Initiation of Coverage

March 12, 2026

VALUATION

Current Price	$2.89
52 Week Range	$2.00-6.08
Market Cap ($-Mn)	46.2
Shares Out. (Mn)	15.97
Float	43.5%
Avg. 3-Month Vol. (Mn.)	0.01

Source: TIKR

FINANCIAL SUMMARY

2024 Sales ($Mn)	10.7
2025E Sales ($Mn)	14.2
2026E Sales ($Mn)	32.5
2026E Adj. EBITDA ($Mn)	5.00

Source: Company Filings. 2026E revenue based on midpoint of guidance of $30-$35 million. 2026E Adj. EBITDA based on management guidance.

STOCK PRICE PERFORMANCE

Source: TIKR

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EXEC EDGE RESEARCH

Barfresh Food Group, Inc. (BRFH)

An Institutional Foodservice Platform at a Growth Inflection. Attractively Valued.

- **BRFH is an operator-centric frozen beverage platform purpose-built for institutional and high-volume foodservice.** The company develops and distributes ready-to-blend and ready-to-drink smoothies, shakes, and frappes designed to deliver consistent output with low-labor execution across schools, military, and other high-throughput venues. Its **brand portfolio includes Twist & Go®, Easy Pour®, and Pop & Go®**, spanning ready-to-blend and ready-to-drink smoothie formats designed for portion control and repeatable preparation. These formats enable scalable deployment – from limited menu placements to higher-frequency service – without increasing operational complexity, aligning well with procurement-driven channels where workflow reliability, compliance fit, and service consistency often outweigh traditional brand differentiation.
- **Large, procurement-driven meal occasions support a multi-year growth opportunity and BRFH is well positioned.** U.S. child nutrition programs alone serve ~9.3 billion meals annually with ~$28 billion of spending, creating high-frequency demand anchored in reimbursable meal patterns rather than discretionary consumer spend, with adjacent volume across military and other non-commercial foodservice. Purchasing decisions are increasingly shaped by kitchen-level constraints – labor pressure, equipment limitations, and documentation requirements – raising the premium on portion-defined, easy-to-execute, and audit-ready products. At the same time, wellness and lower-sugar preferences are supporting adoption of portable beverage formats across breakfast and other dayparts.
- **Supply-chain normalization to unlock demand conversion and margin recovery**. Near-term initiatives include expanding co-manufacturing redundancy, rebuilding seasonal inventory buffers ahead of peak school ordering, and transitioning bottling to higher-capacity partners beginning in January 2026. Longer term, the Arps Dairy acquisition increases production control through an operational ~15,000 sq. ft. facility and a ~44,000 sq. ft. expansion targeted to be fully operational in 2026. A recently completed $7.3 million convertible financing supports accelerated facility completion and manufacturing integration. These steps reduce third-party reliance and improve unit economics through lower production, freight, and cold-storage costs.
- **Growth inflection emerges as revenue visibility improves into 2026E**. BRFH delivered record quarterly revenue of $4.2 million in 3Q25 (+16% y/y), supported by improved manufacturing consistency that enabled fulfillment of back-to-school demand. Gross margin expanded to ~37% as co-manufacturers reached fuller capability and mix improved. 2025 sales reached $14.2 million (+32% y/y), while management's 2026 guidance of $30–$35 million in revenue and ~$5 million in adj. EBITDA implies a step-change in growth and profitability. Over time, the expanded manufacturing footprint is expected to support more than $200 million in annual revenue.
- **Valuation remains discounted relative to growth visibility**. While we do not have a price target or recommendation on the stock, BRFH currently trades below both its historical trading range and relevant peers despite evidence of an operating inflection and stronger revenue visibility. As supply normalization, education reactivations, and margin recovery translate into more consistent financial delivery, we see scope for valuation convergence toward historical and peer benchmarks.

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Company Overview

An Operator-Centric Frozen Beverage Platform Built for Scaled, Labor-Efficient Foodservice

- **Barfresh Food Group, Inc. (Nasdaq: BRFH) is a developer, manufacturer and distributor of ready-to-blend and ready-to-drink frozen beverages, with a product portfolio spanning smoothies, shakes and frappes designed for on-site preparation across high-volume foodservice environments.** The current operating platform was established following a 2012 reverse merger into an inactive Delaware corporation originally formed in 2010, and BRFH conducts operations through two direct subsidiaries, Barfresh Corporation, Inc. (formerly Smoothie, Inc.) and Barfresh, Inc. The company is headquartered in Los Angeles and focuses on providing portion-controlled beverage solutions that help operators deliver consistent quality with repeatable labor execution, which is particularly relevant in institutional channels where staffing variability and throughput constraints can drive purchasing decisions.
- **BRFH's commercial model is built around simplifying the back-of-house workflow while delivering consumer-facing attributes that align with better-for-you purchasing trends.** Products are offered in fully prepared individual portions as well as single-serving and bulk formats, enabling customers to scale programs from limited menu placements to higher-frequency service without materially increasing preparation complexity. The company also emphasizes nutritional and dietary characteristics across the portfolio, including real fruit content in smoothies, dairy-free options, kosher approval and gluten-free formulations, with certain servings positioned at roughly 125-130 calories. Strategically, BRFH's approach targets channels where operational consistency and compliance requirements are elevated, with an emphasis on the education market alongside broader foodservice and restaurant chain customers. Management also highlights a proprietary, patented *whirl class* preparation system intended to improve speed and cost efficiency versus traditional smoothie prep, positioning BRFH as a packaged beverage solution provider rather than a made-to-order ingredient assembler.

Chart 1: BRFH is the Leader in Ready-To-Blend and Ready-To-Drink Frozen Beverages

Source: Exec Edge Research, Company Website

- **Product architecture is built around four primary packaging formats that are designed to let foodservice operators serve frozen beverages with a repeatable, low-labor workflow while maintaining consistent nutrition and ingredient standards across venues with very different throughput requirements.**
  - **Twist & Go**: At the ready-to-drink end, BRFH markets Twist & Go, a portable smoothie initially oriented toward USDA school meal channels (School Breakfast, National School Lunch and Smart Snacks), where compliance, portion control and speed of service are key decision variables. Twist & Go™ is offered in multiple flavors and has been commercialized in both bottle and carton packaging, with the formulation positioned around clean-label attributes (no added sugars, preservatives, artificial flavors or colors) and a defined nutritional construct, including 4 ounces of yogurt and a half-cup of fruit/fruit juice per smoothie, ~125-130 calories, and 5 grams of protein.
  - **Easy Pour**: For higher-volume, continuous service environments, BRFH's Easy Pour bulk format is a frozen concentrate packaged in gallon containers and mixed through beverage dispensing equipment on a 1:1 ratio with water. Within this line, the company also offers a no sugar added version that targets the same USDA programs and has established eligibility to sell certain smoothie products through the U.S. Defense Logistics Agency, supporting distribution into military locations. Adjacent to smoothies, BRFH sells WHIRLZ 100% juice concentrates that are mixed on a 5:1 ratio and positioned as a no-added-sugar, no-artificial-ingredient refresher option.

- **Single serve packs**: The ready-to-blend portfolio is rounded out by single-serve packs, which are portion-controlled ingredient packs that include the base (sorbet, frozen yogurt or ice cream), fruit pieces, juices and ice, with operators adding water before blending.
- **Pop & Go**: In 2024, BRFH added Pop & Go™, a ready-to-eat juice pop initially targeted to school lunch and Smart Snacks, positioned around 4 ounces of juice and a clean-label formulation, broadening the company's penetration beyond the breakfast daypart toward incremental consumption occasions.

BRFH serves a diversified set of end-markets anchored in education, complemented by commercial foodservice and other non-commercial institutions, leveraging the same portion-controlled formats to fit distinct operator workflows and compliance needs.

- **Education (K-12/school nutrition programs)**: BRFH's education channel is structured around solving two constraints that consistently shape K-12 menu adoption: compliance with USDA-driven meal patterns/Smart Snacks requirements and operational simplicity in cafeterias where labor is scarce and throughput is high. BRFH positions its school-oriented portfolio to deliver defined nutrition and ingredient standards while minimizing preparation burden, with offerings spanning ready-to-drink (Twist & Go) and ready-to-eat (Pop & Go) alongside Whirlz-branded frozen blended smoothies that can be served quickly and consistently. The company emphasizes clean label attributes that tend to be decision-relevant for Nutrition Directors (e.g., no preservatives, no artificial flavors/colors, no sugar added options, and dietary suitability such as gluten-free and kosher), while also framing products around portioned fruit content designed to support reimbursable meal programs. In practice, the education proposition is less about premiumization and more about a repeatable, compliant plug-in beverage item that can drive participation without adding back-of-house complexity, enabling schools to add smoothie or juice-based options across breakfast and lunch dayparts with predictable preparation steps and limited waste.
- **Recent large-district contract win reinforces education channel momentum**. In February 2026, Barfresh announced a multi-year bid award to supply its Twist & Go smoothies to the largest school district in Nevada, the fifth largest district in the U.S., serving more than 300,000 students. The program is being fulfilled through the company's frozen food distributor network and reflects BRFH's ability to compete successfully in large procurement-driven K-12 contracts where compliance, operational simplicity, and supply reliability are key decision criteria. We view the award as an important validation of BRFH's institutional positioning and evidence that improved supply consistency is beginning to translate into district-level adoption.

Chart 2: Twist & Go is BRFH's Bottled, Ready to Drink Solution for Schools

Source: Exec Edge Research, Company Investor Presentation

- **Commercial (restaurants, convenience, travel/leisure, sports & entertainment)**: BRFH frames the commercial channel as an operator economics and execution story, where frozen blended beverages can be an attractive attachment category but are often constrained by variability in prep, training burden, and inconsistency in the finished product. BRFH's approach is to "package the process" through portion-controlled ready-to-blend formats that reduce steps and standardize outcomes, allowing venues to add smoothies, shakes, and frappes without building an ingredient procurement and spoilage-management system from scratch. The company typically leans on two operating formats depending on throughput: Single Serve packs for portion-controlled, made-to-order preparation with minimal equipment beyond a blender, and Easy Pour bulk concentrates for high-traffic environments that use frozen beverage dispensing equipment and benefit from faster speed of service. Commercial positioning also highlights menu flexibility, including the ability to extend core bases into differentiated recipes (e.g., value-added mocktails or frozen cocktail-style blends where permitted), which matters for travel/leisure and entertainment venues seeking variety without adding SKUs and labor. Overall, BRFH's commercial proposition is to provide a scalable program that is easy to deploy across multi-unit operators while preserving consistency across dayparts and locations.

