people, and created with the people. When executed well, next-generation brands are the people's brands, and its owners exist to steward it on their behalf.

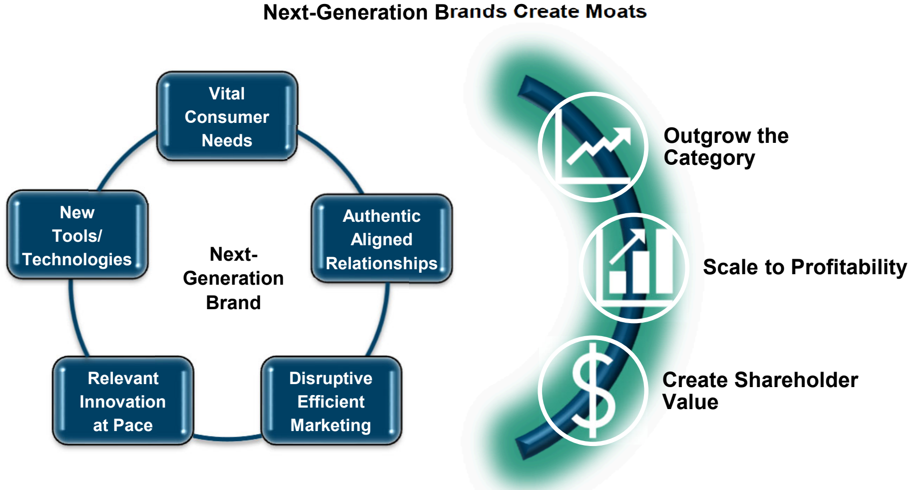
What Happens When Done Well?

Three things happen when a brand succeeds in creating a meaningful ecosystem: it becomes a durable moat, it outpaces category growth (in quality ways with attractive attributes), and it enables and drives scale.

Brand Becomes a Durable Moat

A moat can be thought of as a sustainable competitive advantage (a set of factors) that allows a business to defend and extend its market share and profitability from competition. We believe the next-generation brands in this report have, or are building, moats that are sustainable, being long-term rather than transitory; defensive, protecting market position and profitability from competition; and hard to replicate, being difficult or impossible to copy without much time and investment.

Exhibit 19
Industry Insights: Next-Generation Brands
Next-Generation Brands Create Moats



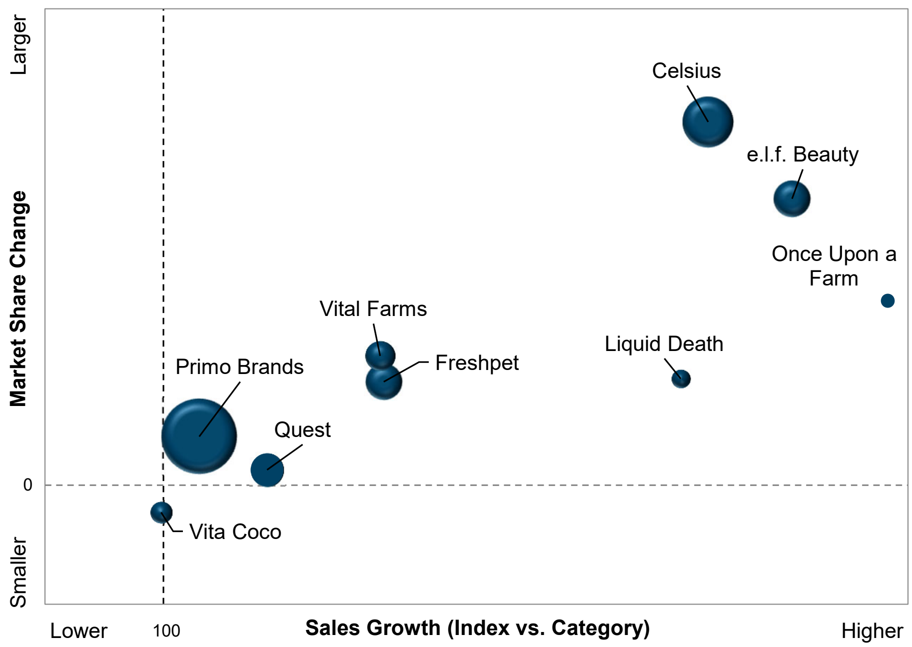
Source: William Blair Equity Research

In our view, by targeting and aligning with vital consumer needs and values, delivering differentiated marketing and innovation, or investing and exceling in technology-enabled capabilities, the next-generation brands highlighted in this report have created, or are creating, ecosystems that generate preference and loyalty and, in turn, enable them to outgrow their respective categories, scale to profitability and, ultimately, create significant shareholder value.

Brand Outpaces Category

Next-generation brands excel at generating consumer awareness, trial, preference, and loyalty. This in turn helps such brands outperform their target categories, achieving faster growth rates, by both attracting more users (appealing to new, or prompting brand shifting among existing, households) and increasing the buy rates of current users (via greater frequency and spend per trip). In fact, from 2022 to 2024, 9 of the 10 next-generation brands profiled in this report grew faster than their respective categories.

Exhibit 20
Industry Insights: Next-Generation Brands
Next-Generation Brands Outgrow Their Respective Categories



Note: Sales growth is CAGR from 2022 to 2024; market share change is cumulative from 2022 to 2024. Bubble size reflects total retail dollar sales in 2024.

Sources: NielsenIQ and William Blair Equity Research

Brand Growth Is of High Quality

For these same brands, not only has the absolute level of growth been strong, but so has the quality of that growth. For instance, every brand gained market share except for Vita Coco (already the clear leader in coconut water); in Vita Coco's case, this was due to transitory supply disruptions that limited on-shelf availability. More recently, that brand has begun to reclaim share.

Exhibit 21
Industry Insights: Next-Generation Brands
In-Market Performance

Brand	Share Gain	Distribution Expansion	Velocity Growth
Celsius	✓	✓	✓
Freshpet	✓	✓	✓
Vital Farms	✓	✓	✓
Once Upon a Farm	✓	✓	
e.l.f. Beauty	✓	✓	✓
Liquid Death	✓	✓	
Quest	✓	✓	
Vita Coco		✓	✓
Primo Brands	✓	✓	✓
Suja Organic	✓		✓

Note: Performance for 2022 to 2024. Distribution is TDPs; velocity is sales per TDP.
Sources: NielsenIQ and William Blair Equity Research

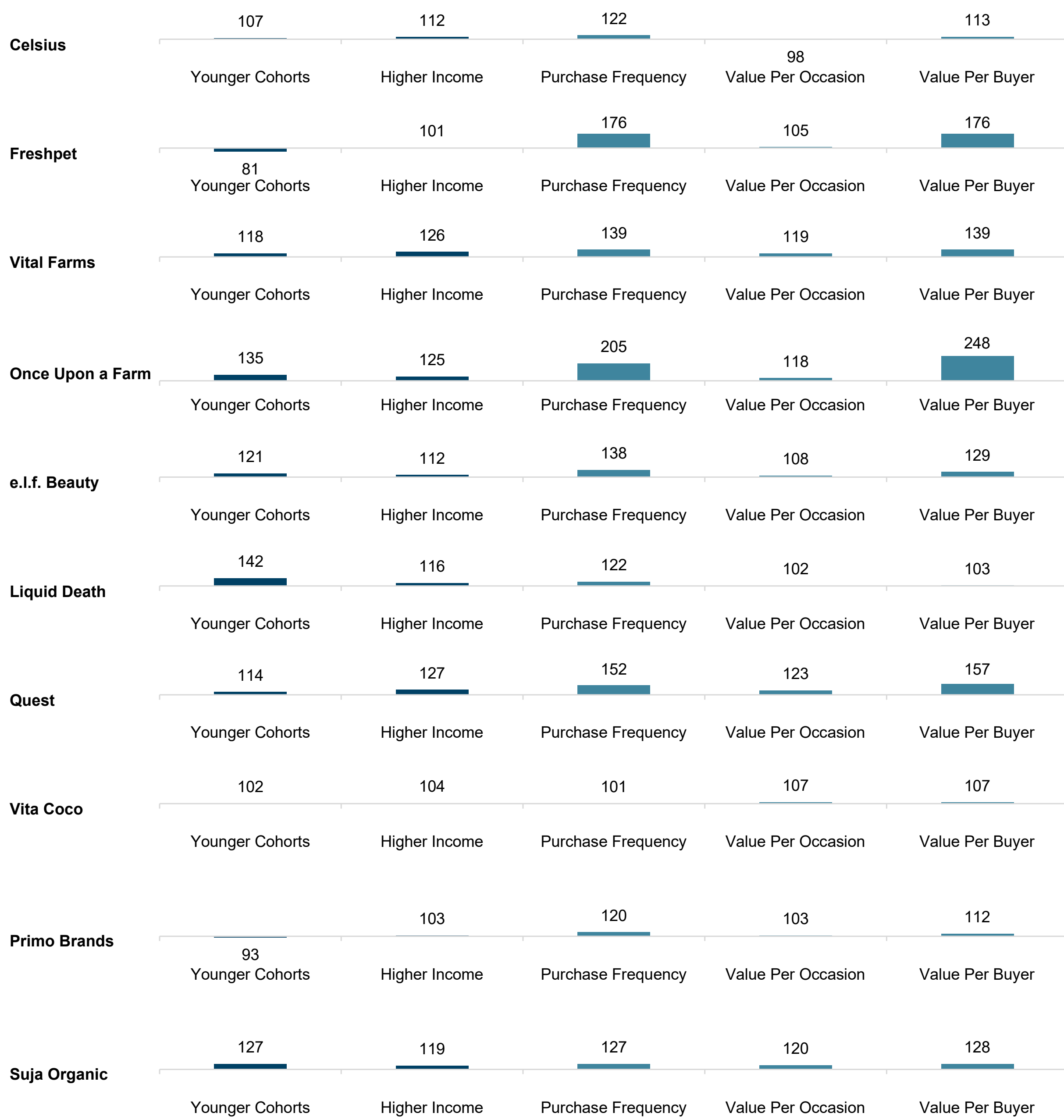
Next-generation brand growth has largely been driven by both distribution expansion and increased velocity. In terms of distribution, every brand saw an increase in total points of distribution (TDPs). For velocity, most of the brands grew sales per TDP, and those that did not—Once Upon a Farm, Liquid Death, and Quest—achieved outsized gains in TDPs (which can weigh on velocity in the medium term) and saw significant growth in sales per store.

Brand Possesses Attractive Qualities

The next-generation brands also possess attractive demographic and shopper metrics, making them more resilient to macroeconomic factors and valuable to retailers. Almost all the brands overindex to younger consumers, including Gen Z and millennials, cohorts that will represent a large portion of the growth in consumer spending during the next decade. Moreover, the shoppers of the next-generation brands index favorably relative to an "average" shopper when it comes to purchase frequency and value per buyer, measures important to retailers seeking to drive traffic and maximize baskets.

See exhibit 22, on the following page.

Exhibit 22
Industry Insights: Next-Generation Brands
Demographic and Shopper Metrics

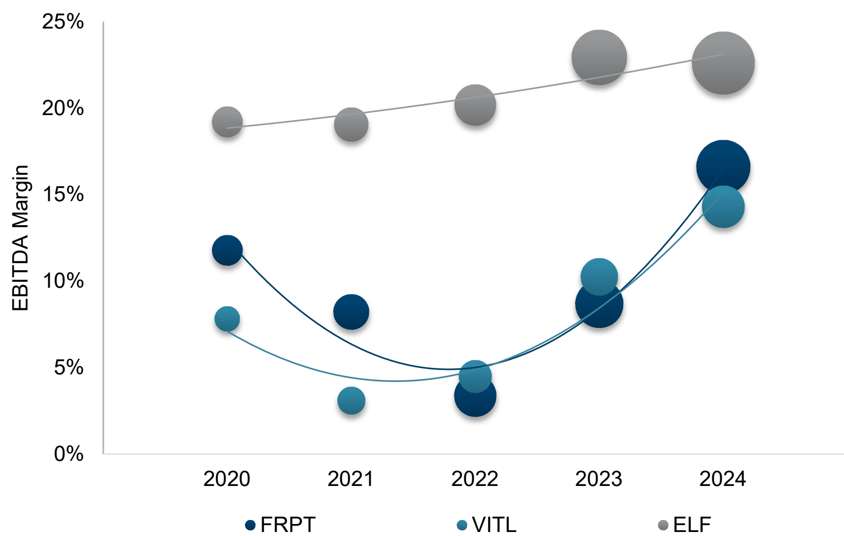


Note: Data is for the 52-week period ending May 17, 2025. Younger cohorts are Gen Z and millennial. Higher income is above $100,000.
Sources: NielsenIQ and William Blair Equity Research

Brand Enables and Drives Scale

Next-generation brands possess unique capabilities and leverage processes and technology that enable them to go to market—fulfill customer and consumer demand—with high (in full and on time) service levels and in an efficient (low-cost) manner. This in turn helps such brands expand margins, supporting reinvestment in demand generation activities and higher profitability, as they scale.

Exhibit 23
Industry Insights: Next-Generation Brands
Brand Enables and Drives Scale



Note: Bubble size is representative of revenue.
Sources: Company reports and William Blair Equity Research

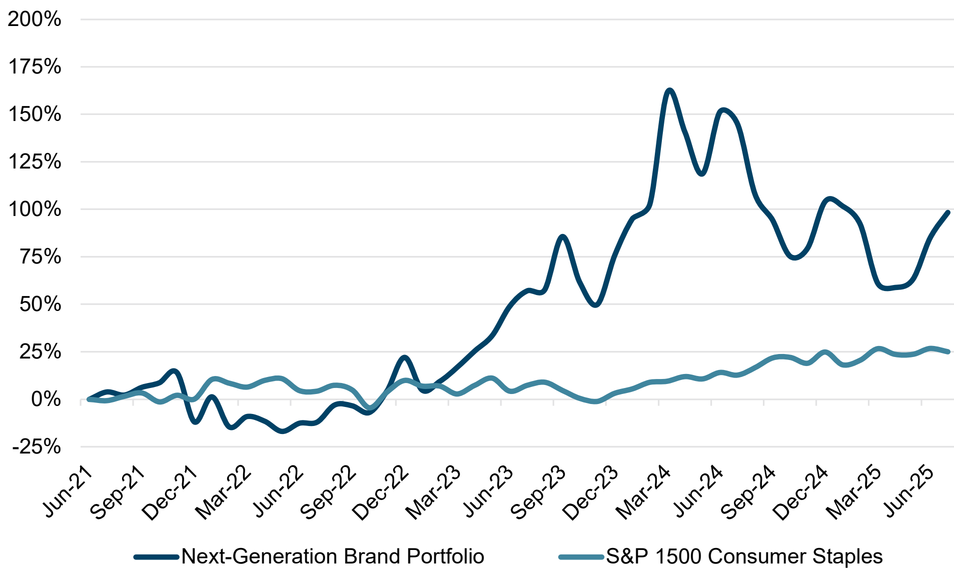
For example, from 2020 to 2024, e.l.f. Beauty consistently grew profitability with margin-accretive innovation and leverage of corporate overhead, enabling both higher marketing and digital investments and EBITDA margin expansion. During this same period, Freshpet and Vital Farms margin trends inflected positive as both brands optimized their supply chain operations and better utilized manufacturing capacity.