Chart 3: High Profile Restaurants, Colleges and Recreational Sites are Ideal for Ready to Blend Products

Source: Exec Edge Research, Company Investor Presentation

- **Other non-commercial (military, hospitals/healthcare, business & industry, on-site feeding)**: This segment is oriented toward on-site operators that resemble institutional foodservice more than traditional retail, with success driven by reliability, standardization, and the ability to serve large populations efficiently. BRFH positions its frozen blended beverage program as a way for these operators to offer on-trend smoothies, shakes, and frappes with consistent ingredient standards, including real fruit, and formulations without preservatives or artificial flavors/colors, while maintaining predictable labor and portion control. Like the commercial segment, BRFH's deployment model is format-led: Single Serve packs are positioned for locations that want portion-controlled preparation with minimal setup, while Easy Pour bulk concentrates are positioned for higher-volume sites that value rapid service via dispensing equipment. Within this segment, the company calls out military as a key use-case, where the operator requirement is to deliver consistent quality across repeated meal occasions and distributed locations, and where BRFH's bulk program is designed to fit standardized foodservice workflows. More broadly, the non-commercial segment functions as an adjacency that can expand distribution density and diversify away from purely school-based seasonality, while still leveraging the same core manufacturing, packaging formats, and operator training logic.

- **The company distributes its products through a multi-channel go-to-market model that includes National Accounts, Regional Accounts, and Broadline Distributors, allowing it to pursue both direct operator relationships and scaled coverage through established foodservice distribution networks**. This structure is intended to support penetration across diverse customer types and geographies while aligning sales resources to account size and procurement structure. On the supply side, BRFH has historically maintained an asset-light manufacturing model, utilizing U.S.-based contract manufacturers to produce its portfolio, which can provide flexibility to scale volumes without owning a large fixed-cost production footprint, but also increases dependence on third-party execution and capacity availability. Product innovation and menu expansion are supported by a relatively modest R&D budget, with BRFH incurring ~$82,000 of R&D expense in 9M25 (vs. ~$132,000 in 2024), reflecting an emphasis on targeted formulation, packaging, and process development rather than large-scale internal R&D infrastructure.

- **BRFH is tightening its supply chain around a three-part playbook: redundancy, inventory discipline, and internalization**. The company expanded its co-manufacturing footprint such that by 3Q25 it had two co-manufacturing partners producing product, improving resilience during seasonal school demand. In parallel, BRFH rebuilt buffer inventory ahead of back-to-school to better align production cadence with ordering patterns and reduce service volatility. Looking forward, management has outlined a shift to a higher-capacity bottling partner starting January 2026, with the legacy supplier continuing through February 2026, intended to structurally increase available capacity and lower single-partner dependency.

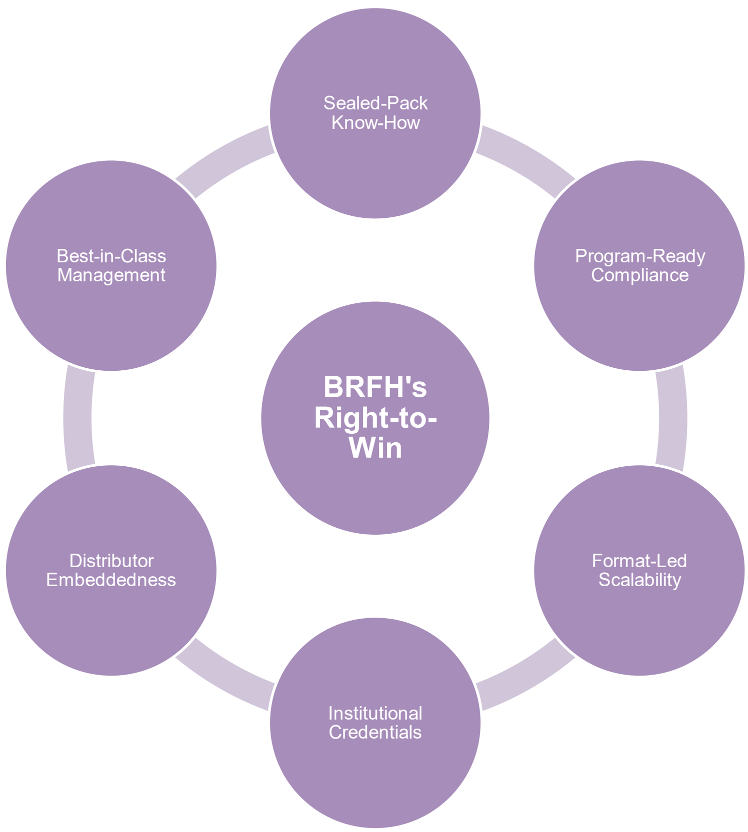
- **Longer term, BRFH is using the Arps Dairy acquisition (completed early October 2025) to internalize manufacturing control.** The Arps Dairy acquisition expands BRFH's manufacturing footprint with an operational 15,000-square-foot processing facility and a 44,000-square-foot facility nearing completion, both in Defiance, Ohio. Production of select products has already begun at the existing facility, with full ramp-up of the larger site targeted for 2026. Arps has received preliminary approval for a $2.3 million government grant to support build-out and equipment, and in March 2026 the company completed a $7.3 million convertible financing intended in part to accelerate completion of the expanded facility. Strategically, the acquisition enhances manufacturing control, reduces third-party reliance, and is expected to improve unit economics through lower production, freight, and cold-storage costs.

Right-to-Win

Workflow Standardization and Program Compliance Anchor BRFH's Institutional Moat

- **We believe BRFH's right-to-win emanates from a set of structural advantages that reduce adoption friction for institutional operators and increase switching costs once programs are embedded**. In a category where the product is often commoditized, execution reliability, compliance fit, and workflow standardization become the primary determinants of repeat ordering and expansion. BRFH addresses this by packaging blended beverages into portion-controlled formats that simplify preparation, support consistent output, and align with regulated meal programs, particularly in education. The company has also established institutional credibility through military qualification and contracting, reinforcing its ability to meet procurement-driven requirements where documentation, reliability, and repeatable execution matter. Complementing these product and channel strengths, BRFH's distribution model is built to integrate into existing foodservice procurement workflows, while its multi-format portfolio widens use-cases across differing operator needs. Finally, an experienced management team and public-company discipline support execution and financing flexibility as BRFH scales. We believe each of these moat elements below.

Chart 4: Multidimensional Pillars of BRFH's Right-to-Win



Source: Exec Edge Research

- **BRFH's most defensible differentiation is an operator-proof, portion-controlled system that makes blended beverages repeatable at scale**. The company's single-serve beverage packs are designed to include the base (sorbet, frozen yogurt, or ice cream), real fruit pieces, juices, and ice, with only water added before blending. This design converts what is typically a labor- and training-intensive beverage category into a standardized workflow that can be executed consistently across decentralized points of service, which is particularly relevant in institutional environments where staffing variability can directly impact throughput, waste, and product quality consistency. BRFH also owns domestic and international intellectual property rights associated with the sealed pack of ingredients used in its single-serve products, with U.S. and Australian patents in effect through 2025.

– The strategic objective is to lower the operational activation energy for adopting smoothies and blended beverages by minimizing preparation complexity, portioning errors, and ingredient staging requirements. In practice, this reduces labor sensitivity and improves repeatability, two factors that often determine whether blended beverage programs can scale beyond specialist operators.
– BRFH's position is that single-serve delivers a competitive advantage via ease of use, portion control, premium quality, and minimal capital investment required for a customer to begin carrying BRFH beverage products.

- **While patent duration is finite, the more durable moat is the embedded operating routine**: once customers standardize training, inventory management, and service steps around a sealed-pack workflow, switching requires retooling processes rather than simply swapping a flavor SKU. As a result, BRFH's right-to-win is rooted in workflow standardization rather than product novelty, enabling repeatable execution and creating operational switching friction once embedded in customer operations.

Chart 5: Differentiated Single Serve Product & Process

Source: Exec Edge Research, Company Investor Presentation

- **We believe the company's moat in education and other regulated institutional channels is created by engineering products and formats that fit program compliance and cafeteria execution realities**. The company's portfolio is specifically targeted to USDA national school meal programs (School Breakfast, National School Lunch, Smart Snacks), including Twist & Go ready-to-drink smoothies, a no sugar added Easy Pour bulk format, and Pop & Go juice pops. The company also has clean-label positioning across key offerings, including no added sugars for Twist & Go and Pop & Go, and the absence of preservatives, artificial flavors, or artificial colors. For Twist & Go specifically, BRFH discloses defined nutritional attributes (e.g., ~125-130 calories and 5 grams of protein), which can matter in channels where menu decisions are structured around documented nutrition and portion definitions rather than discretionary consumer preference.

– The strategic objective is to be a program-ready supplier: products must be compliant, portion-controlled, and operationally simple enough to integrate into meal service without adding labor-intensive steps. That positioning is inherently different from competing primarily on consumer brand pull.
– We believe BRFH's portfolio structure supports school workflows by offering ready-to-drink and ready-to-eat formats that reduce preparation steps, while still enabling blended formats where equipment and staffing permit.

- Once a product is adopted into a school program, the friction to replace it can extend beyond pricing because it implicates nutrition review, menu planning, procurement routines, and operational training. Therefore, BRFH's right-to-win comes from bundling compliance fit with operational simplicity, which can embed BRFH into institutional procurement and service routines and raise replacement friction over time.

– **Evidence of this positioning is visible in recent contract wins**. In February 2026, BRFH secured a multi-year supply agreement with Nevada's largest school district (the fifth largest in the U.S., serving more than 300,000 students), reinforcing the company's ability to win large procurement-driven K-12 contracts.