Brands Create Shareholder Value

Perhaps most important, we find that an investment in next-generation brands, or rather, their publicly traded parent companies, has resulted in outsized shareholder returns versus a peer index. From mid-2021 to present, the cumulative total shareholder returns from owning a next-generation portfolio consisting of BellRing, Celsius, e.l.f. Beauty, Freshpet, Primo Brands, Vita Coco, and Vital Farms were nearly 100%, significantly above those of the S&P 1500 Consumer Staples index at 25%.

See exhibit 24, on the following page.

Exhibit 24
Industry Insights: Next-Generation Brands
Next-Generation Brands (Stocks) Have Outperformed the Market



Note: Next-generation brand portfolio consists of BRBR, CELH, ELF, FRPT, PRMB, SMPL, COCO, and VITL.
Sources: FactSet

While the standard deviation of returns on the next-generation portfolio was higher, this is to be expected given the much smaller set of companies and growth focus of the portfolio relative to the broader index. Overall, we see ample reason to own such names, both for alpha generation potential given underlying brand ecosystem(s) and related growth profiles, and for technical diversification purposes in a balanced portfolio given the vertical fit within consumer staples.

Stock Implications

BellRing Brands
BellRing is a leader in the convenient nutrition market with a concentrated portfolio led by Premier Protein brand ready-to-drink protein shakes and protein powders. By serving vital consumer needs and innovating relevant products, Premier Protein is helping mainstream ready-to-drink protein shakes and powders and, in turn, convenient nutrition in the U.S. The company has significant room for growth through greater household penetration (currently less than 20%) as more consumers adopt such products for sports, adult, and everyday nutrition. Collectively, we believe these factors support multiple years of sales growth of at least 10% with healthy margins and cash generation. The 2026 EV/EBITDA multiple of 16 times is fair, in our view, given the growth potential in convenient nutrition. Risks include competition, limited category and brand range, and commodity cost dynamics.

Celsius
Celsius Holdings is a leader in the functional energy drink market with a complementary portfolio consisting of Celsius and Alani Nu brand energy drinks. By serving vital consumer needs and innovating relevant products, Celsius Holdings is driving energy drink category growth by appealing to a wider range of cohorts (female and male) and use-cases (fitness and everyday energy).

The company has significant room for growth by attracting new users and promoting incremental occasions and, in turn, garnering more shelf space and share of market. Collectively, we believe these factors support multiple years of sales growth of at least 10% with healthy margins and cash generation. The 2026 EV/EBITDA multiple of 21 times is appealing, in our view, given the growth potential in functional energy. Risks include competition, limited category range, cost dynamics, and acquisition integration.

e.l.f. Beauty

E.l.f. Beauty is a leader in the beauty market with a focused portfolio led by the e.l.f. brand in color cosmetics and skin care. By employing disruptive, efficient marketing and innovating with relevance and pace, e.l.f. is helping make the best of beauty accessible to every eye, lip, and face. The company has significant room for growth through market share gains (currently 12%) in U.S. cosmetics, further penetration of U.S. skin care (early days), and expansion in international beauty (currently less than 20% of sales). Collectively, we believe these factors support multiple years of sales growth in the double digits with strong margins and cash generation. We view the consensus fiscal 2027 EV/EBITDA multiple of 14 times as attractive given the growth potential in the global beauty market. Risks include competition, beauty trend changes, acquisition integration, and exogenous factors (tariffs).

Freshpet

Freshpet is a leader in the pet food market with a focused portfolio led by Freshpet brand fresh, refrigerated dog food. By serving vital consumer needs and building authentic aligned relationships, Freshpet is helping mainstream fresh refrigerated dog food and, in turn, transform the pet food market in the U.S. The company has significant room for growth through more households (currently 14 million) and an increased buy rate as more consumers adopt such products for the betterment of their pets. Collectively, we believe these factors support multiple years of sales growth well above the category average, with earnings growing significantly faster on scale leverage. The 2026 EV/EBITDA multiple of 14 times is attractive, in our view, given the secular growth potential for fresh products in pet food. Risks include competition, economic sensitivity of demand, and execution of manufacturing capacity additions.

Primo Brands

Primo is a leader in healthy hydration in North America with a portfolio of top brands in retail bottled water, water exchange and refill, and water direct delivery. By using advanced tools and technologies, Primo is helping serve consumers anywhere and any way they want to hydrate. The company has significant room for growth through product (premium, enhanced waters), channel (specialty retail, away-from-home), and offering (direct delivery) as more consumers and commercial enterprises adopt such solutions for healthy hydration. Collectively, we believe these factors support multiple years of sales growth above the category average, with earnings growing significantly faster on cost synergies and scale leverage. We view the 2026 EV/EBITDA multiple of 9 times as appealing given the growth potential in healthy hydration. Risks include competition, supply chain execution, and merger integration.

Simply Good Foods

Simply Good is a leader in the nutritious snacking market with a balanced portfolio led by Quest brand protein-rich bars, chips, cookies, crackers, and confections. By serving vital consumer needs and innovating relevant products, Quest is helping mainstream protein-rich foods and, in turn, nutritious snacking in the U.S. The company has significant room for growth through greater household penetration (currently less than 20%) as more consumers adopt such products across more categories and for more occasions. Collectively, we believe these factors support multiple years of sales growth above the food industry average with strong margins and cash generation. The 2026 EV/EBITDA multiple of 12 times is attractive, in our view, given the growth potential in nutritious snacking. Risks include competition, dietary preference changes, commodity cost dynamics, and acquisition integration.

Vita Coco

Vita Coco is a global leader in the better-for-you beverage market with a concentrated portfolio led by Vita Coco brand coconut waters. By innovating with relevance across multiple dimensions including formulas, flavors, and form factors, Vita Coco is helping mainstream coconut water beverages and, in turn, better-for-you beverages in the U.S. and abroad. The company has significant room for growth through greater household penetration (currently about 12%) and buy rate as more consumers adopt such products and find use-cases for healthy hydration. Collectively, we believe these factors support multiple years of sales growth of at least 10% with credible margins and cash generation. We believe the 2026 EV/EBITDA multiple of 19 times is reasonable given the growth potential in better-for-you beverages. Risks include competition, category concentration, price and cost dynamics, and supply chain execution.

Vital Farms

Vital Farms is a leader in the fresh eggs category with a concentrated portfolio led by the Vital Farms brand in the pasture-raised fresh egg segment. By building aligned relationships and by employing effective social marketing, Vital Farms is helping disrupt the factory farming systems and, in turn, the fresh egg category in the U.S. The company has significant room for growth through market share expansion (currently 3% in units) in fresh eggs as more consumers adopt such products for quality, transparency, and support for family farms and animal welfare. Collectively, we believe these factors support multiple years of sales growth in the double digits with healthy margins and cash generation. We view the 2026 EV/EBITDA multiple of 13 times as attractive given the growth potential in fresh eggs and potential portability of the brand. Risks include competition and price gaps, execution of capacity expansion projects, and avian influenza.