Chart 6: Product Positioning to Meet School Menu Compliance

Source: Exec Edge Research, Company Investor Presentation

- **BRFH has built an institutional credential in military foodservice that can function as a barrier to entry because it reflects qualification and contracting infrastructure rather than opportunistic placements**. The company has approval from the U.S. Defense Logistics Agency (DLA) to sell smoothie products into all branches of the U.S. Armed Forces and is in contract with and selling its bulk Easy Pour products into over one hundred military bases in the U.S. and abroad. This is a key differentiator, given the rigor and time required to secure military channel access, including a 12+ month approval process, and BRFH's five-year contract to supply the AAFES School Meal Program servicing Army and Air Force school installations.
  - The strategic objective is to establish credibility in procurement-driven channels where reliability, documentation, and repeatable execution matter, creating referenceable proof points that can support adjacent institutional selling.
  - BRFH's military footprint also implies recurring, year-round consumption occasions embedded in structured meal programs, which can complement its school channel seasonality and reinforce production consistency requirements.
- **We believe qualification-based channels tend to embed operational and administrative switching friction once a supplier is approved and performing**, which can make the incumbent position more durable than a typical discretionary foodservice SKU. Therefore, BRFH's moat in this vertical is a time-and-process barrier: DLA approval and contracted footprint are not easily replicated quickly, supporting stickier institutional relationships.

Chart 7: BRFH's Institutional Credentials – U.S. Armed Forces Channel Qualification and Footprint.

Source: Exec Edge Research, Company Investor Presentation

- **Another differentiator is BRFH's route-to-market, which is designed to reduce adoption friction by leveraging the foodservice distribution ecosystem rather than forcing customers into a bespoke logistics model**. The company sells through National Accounts, Regional Accounts, and Broadline Distributors, which is important in institutional categories where purchasing is centralized and broadliners act as gatekeepers. This distribution architecture can matter as much as product quality: many emerging brands fail in foodservice because ordering, delivery cadence, and freezer-handling complexity create operational resistance. By aligning with broadline distribution, BRFH can fit into established procurement workflows for school districts and other operators, while National/Regional account coverage supports direct program selling where menu placement decisions are centralized.
  - **Larger competitors often have distribution scales but may not offer an operator-friendly frozen blended workflow; smaller competitors may have compelling products but lack the distribution structure to service institutional customers reliably**. Once BRFH is established inside distributor catalogs and customer ordering routines, the switching cost is not only product-based; it becomes process-based across procurement, ordering cadence, and menu planning. That embeddedness can provide BRFH durable staying power even in a competitive category.

Chart 8: BRFH Has Strong Distribution Relationships in Place

Source: Exec Edge Research, Company Investor Presentation

- **We believe BRFH's four-format product architecture expands addressable use cases by matching beverage deployment to the operator's throughput and labor constraints**. The company describes products packaged across distinct formats: Twist & Go ready-to-drink smoothies (including carton packaging introduced in 2022), bulk Easy Pour concentrates mixed through beverage dispensing equipment at a 1:1 ratio with water, single-serve ready-to-blend beverage packs requiring only water added before blending, and Pop & Go ready-to-eat juice pops introduced in 2024. This architecture matters because blended beverages can fail to scale when a supplier forces a single preparation model across varied venues; instead, BRFH provides format options that let customers adopt the category in the modality that best fits site-specific operations.
  - The strategic objective is to reduce customer acquisition friction by meeting operators where they are operationally. Low-capex sites can deploy single-serve packs with blender-only requirements; higher-volume sites can use Easy Pour via dispensing equipment to prioritize speed of service; schools and grab-and-go venues can use RTD/ready-to-eat formats to minimize labor. This format breadth supports expansion within accounts as customers can start with one format, prove velocity and operational fit, and then layer additional formats to increase servings and daypart coverage without changing suppliers.
- The platform effect also improves commercial resilience because the same manufacturing and distribution backbone can support multiple formats, allowing BRFH to pursue incremental volume growth through mix shifts rather than relying on a single product line. Overall, BRFH stands out due to its ability to serve multiple operational archetypes with one vendor relationship, increasing share of wallet opportunities, and raising switching friction as customers standardize across formats.

Chart 9: Diversified Product Offerings

Source: Exec Edge Research, Company Investor Presentation

- **Finally, BRFH's ability to execute through operational volatility is supported by an experienced management team and the discipline that comes with being a long-standing public listed company**. The company is led by founder and CEO Riccardo Delle Coste, with a seasoned management team across core functional areas, including finance (CFO Lisa Roger), sales (VP Sales Tony Grossi), and supply chain/co-manufacturing (VP Marko Matla), each with multi-decade prior experience backgrounds that align closely with BRFH's current priorities around customer expansion and manufacturing control. From a capital markets perspective, a Nasdaq listing provides an institutional framework for disclosure, governance, and access to equity financing, which can be strategically important for a small-cap company operating in a category where working capital and capacity investments can be gating items. Taken together, a best-in-class management plus the accountability of public-company reporting function as a soft moat, improving execution consistency, customer confidence, and the company's ability to fund and communicate multi-year initiatives.

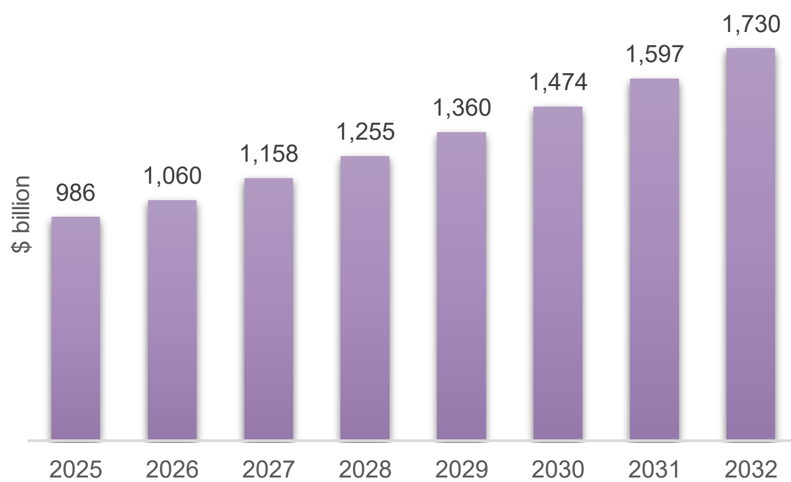
Industry Trends and Company Positioning

Structural Wellness Demand Supports Sustained Growth in Smoothies and Juices

Key Takeaway: Health and wellness consumption trends are creating a structurally favorable demand backdrop for smoothies and juices across retail and away-from-home channels. Industry research points to high-single-digit growth in wellness foods through 2032, while smoothies are projected to grow at a double-digit CAGR through 2034, driven by convenience, functional nutrition, and plant-forward formats. In the U.S., operator demand is increasingly shaped by lower-sugar positioning despite cost pressure, reinforcing the value of standardized, scalable beverage solutions, and creating a demand tailwind for players like BRFH.

- **Growth in the ~$1.7 trillion global health and wellness food market is creating a durable demand backdrop for better-for-you beverage categories, including smoothies and juices**. A Research and Markets report positions the global health and wellness food sector as an expanding opportunity, valued at $1.06 trillion in 2026 (representing a $74 billion increase from 2025) with a projected trajectory to $1.73 trillion by 2032, translating to roughly 8.4% annual growth. The underlying demand mechanics reflect evolving consumer preferences toward preventive nutrition, advancement in ingredient innovation targeting specific health outcomes, and business models emphasizing disease prevention. The report also highlights that wellness-oriented edibles are outpacing traditional packaged food growth trajectories.
  - For beverage platforms such as BRFH, this macro backdrop enhances category relevance by positioning smoothies and juices within a broader, structurally growing wellness market.

Chart 10: Health & Wellness Food Market - Global Forecast 2025-2032

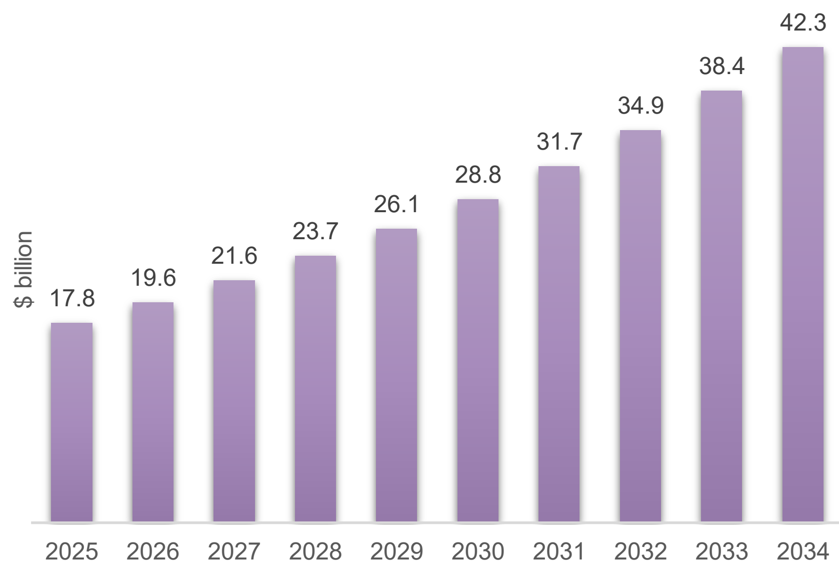


Source: Exec Edge Research, Research and Markets

- **Global smoothie category is poised for ~10% CAGR through 2034, led by North America and APAC**. Within the broader better-for-you beverage backdrop, Market Data Forecast valued the international smoothies sector at $17.78 billion in 2025, with an expected growth to $42.28 billion by 2034, reflecting an annualized growth rate of 10.1%. This expansion is fueled by consumer migration toward pre-portioned, nutrient-dense beverages that accommodate both retail purchase and consumption away from home environments. Geographically, North America represents the dominant market by revenue (capturing approximately 42.3% in 2025), whereas the Asia-Pacific region is positioned to experience the most accelerated expansion, driven by metropolitan growth, purchasing power increases, and increasing familiarity with Western snacking behaviors. From a product category perspective, fruit-centric formulations remain the market leader (approximately 58.3% in 2025), reflecting consumer affinity for transparent fruit sourcing and recognizable taste profiles. Growth momentum increasingly stems from dairy-alternative and plant-forward variants, the proliferation of shelf-stable ready-to-consume options, and the incorporation of performance-enhancing add-ins like protein concentrates, prebiotic compounds, and antioxidantrich superfruits. Retail distribution remains predominantly anchored in mass-market supermarket chains (~47.5% in 2025), underscoring the importance of accessible replenishment channels; however, emerging growth is concentrated in formats that successfully reconcile health positioning with convenience while addressing consumer concerns regarding carbohydrate and naturally occurring sugar levels.

- **For BRFH, this category setup is constructive, as growth is being driven by attributes that align directly with the company's portfolio** – convenient, portion-defined formats, expanding plant-based and dairy-free demand, and increased adoption of RTD offerings. As supply reliability improves, these demand drivers should support broader menu adoption across institutional and foodservice channels, while functional and clean-label preferences help sustain mix and repeat ordering.

Chart 11: Global Smoothies Market 2025-34



Source: Exec Edge Research, Market Data Forecast

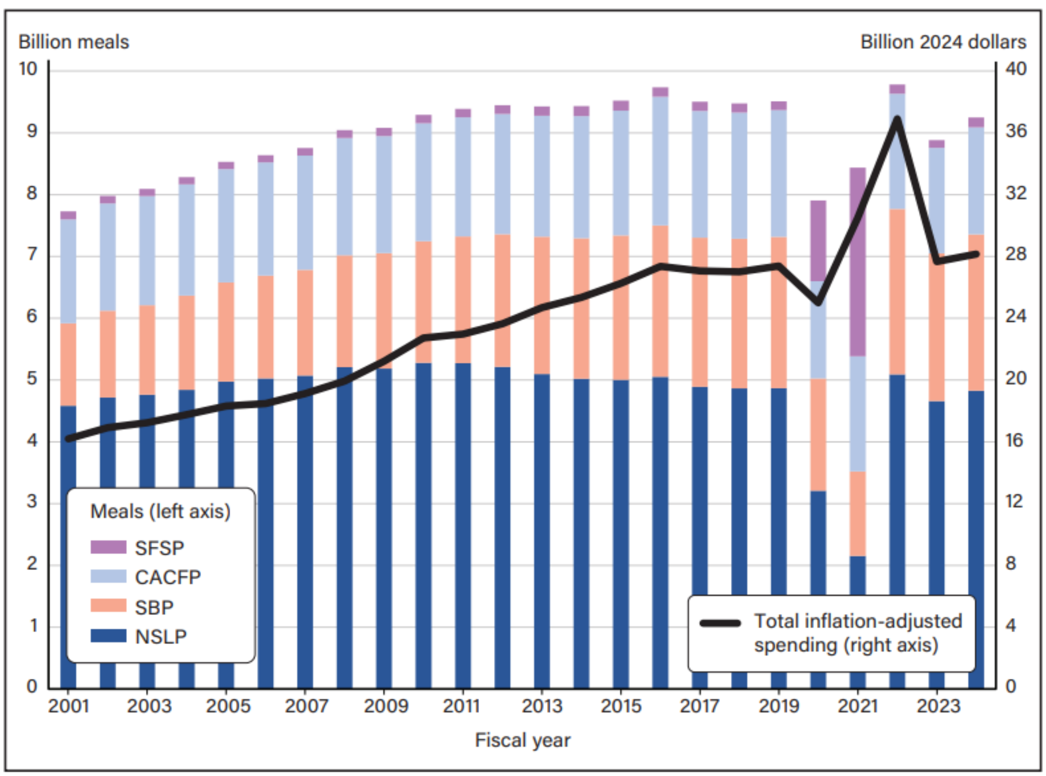
- **Trends in the $4.5 billion U.S. juice and smoothie bar segment highlight growing consumer preference for lower-sugar formulations, a shift that aligns with BRFH's clean-label, portion-controlled beverage offerings**. In the out-of-home consumption channel (a relevant gauge for BRFH's operator client base), IBISWorld appraises the U.S. juice and smoothie bar sector at approximately $4.5 billion for 2025, with revenues growing at roughly 5.3% annually over the preceding five-year interval (reflecting recovery from pandemic-era contraction) and a more modest 0.8% expansion in 2025 alone. The key takeaway is that operators have been compelled to pivot toward formulations addressing consumer apprehension regarding excessive sugar content, consequently broadening their menus with reduced sugar and nutritionally optimized alternatives. The report identifies additional operational constraints, including competitive displacement from consumers preparing beverages in residential settings during economically constrained periods and procurement challenges (particularly ingredient cost escalation), which erode operational profitability even during steady demand periods. **For BRFH, this market reality underscores the strategic advantage of product formats that enable operators to maintain standardized quality and taste consistency while minimizing labor-related variance and simultaneously satisfying increasingly stringent consumer health standards**.

School Meal Policy and Menu Evolution Expand Compliant Beverage Demand

Key Takeaway: U.S. child nutrition programs represent a large, procurement-driven demand base, with 9.3 billion meals served and $28.2 billion of annual spending in FY24, making even modest penetration commercially meaningful. Policy shifts are increasing menu flexibility, while nutrition compliance and labor constraints continue to guide purchasing decisions. Against this backdrop, operator surveys indicate rising adoption of portable, health-positioned breakfast beverages – expanding insertable occasions that align well with BRFH's standardized, portion-controlled formats within school procurement systems.

- **U.S. school meal programs form a large, recurring institutional foodservice channel, serving 9.3 billion meals with $28.2 billion in annual spending**. The U.S. government's subsidized meal programs for children operate as one of the nation's most substantial and consistent institutional foodservice channels, with transaction volumes sufficient to create commercial relevance even at modest market penetration levels. USDA Economic Research Service data indicates the National School Lunch Program (NSLP) distributed 4.8 billion meals during fiscal 2024, representing y/y growth from 4.7 billion meals, with total program outlays reaching $17.7 billion vs. $17.3 billion previously. The School Breakfast Program (SBP) extended 2.5 billion breakfast servings during fiscal 2024 at a combined program cost of $5.7 billion, up from 2.4 billion servings and $5.3 billion in the prior year. Aggregating across all four primary child nutrition initiatives, encompassing the lunch program, breakfast program, child and adult care food provision (CACFP), and summer meal services (SFSP), the federal system provisioned 9.3 billion total meals in fiscal 2024 at an aggregate cost of $28.2 billion, with both volume and expenditure increasing approximately 4 percent year-over-year relative to fiscal 2023 baseline.
  - **For BRFH, the key takeaway is that U.S. school meals represent high-frequency, non-discretionary consumption occasions governed by reimbursable meal patterns and procurement processes**. This creates a durable demand base where opportunity is driven by repeat servings and broad distribution, rather than consumer brand pull, provided products meet required nutrition and operational constraints.

Chart 12: Total meals served and total inflation-adjusted spending across NSLP, SBP, CACFP, and SFSP



Source: Exec Edge Research, USDA, Economic Research Service, using USDA, FNS data.

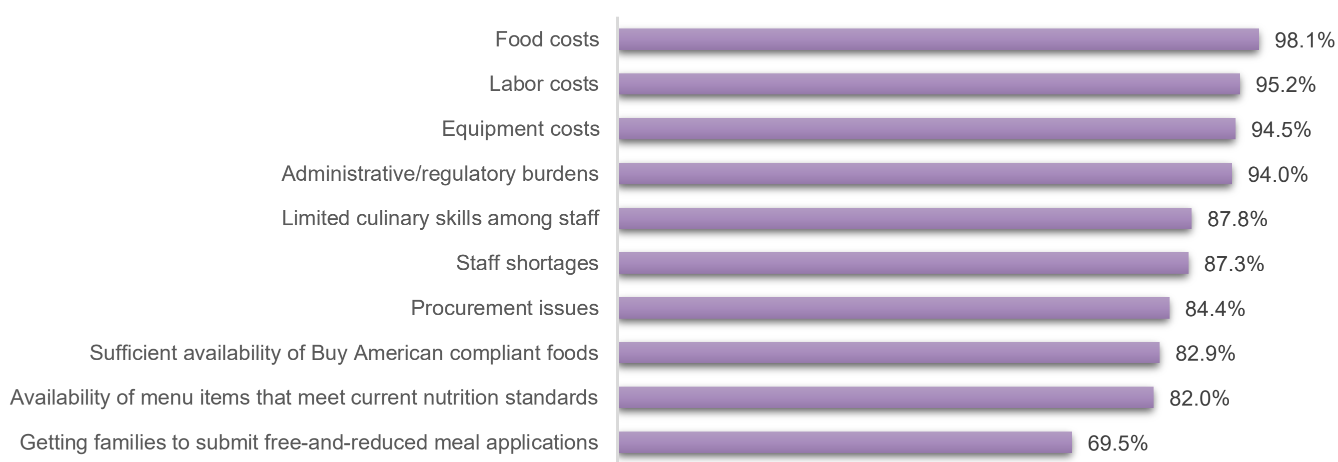
- **Lowered school eligibility thresholds, combined with stricter nutrition compliance requirements, are accelerating the adoption of labor-efficient, standardized beverage formats in foodservice channels**. The concurrent evolution of federal school meal policies and nutrition standards creates conditions favoring simplified, standardized beverage solutions within institutional foodservice. The USDA's reduction of the Community Eligibility Provision (CEP) eligibility threshold from 40% to 25% effective October 2023 broadens the pool of schools authorized to provide universal free meal access, potentially driving increased consumption volumes over time. Simultaneously, the agency has enacted revised nutrition standards for the National School Lunch Program and School Breakfast Program that align with current Dietary Guidelines for Americans, incorporating phased reductions in added sugars, incremental sodium adjustments, and modified nutrient recommendations across food categories. These developments reinforce one another: expanded universal meal access increases total meal production, while stricter nutritional requirements compel menu decisions toward products with transparent formulations, controlled portioning, and documented nutritional attributes, without requiring incremental labor expenditure in school kitchens. This dynamic particularly advantages beverage formats that integrate seamlessly into standardized meal patterns recognized for reimbursement purposes and maintain functionality across diverse service modalities while minimizing staffing demands or kitchen workflow disruption.
- **Recent federal policy developments for the 2025–2026 period introduce a materially different operating environment for school nutrition programs**. While earlier momentum around universal meal access and compliance-focused standards has moderated, this shift creates new opportunities for beverage solutions that prioritize operational flexibility. The newly released Dietary Guidelines emphasize full-fat dairy products, and the Whole Milk for Healthy Kids Act permits schools to serve whole and 2% fat milk, expanding the range of reimbursable options beyond prior restrictions. Rather than operating within tightening standards, schools now have greater latitude in menu composition and product selection. This expanded flexibility, while requiring operators to navigate broader procurement choices and menu planning considerations, simultaneously creates distinct value propositions: schools managing diverse menu options need solutions that enable rapid menu adaptation, operational simplification across varied formats, and efficient procurement. Beverage formats that help operators manage product variety while maintaining service efficiency, accommodating everything from traditional lines to grab-and-go service, will prove increasingly valuable in this environment of greater choice.
  - **For BRFH, the policy landscape is evolving from a period of tighter regulatory standardization toward greater operational flexibility**. While earlier universal meal access expansion created straightforward volume opportunities, the current environment requires more adaptable solutions. As BRFH's value proposition emphasizes the operational flexibility and procurement agility it brings to the table, it can help operators navigate complexity while maintaining efficiency amid expanded product choice, thus creating a demand tailwind for the company.
- **School breakfast menu trends indicate sustained operator demand for portable, nutrient-dense beverage offerings**. Operator demand indicators suggest accelerating menu penetration of portable, health-positioned beverage formats within K-12 breakfast dayparts. A School Nutrition Association-published study (survey of 1,691 school nutrition professionals, conducted April 2024) identified meaningful adoption dynamics: among breakfast items experiencing momentum, yogurt-based products registered 30.9% uptake while smoothie platforms captured 20.1% mindshare, with adoption explicitly correlated to operator demand for health-forward positioning. Separately, SNA’s SY 2024/25 trends report indicates juice and portable beverage solutions function as critical execution enablers within grab-and-go and vended breakfast service architectures, validating the functional role of efficient, portion-defined beverage delivery. The macro implication reflects material opportunity concentration in portable, pre-defined serving models, not limited to entrée innovation, which can demonstrably improve participation metrics and reduce operational friction, particularly in breakfast segments where baseline participation structurally lags lunch programs and schools continue evaluating alternative distribution methodologies.
  - **For beverage platform manufacturers such as BRFH, operator signals point to incremental upside within school nutrition procurement**. Nutrition directors increasingly demonstrate receptivity toward health-positioned breakfast offerings that prioritize operational simplification and portability. If beverage product categories maintain trajectory momentum, suppliers delivering standardized portion architecture, product quality consistency, and minimal labor requirements should realize improved win rates across competitive RFP processes, particularly within emerging grab-and-go and alternative breakfast delivery models.