Exhibit 25
Industry Insights: Next-Generation Brands
BellRing Brands—Earnings Model

Dollars in millions, except per share items	2023	2024	1Q25 Dec-24	2Q25 Mar-25	3Q25E Jun-25	4Q25E Sep-25	2025E	2026E
Income Statement								
Total sales	**$1,666.8**	**$1,996.2**	**$532.9**	**$588.0**	**$533.4**	**$645.7**	**$2,300.0**	**$2,530.0**
Cost of goods sold	1,136.6	1,294.2	334.8	385.3	351.4	439.1	1,510.7	1,678.2
Gross profit	530.2	702.0	198.1	202.7	182.0	206.6	789.4	851.8
Selling, general, and administrative expenses	208.1	284.8	79.5	90.2	77.9	87.4	335.0	362.3
Amortization of intangible assets	19.5	35.0	4.2	4.2	4.2	4.2	16.8	16.8
Other operating expenses	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Operating income	**$302.6**	**$382.2**	**$114.4**	**$108.3**	**$99.9**	**$115.0**	**$437.6**	**$472.7**
Interest expense	66.9	58.3	14.4	16.5	16.9	15.8	63.6	56.4
Other expense (income)	0.0	(17.4)	0.0	0.0	0.0	0.0	0.0	0.0
Pretax income	235.7	341.3	100.0	91.8	83.0	99.2	374.0	416.3
Income taxes	51.3	85.8	23.8	23.1	20.7	24.7	92.4	104.3
Net income including noncontrolling interest	184.4	255.5	76.2	68.7	62.3	74.4	281.6	312.0
Noncontrolling interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net income (Non-GAAP)	184.4	255.5	76.2	68.7	62.3	74.4	281.6	312.0
Diluted shares outstanding	134.1	132.3	131.1	129.9	129.6	129.2	129.9	128.8
EPS	**$1.38**	**$1.93**	**$0.58**	**$0.53**	**$0.48**	**$0.58**	**$2.17**	**$2.42**
EBITDA	**$338.3**	**$440.2**	**$125.3**	**$118.6**	**$110.6**	**$125.6**	**$480.0**	**$515.0**
Margin analysis								
Gross margin	31.8%	35.2%	37.2%	34.5%	34.1%	32.0%	34.3%	33.7%
Selling, general, and administrative expenses	12.5%	14.3%	14.9%	15.3%	14.6%	13.5%	14.6%	14.3%
Other expense (income)	1.2%	1.8%	0.8%	0.7%	0.8%	0.6%	0.7%	0.7%
Operating income	18.2%	19.1%	21.5%	18.4%	18.7%	17.8%	19.0%	18.7%
Tax rate	21.8%	25.1%	23.8%	25.2%	25.0%	25.0%	24.7%	25.0%
EBITDA	**20.3%**	**22.1%**	**23.5%**	**20.2%**	**20.7%**	**19.4%**	**20.9%**	**20.4%**
Year-over-year comparison								
Total sales	**21.5%**	**19.8%**	**23.8%**	**18.9%**	**3.5%**	**16.2%**	**15.2%**	**10.0%**
Gross profit	25.7%	32.4%	33.7%	21.5%	-3.0%	3.6%	12.4%	7.9%
Selling, general, and administrative expenses	27.7%	36.9%	50.6%	30.7%	5.2%	-1.8%	17.6%	8.1%
Amortization of intangible assets	-1.0%	79.5%	-81.1%	0.0%	-2.0%	-2.9%	-52.0%	0.2%
Operating income	26.6%	26.3%	56.3%	15.7%	-8.6%	8.4%	14.5%	8.0%
EPS	**-9.6%**	**40.4%**	**34.9%**	**18.8%**	**-11.0%**	**12.1%**	**12.2%**	**11.8%**
EBITDA	**24.6%**	**30.1%**	**24.7%**	**14.4%**	**-7.5%**	**7.8%**	**9.0%**	**7.3%**

Note: figures are adjusted to represent operating earnings.
Sources: FactSet and William Blair Equity Research estimates

Exhibit 26
Industry Insights: Next-Generation Brands
Celsius—Earnings Model

	2023	2024	1Q25 Mar-25	2Q25E Jun-25	3Q25E Sep-25	4Q25E Dec-25	2025E	2026E
Income Statement								
Total sales	**$1,318.0**	**$1,355.6**	**$329.3**	**$620.2**	**$620.6**	**$604.9**	**$2,175.0**	**$2,640.0**
Cost of goods sold	684.9	675.4	156.9	323.7	322.1	313.0	1,115.8	1,349.0
Gross profit	633.1	680.2	172.4	296.4	298.5	291.9	1,059.2	1,291.0
Selling, general, and administrative	366.8	464.5	111.2	202.8	204.2	195.2	713.4	830.0
Operating income	**$266.4**	**$215.7**	**$61.1**	**$93.6**	**$94.3**	**$96.7**	**$345.8**	**$460.9**
Interest expense	(26.6)	(39.3)	(7.8)	13.5	13.4	13.0	32.1	50.3
Other expense (income)	0.0	(1.8)	(0.9)	0.0	0.0	0.0	(0.9)	0.0
Foreign exchange loss (gain)	1.2	1.7	0.9	0.0	0.0	0.0	0.9	0.0
Pretax income	291.7	255.0	69.0	80.1	80.9	83.7	313.8	410.6
Income taxes	64.9	52.2	16.6	20.8	21.0	21.8	80.2	106.8
Net income	182.0	165.2	42.4	49.3	49.9	51.9	193.5	281.9
Diluted shares outstanding	237.0	237.4	237.2	260.0	260.0	260.0	254.3	261.2
EPS	**$0.77**	**$0.70**	**$0.18**	**$0.19**	**$0.19**	**$0.20**	**$0.76**	**$1.08**
EBITDA	**$295.6**	**$255.7**	**$69.7**	**$108.6**	**$109.6**	**$112.1**	**$400.0**	**$525.0**
Margin analysis								
Gross margin	48.0%	50.2%	52.3%	47.8%	48.1%	48.3%	48.7%	48.9%
Selling, general, & administrative	27.8%	34.3%	33.8%	32.7%	32.9%	32.3%	32.8%	31.4%
Operating income	20.2%	15.9%	18.6%	15.1%	15.2%	16.0%	15.9%	17.5%
Tax rate	22.3%	20.5%	24.0%	26.0%	26.0%	26.0%	25.6%	26.0%
EBITDA	**22.4%**	**18.9%**	**21.2%**	**17.5%**	**17.7%**	**18.5%**	**18.4%**	**19.9%**
Year-over-year comparison								
Total sales	**101.7%**	**2.9%**	**-7.4%**	**54.3%**	**133.6%**	**82.1%**	**60.4%**	**21.4%**
Gross profit	133.7%	7.4%	-5.4%	41.8%	144.3%	75.1%	55.7%	21.9%
Other expense (income)	-14.4%	26.6%	12.3%	76.6%	62.8%	55.9%	53.6%	16.3%
Operating income	NM	-19.0%	-26.5%	-0.6%	NM	133.0%	60.3%	33.3%
EPS	**NM**	**-9.4%**	**-34.5%**	**-32.4%**	**NM**	**40.5%**	**9.4%**	**41.8%**
EBITDA	**316.0%**	**-13.5%**	**-20.8%**	**8.2%**	**2401.2%**	**78.1%**	**56.4%**	**31.3%**

Note: figures are adjusted to represent operating earnings.
Sources: FactSet and William Blair Equity Research

Exhibit 27
Industry Insights: Next-Generation Brands
e.l.f. Beauty—Earnings Model