Rising Labor, Equipment, and Compliance Pressures are Shaping School Meal Procurement

Key Takeaway: The School Nutrition Association's (SNA) SY 2025-26 survey highlights a procurement backdrop increasingly shaped by operational scarcity and financial stress. Labor costs (95.2%), equipment costs (94.5%), and administrative/regulatory burden (94.0%) remain pervasive and, in some cases, rising – reinforcing demand for low-labor, documentation-ready solutions from suppliers such as BRFH that help reduce execution risk. Offsetting this tailwind, rising sustainability concerns and insufficient reimbursement increase price sensitivity and raise the proof burden on value and service reliability.

- **School Nutrition Association's SY 2025–26 survey shows programs squeezed by labor, equipment, and compliance pressures amid worsening financial sustainability**. The SNA's SY 2025-26 School Nutrition Trends Report is a timely temperature check on K-12 operating conditions because it surveys 1,240 unique school districts (survey window 10/1/2025-10/31/2025) and is explicitly designed to surface the most salient current challenges facing school meal programs. For vendors serving this channel, the report highlights that when budgets and staffing are tight, districts disproportionately favor products that reduce labor steps, compliance friction, and service risk. We try to analyze the major findings from the report and their implications for vendors like BRFH below.
  - **Labor cost pressure and limited culinary skills favor operator-proof formats**: Labor remains an overwhelming constraint in K–12, with 95.2% of respondents rating labor costs as a serious/moderate challenge in SY 2025-26 (up slightly from 94.9% last year). Separately, limited culinary skills among staff is now in the top five challenges at 87.8% serious/moderate challenge, reflecting that programs are not just short on headcount, but also on the capability to execute labor-intensive menu items consistently. In practice, this dynamic pushes districts toward formats that reduce training, shrink prep variability, and standardize yields, especially during peak meal windows. For vendors like BRFH, the implication is that schools will increasingly value products that simplify execution and reduce service-line disruption. The commercial bar rises on two dimensions: (i) documentation and training materials need to be simple enough for high-turnover teams, and (ii) suppliers have to be reliable, because labor-constrained kitchens have minimal tolerance for substitutions, late deliveries, or complicated workarounds.

Chart 13: Significant or Moderate Challenges for School Meal Program

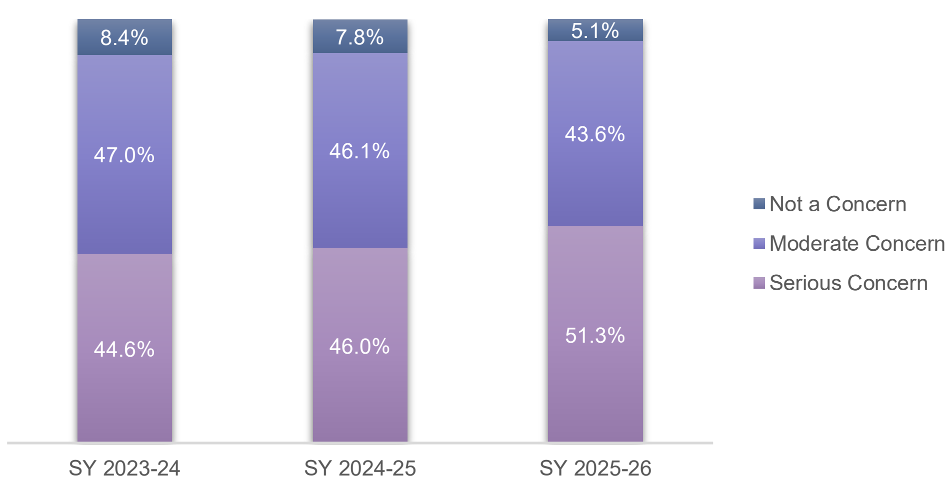


Source: Exec Edge Research, School Nutrition Association. Note: Each bar represents the percentage of school nutrition director respondents who identified a given item as either a 'Significant' or 'Moderate' challenge for their school meal program. Number of responses to items varies. Minimum n = 855; Maximum n = 1,206

  - **Equipment cost inflation raises the premium on low-capex menu additions**: Equipment costs have moved higher as a program constraint, with 94.5% of respondents rating equipment costs as a serious/moderate challenge in SY 2025-26, up from 91.4% in SY 2024-25. That ~300 bps increase is important because it directly affects which menu innovations are feasible: when capital budgets are pressured, districts become less willing to adopt offerings that require incremental kitchen infrastructure, new service equipment, or specialized holding/dispensing assets. In this environment, products that can be implemented using existing back-of-house set-ups, with minimal incremental capex and predictable service throughput, tend to screen as procurement-safe. For vendors like BRFH, this is constructive insofar as schools will prefer formats that can be deployed within current cafeteria constraints, reducing approval friction in bid cycles. The vendor implication is also competitive: even if an alternative product is nutritionally attractive, the total cost of adoption increasingly includes equipment and training, which can tilt decisions toward solutions that are operationally lightweight and standardized.

– **Administrative and regulatory burden increases demand for compliance-ready suppliers**: In SY 2025-26, administrative/regulatory burdens are a top five challenge, with 94.0% of respondents rating them as a serious/moderate challenge. Notably, last year's top five list included staff shortages and procurement issues, but those are displaced in the SY 2025-26 top five by administrative/regulatory burdens and limited culinary skills, suggesting that paperwork + compliance load has become more central in day-to-day operations. For suppliers, this shifts the basis of competition: product quality remains necessary, but vendor selection increasingly rewards those that reduce administrative friction (clean spec sheets, nutrition documentation, predictable ordering, fewer exceptions). For BRFH, the implication is that strong distributor execution and audit-ready product documentation become part of the value proposition. Operationally, the programs' limited bandwidth can also compress willingness to trial products that add complexity, raising the premium on simple implementation and reliable fulfillment.
– **Financial sustainability and reimbursement gaps increase price sensitivity**: The most direct headwind for vendors is the worsening financial outlook for school meal programs. The report shows the share of directors reporting serious concern about the financial sustainability of their programs 3 years out rising to 51.3% (up from 46.0% last year, and 44.6% in SY 2023-24). In parallel, the percentage reporting reimbursement is not sufficient increased to 63.1% for breakfast (from 62.6%) and 69.6% for lunch (from 67.4%). This combination typically tightens procurement: districts may narrow approved product lists, push harder on pricing, and become less tolerant of service issues that create waste or emergency substitutions. For vendors like BRFH, the relationship impact is a higher proof burden: products must be defensible not only nutritionally and operationally, but also economically, with a clear path to either participation lift, labor savings, or waste reduction that offsets unit cost, particularly in districts not offering free meals universally.

Chart 14: Concern About Financial Sustainability of School Nutrition Program 3 Years from Now



Source: Exec Edge Research, School Nutrition Association. Note: SY 2025-26 n = 1,234; SY 2024-25 n = 1,366; SY 2023-24 n = 1,292.

Added-Sugar Limits and Processing Scrutiny Tighten K-12 Procurement Standards

Key Takeaway: K-12 procurement is shifting from broad "healthier" positioning toward enforceable, SKU-level compliance, beginning with added-sugar caps in SY 2025-26 and tightening further under a menu-level 10% weekly calorie ceiling by SY 2027-28. At the same time, the 2025-2030 Dietary Guidelines' focus on added sugars and processed foods heightens reputational scrutiny of packaged offerings. In this environment, suppliers such as BRFH that can consistently deliver compliant SKUs with transparent documentation and stable formulations are better positioned for retention and reduced displacement risk as procurement standards tighten.

- **We believe the added-sugars rules convert K-12 compliance into hard SKU thresholds that directly shape allowable product lists**. Beginning SY 2025-26 (effective July 1, 2025), the USDA's school nutrition final rule introduces the first enforceable product-based caps on added sugars for items that are common in reimbursable breakfasts and competitive offerings. Specifically, USDA limits breakfast cereals (≤6g added sugar per dry ounce), yogurt (≤12g added sugar per 6 ounces), and flavored milk (≤10g added sugar per 8 fl oz; separate allowance for competitive foods in middle/high school). As a result, compliance shifts from broad healthier positioning to spec-sheet enforceability at the SKU level, increasing the probability of portfolio pruning (products that fail thresholds get displaced) and accelerating reformulation cycles among incumbents. Over the next phase, USDA also moves to a weekly ceiling on added sugars (no more than 10% of weekly calories) starting SY 2027-28, raising the bar further because it implicates the aggregate menu composition, not just individual items. Overall we believe procurement will increasingly reward suppliers that can (i) document compliance cleanly, (ii) maintain consistent formulations through bid periods, and (iii) deliver products that fit school workflows without adding labor.

Chart 15: The New Dietary Guidelines are Aimed at Reclaiming the Food Pyramid

Source: Exec Edge Research, USDA, Dietary Guidelines for Americans, 2025–2030

- **Dietary guidance and UPF scrutiny raise the reputational bar beyond numeric limits, tightening menu acceptability**. The compliance bar is being reinforced by a parallel shift in federal and state policy rhetoric toward reducing highly processed foods and added sugars, which can influence how districts interpret "acceptable" products even beyond formal USDA thresholds. The 2025-2030 Dietary Guidelines for Americans explicitly calls for significantly limiting highly processed foods to help meet an added-sugar target, warns against sugary/salty packaged foods, and states that one meal should contain no more than 10 grams of added sugars (while also noting "no amount" is recommended as part of a healthy diet). The revised food pyramid is designed to steer Americans away from processed foods and added sugar while shifting macronutrient emphasis, and notes that school meals will ultimately need to align as USDA updates program rules. Meanwhile, policy attention on ultra-processed foods is broadening: C&EN reports bipartisan momentum and early state-level impacts on shoppers and schoolchildren, alongside industry pushback that favors nutrient-based metrics over processing-based definitions. In school foodservice, the practical implication is tension: stakeholders are calling for fewer ultra-processed foods, while operator groups caution that schools are not equipped to scratch-cook everything, making compliant, pre-prepared options economically necessary.

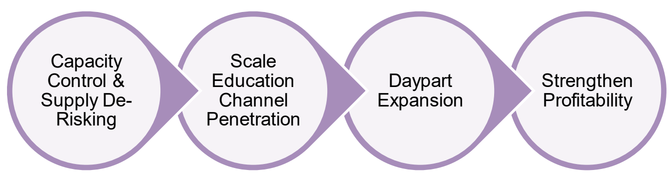
- **From an investment perspective, these dynamics point to a more specification-driven procurement environment in education, where supplier success is increasingly determined by the ability to consistently meet added-sugar thresholds, maintain stable formulations through bid cycles, and provide audit-ready nutrition documentation.** In this context, BRFH’s compliant, portion-controlled platform aligns with tightening procurement standards, while heightened scrutiny of ultra-processed foods raises reputational sensitivity for packaged offerings more broadly. Over time, suppliers that combine transparent ingredient architecture with operational simplicity are likely to see improved retention and higher barriers to displacement.

Growth Strategy

Supply Control to Unlock Penetration, Daypart Expansion, and Margin Recovery

- **We believe BRFH has a well-rounded growth strategy framed around removing operational constraints that have historically limited conversion of demand into repeatable revenue growth and using improved supply reliability to deepen penetration in core channels.** The near-term emphasis is on stabilizing and expanding production capacity, including transitioning bottle supply to higher-capacity partners and integrating owned manufacturing through the Arps Dairy acquisition. With supply constraints easing, BRFH's commercial objective is to bring back school accounts that temporarily paused orders, win incremental distribution through its broker network, and expand product placements across dayparts. In parallel, BRFH is leaning on portfolio expansion, notably Pop & Go, to push beyond breakfast into lunch, which management characterizes as a larger volume opportunity. The intended financial endpoint is margin recovery and positive adjusted EBITDA as scale and manufacturing economics improve.

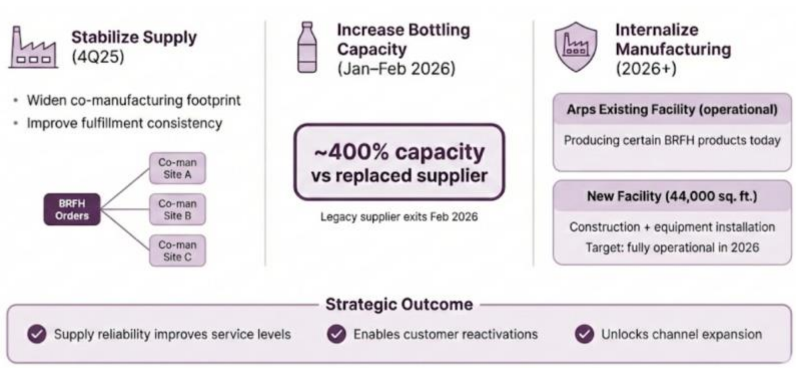
Chart 16: BRFH's Four-Pronged Growth Strategy



Source: Exec Edge Research

- **Rebuilding supply to unlock consistent revenue growth is a key strategic priority.** BRFH's first strategic objective is to de-risk supply and regain control over production capacity, since inconsistent manufacturing has directly constrained customer fulfillment and revenue conversion. Near-term, the company has been widening its co-manufacturing footprint and investing in transitions that increase Twist & Go bottle capacity, including shifting bottling to a higher-capacity partner expected to exceed replaced capacity by ~400% as the legacy supplier exits in February 2026. Longer-term, BRFH is using the Arps Dairy acquisition to materially change its operating model by internalizing manufacturing, which will mitigate co-manufacturing concentration risk and provide direct control over a meaningful portion of production. Implementation is already underway: BRFH has begun producing certain products at Arps' existing facility with plans to expand production in 4Q25 and 2026, while completing construction and equipment installation at a new facility targeted to be fully operational in 2026. The strategic intent is straightforward: supply reliability becomes the gating factor that enables channel expansion, customer reactivations, and improved service levels.

Chart 17: Capacity Control: De-Risk Supply and Regain Production Control



Source: Exec Edge Research, Company Filings

- **Another focus area is to scale education channel penetration**. BRFH's second strategic objective is to expand penetration in the education channel once product availability normalizes, leveraging what management describes as still-low market penetration and a broad distribution network. <u>The operating playbook is best framed as a district land-and-expand funnel: reactivate districts → expand school count within districts → increase serving frequency as programs stabilize</u>. Management has been explicit that supply constraints forced some customers to temporarily remove BRFH offerings but clarified that reinstatement does not require restarting trials or a re-sale cycle; once product returns and the item is placed back on-menu, orders can resume immediately. Implementation is centered on (i) staying in close communication with districts through BRFH's broker network and internal sales team, (ii) aligning inventory builds to seasonal demand ahead of back-to-school, and (iii) using improved co-manufacturing stability and the Arps integration to reassure customers that supply is sustainable. Strategically, BRFH is trying to shift the relationship from availability risk to programmatic adoption, where incremental schools and repeat servings drive compounding volume rather than one-time wins.
- **BRFH's third strategic objective is to increase wallet share per account by using innovation to drive daypart expansion and deeper account penetration, not just incremental SKUs**. Pop & Go is positioned as the clearest example: BRFH has framed the product as a lunch-menu lever and has characterized lunch as a materially larger volume opportunity than breakfast, making Pop & Go a pathway to expand servings per student within existing district relationships. The implementation logic is two-step. First, Twist & Go remains the anchor item that supports breakfast participation and establishes a baseline relationship with Nutrition Directors. Second, Pop & Go is layered into lunch as a clean-label, portion-controlled offering that can scale volume without incremental labor, enabling higher frequency and broader adoption across more schools within a district once supply is consistent. Management has acknowledged start-up issues at a co-packer but continues to tie wider rollout timing to improved manufacturing readiness and expected broader capacity constraints to be resolved by end of 2025. Strategically, the goal is to turn product innovation into account expansion, increasing school count and servings per district while leveraging the same distribution footprint.

Chart 18: 100% Juice Freeze Pops Positioned for Lunch Menu Extends School Daypart

Source: Exec Edge Research, Company Investor Presentation

- **Finally, a strategy goal is to translate scale and supply-chain control into improved unit economics and a clearer path to profitability, with management highlighting positive adjusted EBITDA in 3Q25 as an early milestone**. The implementation hinges on two levers. First, as co-manufacturers reach full capability and shipments scale, BRFH expects operational efficiency to lift gross margin and reduce freight and storage inefficiencies. Second, the Arps acquisition is intended to structurally improve the cost model by eliminating third-party manufacturing fees, reducing freight, enabling more efficient ingredient procurement, and lowering cold storage costs as BRFH transitions production into owned facilities. Near-term margin pressure is possible during the transition, due to including typical start-up and implementation costs and the continuation of Arps' legacy milk processing business at different margin profiles, but these investments should enable margin recovery in 2026 once the transition is complete and the expanded manufacturing footprint is optimized. Strategically, BRFH is trying to move from a supply-constrained growth profile to an integrated manufacturing model where scale benefits are captured internally. The impact of this shift is evident from improvement in adjusted EBITDA from a loss of $124,000 in 3Q24 to a profit of $153,000 in 3Q25, and in management guidance of a $5 million EBITDA target for 2026.

Management Team

Seasoned Leadership with Deep Foodservice Experience

- **BRFH is led by founder and CEO Riccardo Delle Coste, whose operating focus centers on scaling the company's portion-controlled beverage platform while maintaining tight oversight of product development from concept through full-scale production.** CFO Lisa Roger brings public-company manufacturing finance experience and a track record across cost discipline, tax strategy, and acquisition integration, which is particularly relevant as BRFH balances growth initiatives with working-capital management and capacity investments. Beyond the executive team, BRFH benefits from an experienced board with depth across foodservice, beverage, and capital markets, providing governance oversight and strategic support as the company executes in procurement-driven institutional channels and navigates an evolving manufacturing footprint.

Chart 19: BRFH – Executive Management Team

Riccardo Delle Coste – CEO & Founder

Riccardo Delle Coste founded BRFH in 2012 after inventing the company's portion-controlled blended beverage technology in 2005. He leads BRFH's strategy, investor relations, and commercial priorities, and oversees product development from formulation through full-scale production. He previously owned and operated multiple retail juice bars, giving him direct exposure to smoothie economics and execution. Earlier in his career, he worked in investment banking. He has deep experience across retail, hospitality, and dairy manufacturing.

Lisa Roger – CFO

Lisa Roger joined BRFH as Chief Financial Officer in January 2022. She brings public-company manufacturing and financial leadership experience, with a track record spanning cost management, tax strategy, and acquisition integration. Prior to BRFH, she served as EVP and Controller at FreshRealm and as VP of Accounting and Tax at Fox Factory, supporting growth from roughly $200 million to over $1 billion of annual revenue and integrating five acquisitions. Lisa holds a BA in Economics/Business and an MBA from UCLA and is a California CPA (inactive).

Source: Exec Edge Research, Company Website, LinkedIn

Chart 20: BRFH – Board of Directors (in addition to Riccardo Delle Coste)

Steven Lang – Director

Steven has served as a BRFH director since January 2012 and Secretary of Barfresh NV since inception. He brings 40+ years across business, accounting, law, and finance, including roles at Vericap Finance and Babcock & Brown's Australian operations in international structured finance. He holds commerce and law degrees and a Master of Laws, and practiced foreign law in New York.