Dollars in millions, except per share items	2024	2025	1Q26E Jun-25	2Q26E Sep-25	3Q26E Dec-25	4Q26E Mar-26	2026E	2027E
Income Statement								
Total sales	**$1,023.9**	**$1,313.5**	**$345.0**	**$345.0**	**$400.0**	**$405.0**	**$1,495.0**	**$1,650.0**
Cost of goods sold	299.8	377.8	111.8	107.3	124.0	123.7	466.8	514.8
Gross profit	724.1	935.7	233.2	237.7	276.0	281.3	1,028.3	1,135.2
Selling, general and administrative	526.4	690.9	186.3	187.9	206.1	208.4	788.7	865.2
Operating income	$197.7	$244.8	$46.9	$49.9	$69.9	$72.9	$239.6	$270.0
Interest expense	7.0	13.8	3.1	2.7	2.3	1.9	10.0	5.3
Other expense (income)	(1.2)	(1.3)	0.0	0.0	0.0	0.0	0.0	0.0
Pretax income	191.9	232.3	43.9	47.2	67.6	71.0	229.7	264.7
Income taxes	23.8	52.1	10.7	11.6	16.6	17.4	56.3	66.2
Net income	168.1	180.2	33.1	35.6	51.1	53.6	173.4	198.5
Diluted shares outstanding	57.8	58.3	58.0	58.0	58.0	57.6	57.9	57.6
EPS	**$3.18**	**$3.39**	**$0.65**	**$0.69**	**$0.96**	**$1.01**	**$3.30**	**$3.75**
EBITDA	**$234.7**	**$296.8**	**$62.0**	**$65.0**	**$85.0**	**$88.0**	**$300.0**	**$330.0**
Margin analysis								
Gross margin	70.7%	71.2%	67.6%	68.9%	69.0%	69.5%	68.8%	68.8%
Selling, general and administrative	51.4%	52.6%	54.0%	54.5%	51.5%	51.5%	52.8%	52.4%
Operating income	**19.3%**	**18.6%**	**13.6%**	**14.5%**	**17.5%**	**18.0%**	**16.0%**	**16.4%**
Tax rate	12.4%	22.4%	24.5%	24.5%	24.5%	24.5%	24.5%	25.0%
EBITDA	**22.9%**	**22.6%**	**18.0%**	**18.8%**	**21.3%**	**21.7%**	**20.1%**	**20.0%**
Year-over-year comparison								
Total sales	**76.9%**	**28.3%**	**6.3%**	**14.6%**	**12.6%**	**21.8%**	**13.8%**	**10.4%**
Gross profit	85.5%	29.2%	0.8%	11.1%	9.0%	18.7%	9.9%	10.4%
Selling, general and administrative	79.5%	31.2%	13.3%	17.2%	6.8%	20.2%	14.2%	9.7%
Operating income	103.5%	23.8%	-29.8%	-7.3%	15.7%	14.5%	-2.1%	12.7%
EPS	**91.7%**	**6.5%**	**-41.1%**	**-10.8%**	**29.7%**	**29.8%**	**-2.6%**	**13.8%**
EBITDA	**101.0%**	**26.5%**	**-19.9%**	**-6.3%**	**23.7%**	**8.2%**	**1.1%**	**10.0%**

Note: figures are adjusted to represent operating earnings.
Sources: FactSet and William Blair Equity Research

Exhibit 28
Industry Insights: Next-Generation Brands
Freshpet—Earnings Model

Dollars in millions, except per share items	2023	2024E	1Q25 Mar-25	2Q25E Jun-25	3Q25E Sep-25	4Q25E Dec-25	2025E	2026E
Income Statement								
Total sales	**$766.9**	**$975.2**	**$263.2**	**$268.2**	**$286.3**	**$303.7**	**$1,121.5**	**$1,300.0**
Cost of goods sold	460.3	521.7	143.0	143.5	150.6	160.7	597.7	686.4
Gross profit	306.6	453.5	120.2	124.7	135.7	143.1	523.7	613.6
Selling, general and administrative	240.1	291.6	84.7	85.3	81.3	74.4	325.7	368.5
Operating income	$66.5	$161.9	$35.5	$39.4	$54.4	$68.7	$198.0	$245.0
Interest expense, net	1.1	0.4	1.1	1.1	1.2	1.2	4.6	5.2
Other expense (income)	(0.0)	0.1	0.0	0.0	0.0	0.0	0.0	0.0
Pretax income	65.5	161.4	34.5	38.3	53.2	67.5	193.5	239.8
Income taxes	0.2	0.6	0.1	0.2	0.2	0.3	0.8	1.0
Net income	65.3	160.8	34.3	38.2	53.0	67.2	192.7	238.9
Diluted shares outstanding	48.2	50.3	48.7	48.7	48.7	48.7	48.7	48.7
EPS	**$1.36**	**$3.20**	**$0.70**	**$0.78**	**$1.09**	**$1.38**	**$3.95**	**$4.90**
EBITDA	**$66.6**	**$161.8**	**$35.5**	**$39.4**	**$54.4**	**$68.7**	**$198.0**	**$245.0**
Margin analysis								
Gross margin	40.0%	46.5%	45.7%	46.5%	47.4%	47.1%	46.7%	47.2%
Selling, general and administrative	31.3%	29.9%	32.2%	31.8%	28.4%	24.5%	29.0%	28.4%
Operating income	8.7%	16.6%	13.5%	14.7%	19.0%	22.6%	17.7%	18.9%
Tax rate	0.3%	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%
EBITDA	**8.7%**	**16.6%**	**13.5%**	**14.7%**	**19.0%**	**22.6%**	**17.7%**	**18.9%**
Year-over-year change								
Total sales	**28.8%**	**27.2%**	**17.6%**	**14.0%**	**13.0%**	**15.6%**	**15.0%**	**15.9%**
Gross profit	43.2%	47.9%	18.5%	15.4%	15.3%	13.3%	15.5%	17.2%
Selling, general and administrative	22.6%	21.5%	19.5%	17.0%	9.6%	1.1%	11.7%	13.2%
Operating income	262.6%	143.3%	16.2%	12.2%	25.1%	30.4%	22.3%	23.7%
EPS	**329.6%**	**136.2%**	**28.4%**	**7.9%**	**25.7%**	**27.1%**	**23.6%**	**24.0%**
EBITDA	**231.7%**	**143.2%**	**16.2%**	**12.2%**	**25.1%**	**30.5%**	**22.4%**	**23.7%**

Note: figures are adjusted to represent operating earnings.