Joseph M. Cugine – Director

Joseph joined BRFH's board in July 2014 and previously led Barfresh Corporation, Inc. as President (2015–2021). He owns and operates Taco Bell and Pizza Hut franchises in New York and runs Restaurant Consulting Group. Earlier, he held senior leadership roles at PepsiCo Foodservice, including Chief Customer Officer/SVP, and serves on The Chef's Warehouse board.

Alexander H. Ware – Director

Alexander Ware has served as a BRFH director since July 2016. He brings senior operating and finance leadership across restaurants and beverages, including Interim President and EVP/CFO of Buffalo Wild Wings and prior EVP/CFO roles at PepsiAmericas. He also led Foodsby as President and advises food-tech companies. He holds an economics degree and an MBA from UVA Darden.

Isabelle Ortiz-Cochet – Director

Isabelle Ortiz-Cochet joined BRFH's board in December 2016 and is CIO of Unibel, parent of Bel Group. She leads diversification and investment strategy and previously held senior strategic development, marketing, and regional strategy roles at Bel across Europe and the Americas, including time in New York. She holds a master's from ESSEC and an executive MBA from HEC Paris.

Justin Borus – Director

Justin Borus has served on BRFH's board since April 2020 and brings ~20 years of capital markets experience. He is CIO of Ibex Investors, focused on niche strategies including microcap companies. He previously worked in private equity and investment banking at Bear, Stearns in New York and London, and has served on nonprofit boards including the ADL and Colorado Public Radio.

Source: Exec Edge Research, Company filings

Fundamentals & Valuation

Improving Execution Sets Up Rapid Topline Growth and EBITDA Inflection

- **BRFH's fundamentals appear set for a sharp inflection, with 2026E topline expansion of ~129% driven by execution-driven conversion, growing contribution from Arps, continued education penetration, and Pop & Go expansion**. 3Q25 marked an inflection in growth for BRFH, with record revenue of $4.2 million, its highest quarterly level and +16% y/y. This performance was driven by improved production consistency across co-manufacturing partners that allowed BRFH to better fulfill back-to-school demand rather than lose it to service gaps. Gross margin improved to ~37% in 3Q25 vs. ~31% in 1H25, reflecting co-manufacturers reaching fuller capability and a more favorable mix, with management noting comparability to an adjusted gross margin of ~38% in 3Q24. 9M25 results reflect a supply-constrained 1H25 followed by a 3Q re-acceleration, with revenue of ~$8.8 million (+11% y/y) and gross margin of ~34% as the company worked through manufacturing transitions and associated inefficiencies earlier in the year.
- **BRFH reported preliminary 2025 revenue of approximately $14.2 million, representing ~32% y/y growth and a record annual revenue level for the company**. The result reflects improving production consistency and stronger fulfillment across key channels as manufacturing capacity expanded during the year. Importantly, the growth profile remains driven less by demand creation and more by execution-driven conversion, with improving supply reliability and product availability positioning the company to capture incremental demand across education and other institutional channels.
- **BRFH has introduced preliminary 2026 guidance of $30-$35 million in revenue and ~$5 million in adjusted EBITDA, reflecting a step-change in scale as supply normalization and manufacturing integration begin to translate into stronger operating leverage**. The revenue outlook is supported by a full-year contribution from Arps, continued education channel penetration, and expansion of Pop & Go across additional dayparts. At the midpoint of guidance, the outlook implies ~129% growth from preliminary 2025 revenue of $14.2 million, underscoring the magnitude of the expected revenue inflection. Beyond the near-term ramp, management has indicated that the expanded manufacturing footprint could ultimately support annual production capacity exceeding $200 million in revenue over time, highlighting the long-term scalability of the platform as production capacity expands and institutional distribution deepens.

Chart 21: BRFH – Quarterly Revenue

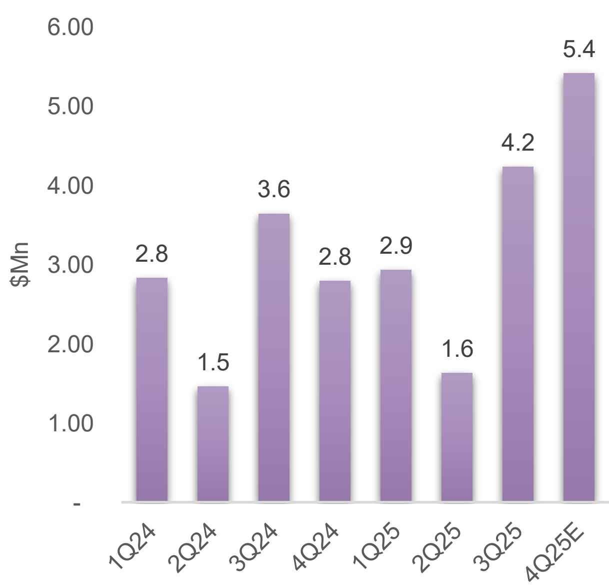
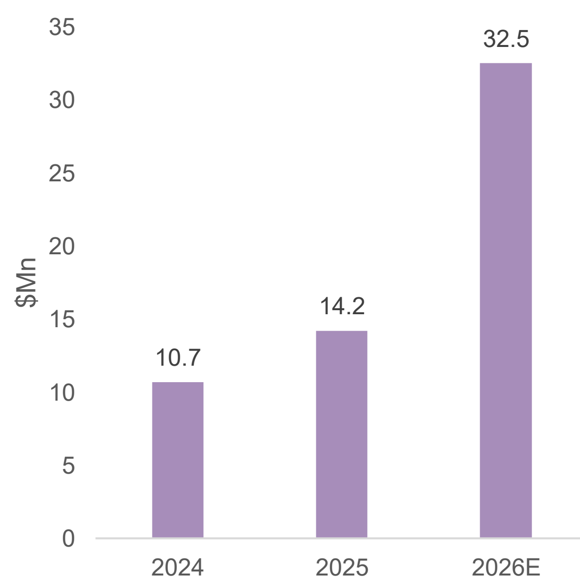


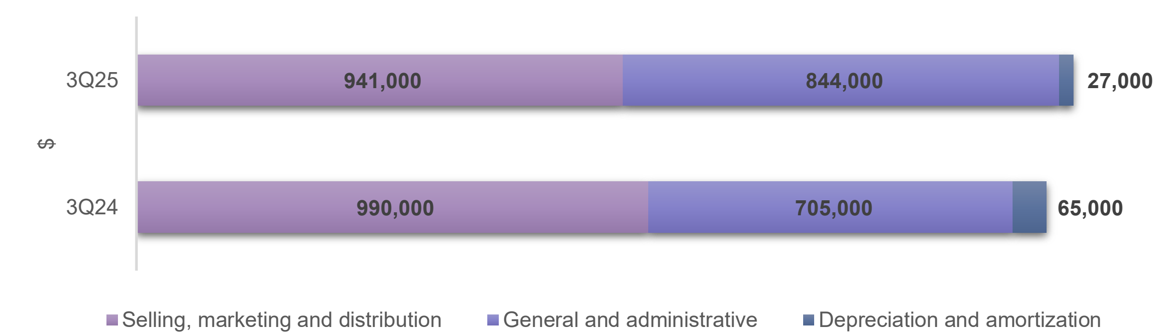
Chart 22: BRFH – Annual Revenue



Source: Exec Edge Research, Company Filings. 4Q25 derived from preliminary FY2025 revenue of $14.2 million. 2026E annual revenue based on midpoint of Management Guidance of $30-$35 million.

- **3Q25 operating expenses highlight early operating leverage even as opex is temporarily impacted by Arps transaction costs.** Selling, marketing and distribution expense was $941,000 (22% of revenue) in 3Q25 vs. $990,000 (27% of revenue) in 3Q24, suggesting that scale is beginning to absorb fixed commercial and logistics costs as volumes recover. G&A came in at $844,000 vs. $705,000 y/y, but the increase was primarily tied to $214,000 of acquisition-related expenses. Management noted that excluding these one-time costs, G&A would have been down 11% y/y. This is important as it separates BRFH's underlying cost structure from M&A and transition spend and also sets up a cleaner read-through to 2026: management has guided for "typical start-up and implementation costs" as BRFH transitions production into the Arps footprint, which can pressure near-term margins even as the steady-state outcome will be a structurally improved cost base. Overall, 3Q25 appears to be the first quarter where gross margin recovery and operating leverage appeared, even as the income statement carried some identifiable, non-recurring acquisition costs.

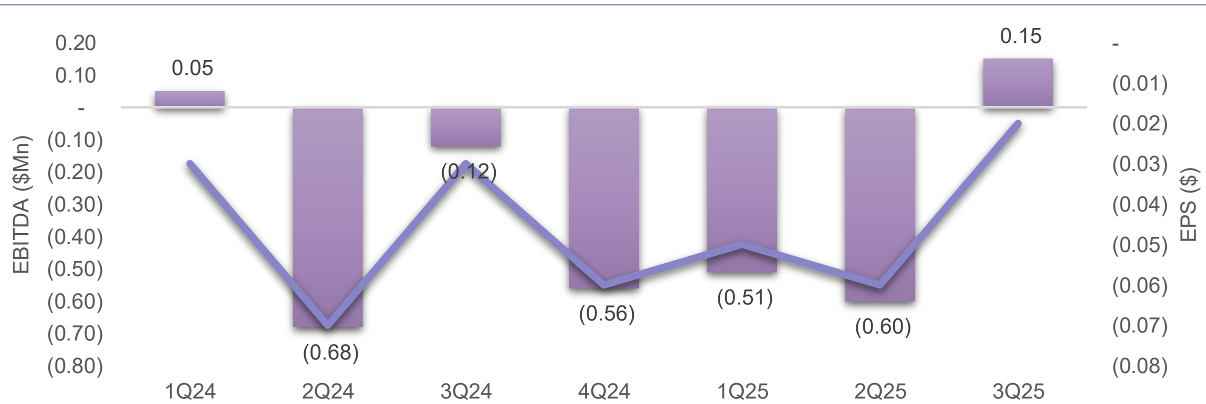
Chart 23: Operating Cost Structure 3Q25 vs 3Q24



Source: Exec Edge Research, Company Filings

- **Management has guided for ~$5 million in adjusted EBITDA in 2026, implying a step-up in profitability as revenue scales and operating discipline strengthens.** BRFH's profitability trajectory improved in 3Q25; however, margin volatility is likely to persist as the operating model transitions toward internal manufacturing. Net loss narrowed to $290,000 in 3Q25 vs. $513,000 in 3Q24, while adjusted EBITDA was a gain of ~$153,000 versus a loss of ~$124,000 a year ago, with management attributing the improvement to higher revenue and gross margin, partially offset by acquisition-related costs. Going forward, near-term margin dynamics will be shaped by: (1) start-up and implementation costs associated with transitioning Barfresh production to the new facility, which may temporarily impact margins; and (2) Arps' legacy milk processing business, which operates at a different margin profile than BRFH's core operations but provides incremental cash flow diversification. Against this backdrop, quarterly profitability may remain uneven as the manufacturing transition progresses. However, the overall trajectory points toward improving profitability as revenue scales and internal manufacturing capacity ramps.