Sources: FactSet and William Blair Equity Research

Exhibit 29
Industry Insights: Next-Generation Brands
Primo Brands—Earnings Model

Dollars in millions, except per share items	2023	2024	1Q25 Mar-25	2Q25E Jun-25	3Q25E Sep-25	4Q25E Dec-25	2025E	2026E
Income Statement								
Total sales	**$6,375.7**	**$6,725.7**	**$1,613.7**	**$1,801.6**	**$1,878.9**	**$1,670.7**	**$6,965.0**	**$7,250.0**
Cost of goods sold		3,530.9	1,091.2	1,209.8	1,258.9	1,119.2	4,679.1	4,848.8
Gross profit		2,811.3	522.5	591.8	620.1	551.5	2,285.9	2,401.2
Selling, general, and administrative expenses		1,954.9	287.4	307.9	319.4	288.9	1,203.6	1,249.6
Other operating expenses		10.4	0.0	0.0	0.0	(0.0)	0.0	0.0
Operating income		**$846.1**	**$235.1**	**$283.9**	**$300.6**	**$262.6**	**$1,082.3**	**$1,151.6**
Interest expense (income)		367.6	82.1	82.0	79.0	77.0	320.1	278.0
Other expense (income)		0.0	1.6	0.0	0.0	0.0	1.6	0.0
Pretax income		478.5	151.4	201.9	221.6	185.6	760.6	873.6
Income taxes		74.1	39.5	51.5	56.5	47.3	194.8	222.8
Net income (Non-GAAP)		404.4	111.9	150.4	165.1	138.3	565.7	650.8
Diluted shares outstanding		380.6	381.6	381.6	381.6	381.6	381.6	381.6
EPS		**$1.06**	**$0.29**	**$0.39**	**$0.43**	**$0.36**	**$1.48**	**$1.71**
EBITDA	**$1,129.3**	**$1,346.5**	**$341.5**	**$422.0**	**$442.3**	**$405.8**	**$1,610.0**	**$1,720.0**
Margin analysis								
Gross margin		41.8%	32.4%	32.9%	33.0%	33.0%	32.8%	33.1%
Selling, general, and administrative expenses		29.1%	17.8%	17.1%	17.0%	17.3%	17.3%	17.2%
Other operating expenses		0.2%	0.0%	0.0%	0.0%	(0.0)%	0.0%	0.0%
Operating income		12.6%	14.6%	15.8%	16.0%	15.7%	15.5%	15.9%
Tax rate		15.5%	26.1%	25.5%	25.5%	25.5%	25.6%	25.5%
EBITDA	**17.7%**	**20.0%**	**21.2%**	**23.4%**	**23.5%**	**24.3%**	**23.1%**	**23.7%**
Year-over-year comparison								
Total sales			**3.3%**	**1.5%**	**4.7%**	**4.9%**	**3.6%**	**4.1%**
Gross profit							-18.7%	5.0%
Selling, general, and administrative expenses							-38.4%	3.8%
Other operating expenses							-100.0%	NM
Operating income							27.9%	6.4%
EPS							**39.5%**	**15.0%**
EBITDA			**12.1%**	**16.6%**	**16.8%**	**34.8%**	**19.6%**	**6.8%**

Note: figures are adjusted to represent operating earnings.
Sources: FactSet and William Blair Equity Research

Exhibit 30
Industry Insights: Next-Generation Brands
Simply Good Foods—Earnings Model

Dollars in millions, except per share items	2023	2024	1Q25 Nov-24	2Q25 Feb-25	3Q25E May-25	4Q25E Aug-25	2025E	2026E
Income Statement								
Total sales	**$1,242.7**	**$1,331.3**	**$341.3**	**$359.7**	**$381.0**	**$363.1**	**$1,445.0**	**$1,481.0**
Cost of goods sold	789.3	816.5	209.8	229.1	242.4	233.8	915.1	945.3
Gross profit	453.4	514.8	131.5	130.6	138.5	129.3	529.9	535.7
Distribution, Selling and Marketing Expense	119.5	143.9	33.0	35.1	33.8	31.9	133.8	130.9
General & Administrative	91.3	106.8	29.3	28.4	32.0	30.4	120.1	120.0
Depreciation and Amortization	17.4	16.9	4.2	4.1	4.2	4.2	16.7	16.8
Other expense (income)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Operating income	**$225.2**	**$247.1**	**$65.0**	**$63.0**	**$68.6**	**$62.8**	**$259.3**	**$268.0**
Interest expense	28.9	21.7	7.1	5.6	4.2	3.7	20.6	7.8
Other expense (income)	(0.1)	(1.0)	(0.0)	0.0	0.1	0.0	0.1	0.0
Pretax income	196.4	226.4	57.9	57.3	64.3	59.1	238.6	260.2
Income taxes	32.4	41.3	8.7	10.9	12.9	13.0	45.5	48.5
Net income	164.0	185.1	49.3	46.3	51.4	46.1	193.1	211.7
Diluted shares outstanding	100.9	101.3	101.5	101.8	101.6	101.6	101.6	101.6
EPS	**$1.63**	**$1.83**	**$0.49**	**$0.46**	**$0.51**	**$0.45**	**$1.90**	**$2.08**
EBITDA	**$245.6**	**$269.1**	**$70.1**	**$68.0**	**$73.9**	**$68.0**	**$280.0**	**$290.0**
Margin analysis								
Gross margin	36.5%	38.7%	38.5%	36.3%	36.4%	35.6%	36.7%	36.2%
Selling, general, & administrative	9.6%	10.8%	9.7%	9.8%	8.9%	8.8%	9.3%	8.8%
Other expense (income)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Operating income	18.1%	18.6%	19.1%	17.5%	18.0%	17.3%	17.9%	18.1%
Tax rate	16.5%	18.3%	14.9%	19.1%	20.1%	22.0%	19.1%	18.6%
EBITDA	**19.8%**	**20.2%**	**20.5%**	**18.9%**	**19.4%**	**18.7%**	**19.4%**	**19.6%**
Year-over-year comparison								
Total sales	**6.3%**	**7.1%**	**10.6%**	**15.2%**	**13.8%**	**-3.3%**	**8.5%**	**2.5%**
Gross profit	1.8%	13.5%	14.2%	11.7%	3.7%	-13.3%	2.9%	1.1%
Distribution, Selling and Marketing Expense	-1.8%	20.5%	3.1%	1.3%	-7.3%	-21.8%	-7.0%	-2.2%
General & Administrative	-0.3%	17.0%	30.7%	11.9%	19.7%	-5.9%	12.4%	-0.1%
Depreciation and Amortization	0.8%	-2.9%	-4.5%	-1.5%	0.7%	0.1%	-1.3%	0.7%
Other expense (income)	NM	NM	NM	NM	NM	NM	NM	NM
Operating income	4.8%	9.7%	15.4%	19.6%	3.4%	-12.6%	4.9%	3.3%
EPS	**2.5%**	**12.4%**	**12.9%**	**14.6%**	**1.9%**	**-10.1%**	**4.0%**	**9.6%**
EBITDA	**4.9%**	**9.6%**	**13.1%**	**17.6%**	**2.8%**	**-12.2%**	**4.0%**	**3.6%**

Note: figures are adjusted to represent operating earnings.
Sources: FactSet and William Blair Equity Research

Exhibit 31
Industry Insights: Next-Generation Brands
Vita Coco—Earnings Model

Dollars in millions, except per share items	2023	2024	1Q25 Mar-25	2Q25E Jun-25	3Q25E Sep-25	4Q25E Dec-25	2025E	2026E
Income Statement								
Americas	430.2	442.3	112.6	142.2	134.0	104.5	493.3	553.2
International	63.4	73.7	18.3	21.8	20.0	16.6	76.7	86.8
Total Sales	**$ 493.6**	**$ 516.0**	**$ 130.9**	**$ 164.0**	**$ 154.0**	**$ 121.1**	**$ 570.0**	**$ 640.0**
Cost of goods sold	312.9	317.2	82.8	103.8	97.0	75.9	359.6	390.4
Gross profit	180.7	198.8	48.1	60.2	57.0	45.2	210.4	249.6
SG&A	122.3	124.3	28.1	36.9	35.4	27.1	127.5	144.0
Other expense	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Operating income	58.4	74.5	20.0	23.3	21.6	18.1	82.9	105.6
Interest expense	(2.5)	(6.7)	(1.5)	(2.1)	(2.3)	(2.5)	(8.4)	(10.7)
Foreign Currency	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other expense (income)	0.0	0.0	(0.2)	0.0	0.0	0.0	(0.2)	0.0
Pretax income	60.9	81.2	21.6	25.4	23.9	20.6	91.5	116.3
Income taxes	11.3	14.8	5.5	6.3	6.0	5.2	22.9	29.1
Net income (non-GAAP)	49.6	66.3	16.2	19.0	17.9	15.5	68.6	87.2
Diluted shares outstanding	58.7	59.3	60.0	60.0	60.0	60.0	60.0	60.0
EPS	**$0.84**	**$1.12**	**$0.27**	**$0.32**	**$0.30**	**$0.26**	**$1.14**	**$1.45**
EBITDA	**$68.2**	**$84.1**	**$22.5**	**$25.5**	**$23.8**	**$20.3**	**$92.0**	**$115.0**
Margin analysis								
Gross margin	36.6%	38.5%	36.7%	36.7%	37.0%	37.3%	36.9%	39.0%
SG&A	24.8%	24.1%	21.5%	22.5%	23.0%	22.4%	22.4%	22.5%
Other expense	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Operating income	11.8%	14.4%	15.2%	14.2%	14.0%	15.0%	14.6%	16.5%
Tax rate	18.5%	18.3%	25.3%	25.0%	25.0%	25.0%	25.1%	25.0%
EBITDA	**13.8%**	**16.3%**	**17.2%**	**15.6%**	**15.4%**	**16.8%**	**16.1%**	**18.0%**
Year-over-year comparison								
Total Net Sales	15.4%	4.5%	17.2%	13.8%	15.8%	-4.9%	10.5%	12.3%
Americas	15.2%	2.8%	17.2%	14.2%	19.4%	-4.5%	11.5%	12.1%
Vita Coco Water	15.0%	8.2%	23.9%	21.4%	19.3%	3.2%	17.0%	15.0%
Private Label	17.0%	-12.9%	-12.7%	-29.0%	-7.9%	-49.3%	-26.6%	-7.2%
Other	3.9%	-7.1%	130.2%	114.5%	282.4%	232.3%	179.3%	16.9%
International	17.0%	16.3%	17.4%	11.3%	-3.4%	-6.8%	4.1%	13.2%
SG&A	32.5%	1.6%	-0.3%	26.9%	14.3%	-24.9%	2.6%	12.9%
Other expense	NM	NM	NM	NM	NM	NM	NM	NM
Operating income	430.3%	27.5%	5.3%	-21.5%	4.7%	245.4%	11.4%	27.3%
EPS	**509.9%**	**32.4%**	**-5.3%**	**-24.4%**	**9.8%**	**76.8%**	**2.2%**	**27.2%**
EBITDA	**235.9%**	**23.4%**	**6.0%**	**-20.8%**	**3.6%**	**163.3%**	**9.3%**	**25.0%**

Note: figures are adjusted to represent operating earnings.
Sources: FactSet and William Blair Equity Research

Exhibit 32
Industry Insights: Next-Generation Brands
Vital Farms—Earnings Model

Dollars in millions, except per share items	2023	2024	1Q25 Mar-25	2Q25E Jun-25	3Q25E Sep-25	4Q25E Dec-25	2025E	2026E
Income Statement								
Total sales	**$471.9**	**$606.3**	**$162.2**	**$166.5**	**$187.8**	**$223.5**	**$740.0**	**$850.0**
Cost of goods sold	309.5	376.4	99.7	106.3	120.6	145.3	471.8	537.4
Gross profit	162.3	229.9	62.5	60.3	67.2	78.2	268.2	312.5
Selling, general, and administrative expenses	101.7	133.9	31.9	37.8	41.1	43.4	154.2	178.8
Shipping and distribution	27.3	32.4	8.8	8.5	10.5	12.8	40.7	46.7
Operating income	**$33.3**	**$63.6**	**$21.8**	**$14.0**	**$15.5**	**$22.0**	**$73.3**	**$87.0**
Interest expense (income)	(1.8)	(4.2)	(1.0)	(1.0)	(1.0)	(1.0)	(4.1)	(3.6)
Other expense (income)	2.8	0.3	0.4	0.0	0.0	0.0	0.4	0.0
Pretax income	32.2	67.5	22.3	15.0	16.6	23.0	76.9	90.6
Income taxes	6.6	14.2	5.4	3.6	4.0	5.5	18.5	21.7
Net income including noncontrolling interest	25.6	53.4	16.9	11.4	12.6	17.5	58.4	68.9
Noncontrolling interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net income (Non-GAAP)	25.6	53.4	16.9	11.4	12.6	17.5	58.4	68.9
Diluted shares outstanding	43.3	45.1	45.8	45.8	45.8	45.8	45.8	45.8
EPS	**$0.59**	**$1.18**	**$0.37**	**$0.25**	**$0.27**	**$0.38**	**$1.28**	**$1.50**
EBITDA	**$48.3**	**$86.7**	**$27.5**	**$21.0**	**$22.5**	**$29.0**	**$100.0**	**$118.0**
Margin analysis								
Gross margin	34.4%	37.9%	38.5%	36.2%	35.8%	35.0%	36.2%	36.8%
Selling, general, and administrative expenses	21.6%	22.1%	19.7%	22.7%	21.9%	19.4%	20.8%	21.0%
Shipping and distribution	5.8%	5.3%	5.4%	5.1%	5.6%	5.7%	5.5%	5.5%
Operating income	7.0%	10.5%	13.4%	8.4%	8.3%	9.8%	9.9%	10.2%
Tax rate	20.6%	21.0%	24.4%	24.0%	24.0%	24.0%	24.1%	24.0%
EBITDA	**10.2%**	**14.3%**	**16.9%**	**12.6%**	**12.0%**	**13.0%**	**13.5%**	**13.9%**
Year-over-year comparison								
Total sales	**30.3%**	**28.5%**	**9.6%**	**13.0%**	**29.5%**	**34.6%**	**22.1%**	**14.9%**
Gross profit	48.3%	41.6%	6.1%	4.5%	25.6%	30.6%	16.6%	16.5%
Selling, general, and administrative expenses	31.7%	31.7%	17.6%	13.4%	13.9%	16.1%	15.1%	16.0%
Shipping and distribution	-9.2%	18.6%	16.3%	17.9%	29.5%	34.7%	25.4%	14.9%
Operating income	1480.5%	91.1%	-9.9%	-18.4%	68.1%	69.2%	15.3%	18.7%
EPS	**1986.1%**	**100.4%**	**-15.0%**	**-30.9%**	**67.7%**	**64.1%**	**7.8%**	**17.9%**
EBITDA	**197.8%**	**79.2%**	**-5.5%**	**-9.7%**	**47.8%**	**52.1%**	**15.4%**	**18.0%**

Note: figures are adjusted to represent operating earnings.
Sources: FactSet and William Blair Equity Research

Appendix

Below we list other brands that share characteristics similar to those discussed in the body of this report.

Alani Nu (Celsius Holdings) https://www.alaninu.com/ CEO: John Fieldly	Alani Nu innovates a line of zero-sugar functional energy drinks focused on the previously underserved female cohort. The brand was recently acquired by Celsius.
Dude Wipes https://dudewipes.com/ CEO: Sean Riley	Dude Wipes offers a range of premium flushable wipes that are efficacious and easy to use and helping change norms around personal hygiene.
Dr. Squatch (Unilever) https://www.drsquatch.com/ CEO: Fernando Fernandez (Unilever)	Dr. Squatch markets clean and natural personal care and grooming products to everyday, health-conscious men. The company was recently acquired by Unilever.
Lume (Mammoth Brands) https://lumedeodorant.com/ CEOs: Jeff Raider and Andy Katz-Mayfield	Lume sells natural, doctor-developed, aluminum-free personal care products designed for skin-friendly, whole-body safe odor control.
Olipop https://drinkolipop.com/ CEO: Ben Goodwin	Olipop markets prebiotic sodas combining modern science for benefits such as gut health with classic appeal of soda flavors that satisfy cravings.
Pete & Gerry's https://www.peteandgerrys.com/ CEO: Tom Flocco	Pete and Gerry's supplies pasture-raised and organic eggs under the Pete and Gerry's brand, as well as free-range eggs under the Nellie's brand.
Poppi (PepsiCo) https://drinkpoppi.com/ CEO: Ramon Laguarta (PepsiCo)	Poppi offers prebiotic sodas that combine bold fruity flavors with gut-health benefits. The company was recently acquired by PepsiCo for nearly $2 billion.
TheraBreath (Church & Dwight) https://www.therabreath.com/ CEO: Rick Dierker (Church & Dwight)	TheraBreath sells mouthwash for fresh breath and oral care without the use of alcohols or chemicals. The brand was acquired and is now owned by Church & Dwight.

The prices of the common stock of other public companies mentioned in this report follow:

Amazon (Outperform)	$226.35
BellRing Brands (Outperform)	$56.40
Celsius (Outperform)	$45.51
Chipotle (Outperform)	$53.95
Coca-Cola	$69.34
Costco (Outperform)	$967.68
e.l.f. Beauty (Outperform)	$107.04
Freshpet (Outperform)	$68.71
Kimberly-Clark	$126.75
Monster	$58.94
PepsiCo	$133.81
Primo Brands (Outperform)	$28.49
Roblox Corporation	$112.39
Simply Good Foods (Outperform)	$33.06
Vita Coco (Market Perform)	$38.03
Vital Farms (Outperform)	$37.79
Walmart	$95.37
Yeti (Outperform)	$32.85

IMPORTANT DISCLOSURES

This report is available in electronic form to registered users via R*Docs™ at https://williamblairlibrary.bluematrix.com or www.williamblair.com.

Please contact us at +1 800 621 0687 or consult https://www.williamblair.com/equity-research/coverage for all disclosures.

Jon Andersen attests that 1) all of the views expressed in this research report accurately reflect his/her personal views about any and all of the securities and companies covered by this report, and 2) no part of his/her compensation was, is, or will be related, directly or indirectly, to the specific recommendations or views expressed by him/her in this report. We seek to update our research as appropriate. Other than certain periodical industry reports, the majority of reports are published at irregular intervals as deemed appropriate by the research analyst.

DOW JONES: 44023.30
S&P 500: 6243.76
NASDAQ: 20677.80

Additional information is available upon request.

Current Rating Distribution (as of July 16, 2025):

Coverage Universe	**Percent**	**Inv. Banking Relationships ***	**Percent**
Outperform (Buy)	71	Outperform (Buy)	11
Market Perform (Hold)	28	Market Perform (Hold)	2
Underperform (Sell)	1	Underperform (Sell)	0

*Percentage of companies in each rating category that are investment banking clients, defined as companies for which William Blair has received compensation for investment banking services within the past 12 months.

The compensation of the research analyst is based on a variety of factors, including performance of his or her stock recommendations; contributions to all of the firm's departments, including asset management, corporate finance, institutional sales, and retail brokerage; firm profitability; and competitive factors.

OTHER IMPORTANT DISCLOSURES

Stock ratings and valuation methodologies: William Blair & Company, L.L.C. uses a three-point system to rate stocks. Individual ratings reflect the expected performance of the stock relative to the broader market (generally the S&P 500, unless otherwise indicated) over the next 12 months. The assessment of expected performance is a function of near-, intermediate-, and long-term company fundamentals, industry outlook, confidence in earnings estimates, valuation (and our valuation methodology), and other factors. Outperform (O) - stock expected to outperform the broader market over the next 12 months; Market Perform (M) - stock expected to perform approximately in line with the broader market over the next 12 months; Underperform (U) - stock expected to underperform the broader market over the next 12 months; not rated (NR) - the stock is not currently rated. The valuation methodologies include (but are not limited to) price-to-earnings multiple (P/E), relative P/E (compared with the relevant market), P/E-to-growth-rate (PEG) ratio, market capitalization/revenue multiple, enterprise value/EBITDA ratio, discounted cash flow, and others. Stock ratings and valuation methodologies should not be used or relied upon as investment advice. Past performance is not necessarily a guide to future performance.

The ratings and valuation methodologies reflect the opinion of the individual analyst and are subject to change at any time.

Our salespeople, traders, and other professionals may provide oral or written market commentary, short-term trade ideas, or trading strategies-to our clients, prospective clients, and our trading desks-that are contrary to opinions expressed in this research report. Certain outstanding research reports may contain discussions or investment opinions relating to securities, financial instruments and/or issuers that are no longer current. Investing in securities involves risks. This report does not contain all the material information necessary for an investment decision. Always refer to the most recent report on a company or issuer. Our asset management and trading desks may make investment decisions that are inconsistent with recommendations or views expressed in this report. We will from time to time have long or short positions in, act as principal in, and buy or sell the securities referred to in this report. Our research is disseminated primarily electronically, and in some instances in printed form. Research is simultaneously available to all clients. This research report is for our clients only. No part of this material may be copied or duplicated in any form by any means or redistributed without the prior written consent of William Blair & Company, L.L.C.

This is not in any sense an offer or solicitation for the purchase or sale of a security or financial instrument.

The factual statements herein have been taken from sources we believe to be reliable, but such statements are made without any representation as to accuracy or completeness or otherwise, except with respect to any disclosures relative to William Blair or its research analysts. Opinions expressed are our own unless otherwise stated and are subject to change without notice. Prices shown are approximate.

This report or any portion hereof may not be copied, reprinted, sold, or redistributed or disclosed by the recipient to any third party, by content scraping or extraction, automated processing, or any other form or means, without the prior written consent of William Blair. Any unauthorized use is prohibited.

If the recipient received this research report pursuant to terms of service for, or a contract with William Blair for, the provision of research services for a separate fee, and in connection with the delivery of such research services we may be deemed to be acting as an investment adviser, then such investment adviser status relates, if at all, only to the recipient with whom we have contracted directly and does not extend beyond the delivery of this report (unless otherwise agreed specifically in writing). If such recipient uses these research services in connection with the sale or purchase of a security referred to herein, William Blair may act as principal for our own account or as riskless principal or agent for another party. William Blair is and continues to act solely as a broker-dealer in connection with the execution of any transactions, including transactions in any securities referred to herein.

For important disclosures, please visit our website at williamblair.com.

This material is distributed in the United Kingdom and the European Economic Area (EEA) by William Blair International, Ltd., authorised and regulated by the Financial Conduct Authority (FCA). William Blair International, Limited is a limited liability company registered in England and Wales with company number 03619027. This material is only directed and issued to persons regarded as Professional investors or equivalent in their home jurisdiction, or persons falling within articles 19 (5), 38, 47, and 49 of the Financial Services and Markets Act of 2000 (Financial Promotion) Order 2005 (all such persons being referred to as "relevant persons"). This document must not be acted on or relied on by persons who are not "relevant persons."

This report is being furnished in Brazil on a confidential basis and is addressed to the addressee personally, and for its sole benefit. This does not constitute an offer or solicitation for the purchase or sale of a security by any means that would constitute a public offering in Brazil under the regulations of the Brazilian Securities and Exchange Commission (*Comissão de Valores Mobiliários*) or an unauthorized distribution under Brazilian laws and regulations. The securities are authorized for trading on non-Brazilian securities markets, and this report and all the information herein is intended solely for professional investors (as defined by the applicable Brazilian regulation) who may only acquire these securities through a non-Brazilian account, with settlement outside Brazil in a non-Brazilian currency.

William Blair & Company, L.L.C. licenses and applies the SASB Materiality Map® and SICSTM in our work.