Chart 24: EBITDA Turned Positive in 3Q25 and is Expected to Reach $5 million in 2026



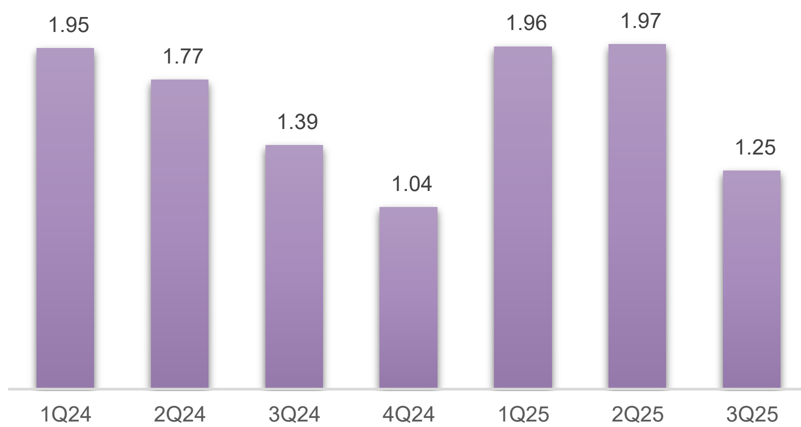
Source: Exec Edge Research, Company Filings

- **BRFH recently strengthened its balance sheet through a $7.3 million senior convertible note financing, providing capital to accelerate completion of its expanded Ohio manufacturing facility and support the company's transition toward greater production control**. The financing – announced on March 9, 2026 – carries a 24-month maturity and includes a conversion feature tied to the company's equity. Proceeds are expected to be used primarily to repay the existing mortgage on the facility and fund the completion of the company's ~44,000 square-foot expansion project. The transaction represents an important strategic development as it improves balance-sheet flexibility while enabling BRFH to accelerate its manufacturing integration strategy. Key benefits include:
  - **Facility ownership and balance-sheet flexibility**: Repayment of the existing mortgage allows the company to own its manufacturing facility outright, eliminating associated debt service obligations while providing greater financial flexibility. Full ownership of the asset may also enable additional capital access in the future through potential refinancing or asset-backed financing structures if needed.
  - **Accelerated completion of the expanded manufacturing facility**: The financing enables BRFH to expedite construction of the ~44,000 square-foot expansion and advance the timeline for bringing the enhanced production footprint online during 2026. Earlier completion should allow the company to begin realizing operational efficiencies and supply reliability benefits sooner than previously anticipated.
  - **Step-change in production capacity**: Once fully operational, the facility is expected to support production capacity capable of generating more than $200 million in annual revenue, representing a significant expansion in BRFH's potential output and providing the infrastructure required to support long-term growth.
  - **Operational efficiency and margin expansion potential**: The expanded facility is expected to incorporate upgraded equipment and a more optimized production layout, which should improve operational efficiency, reduce reliance on third-party manufacturing, and support improved unit economics as volumes scale.
  - **Strategic optionality and new revenue opportunities**: In addition to supporting BRFH's core product lines, the expanded manufacturing footprint may provide opportunities to pursue contract manufacturing arrangements for both internally developed products and third-party brands, potentially creating incremental revenue streams and improving asset utilization over time.
- **Liquidity had historically represented a key gating factor for execution, although the recently completed convertible financing provides additional balance sheet flexibility as the company progresses through its manufacturing transition**. As of September 30, 2025, liquidity comprised approximately ~$4.4 million of cash and accounts receivable alongside ~$1.1 million of inventory, reflecting an operating posture that still requires disciplined working-capital management given the seasonality of education shipments and the need to stage inventory ahead of peak demand periods. With the incremental capital raised, BRFH now has additional resources to support facility completion, working-capital needs, and the ongoing integration of Arps as production scales.
  - BRFH supplements cash with a receivables financing facility that originated in August 2024 and was amended in September 2025 to increase availability to $2.5 million. Borrowings are limited to up to 90% of eligible accounts, bear interest at prime +1.2% plus a 0.15% collateral fee, and are secured by accounts receivable and inventory. The facility expires September 5, 2026, with automatic renewal. BRFH had approximately ~$1.759 million drawn as of 3Q25.
  - Current ratio has trended down, declining from ~1.95 in 1Q24 to ~1.25 in 3Q25 (after a brief rebound in 1H25), signaling tighter short-term liquidity as the company funded growth initiatives and working-capital needs during the manufacturing transition period. This pattern is consistent with higher utilization of short-term financing and greater sensitivity to shipment timing, receivable collections, and inventory turns into peak school demand periods.
  - Overall, BRFH's balance sheet appears structured to support the company through its transition period as production consistency improves and the expanded manufacturing footprint ramps. The recently completed financing adds incremental liquidity support as the company moves toward a more vertically integrated production model.
- **Capex is centered on converting Arps into a scalable manufacturing backbone while minimizing incremental retrofit risk in the near term**. Management indicated that the existing ~15,000 sq. ft. processing facility is already operational and producing certain BRFH products, which reduces the need for immediate heavy retrofit spending simply to begin capturing manufacturing control benefits. The larger capital program is tied to the partially built

~44,000 sq. ft. expansion facility targeted to be fully operational in 2026, which management views as the key capacity unlock supporting both revenue growth and structural cost improvements over time.

- Funding for the expansion is supported by a combination of the recently completed $7.3 million convertible financing and a previously announced ~$2.3 million government grant intended to support remaining build-out and equipment installation. Together, these funding sources provide the capital framework required to complete the expanded facility and bring the new production capacity online as the company scales operations.

Chart 25: Current Ratio (x)



Source: Exec Edge Research, Company Filings

Chart 26: BRFH – Financial Snapshot

Income Statement ($)	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25	3Q25	2023	2024
Revenue	2,829,000	1,464,000	3,637,000	2,787,000	2,930,000	1,625,000	4,231,000	8,127,000	10,717,000
Cost of revenue	1,659,000	955,000	2,377,000	2,058,000	2,030,000	1,119,000	2,679,000	5,243,000	7,049,000
Gross profit	1,170,000	509,000	1,260,000	729,000	900,000	506,000	1,552,000	2,884,000	3,668,000
Operating expenses:									
Selling, marketing and distribution	694,000	583,000	990,000	872,000	824,000	634,000	941,000	2,614,000	3,139,000
General and administrative	855,000	865,000	705,000	618,000	747,000	673,000	844,000	2,686,000	3,043,000
Depreciation and amortization	67,000	66,000	65,000	61,000	67,000	67,000	27,000	400,000	259,000
Total operating expenses	**1,616,000**	**1,514,000**	**1,760,000**	1,551,000	**1,638,000**	**1,374,000**	**1,812,000**	**5,700,000**	**6,441,000**
Loss from operations	**(446,000)**	**(1,005,000)**	**(500,000)**	(822,000)	**(738,000)**	**(868,000)**	**(260,000)**	**(2,816,000)**	**(2,773,000)**
Interest expense	3,000	6,000	13,000	30,000	23,000	12,000	**30,000**	8,000	52,000
Net loss	**(449,000)**	**(1,011,000)**	**(513,000)**	(852,000)	**(761,000)**	**(880,000)**	**(290,000)**	**(2,824,000)**	**(2,825,000)**
Per share information - basic and fully diluted:									
Weighted average shares outstanding	14,500,863	14,722,000	14,744,000	(29,288,863)	15,387,665	15,664,000	15,940,000	13,359,000	14,678,000
Net loss per share	**(0.03)**	**(0.07)**	**(0.03)**	**(0.06)**	**(0.05)**	**(0.06)**	**(0.02)**	**(0.21)**	**(0.19)**

Balance Sheet ($)	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25	3Q25	2023	2024
Assets									
Current assets:									
Cash	1,167,000	383,000	401,000	235,000	1,872,000	712,000	1,891,000	1,891,000	235,000
Trade accounts receivable, net	1,366,000	671,000	1,663,000	829,000	1,499,000	551,000	2,489,000	821,000	829,000
Other receivables	20,000	19,000	30,000	55,000	112,000	22,000	62,000	160,000	55,000
Inventory, net	**1,284,000**	**1,534,000**	**770,000**	1,500,000	1,128,000	1,842,000	1,074,000	1,214,000	1,500,000
Prepaid expenses and other current assets	230,000	122,000	226,000	104,000	189,000	126,000	155,000	67,000	104,000
Total current assets	**4,067,000**	**2,729,000**	**3,090,000**	2,723,000	**4,800,000**	**3,253,000**	**5,671,000**	**4,153,000**	**2,723,000**
Property, plant and equipment, net of depreciation	350,000	300,000	390,000	333,000	308,000	320,000	697,000	409,000	333,000
Intangible assets, net of amortization	226,000	210,000	194,000	178,000	157,000	136,000	125,000	241,000	178,000
Other non-current assets	105,000	92,000	98,000	84,000	72,000	58,000	302,000	7,000	84,000
Total assets	**4,748,000**	**3,331,000**	**3,772,000**	3,318,000	**5,337,000**	**3,767,000**	**6,795,000**	**4,810,000**	**3,318,000**
Liabilities and Stockholders' Equity									
Current liabilities:									
Line of credit	-	-	86,000	609,000	-	-	1,736,000	-	609,000
Accounts payable	1,328,000	843,000	1,220,000	1,200,000	1,422,000	900,000	1,729,000	1,670,000	1,200,000
Disputed co-manufacturer accounts payable (Note 4)	499,000	**499,000**	**499,000**	499,000	499,000	499,000	499,000	499,000	499,000
Accrued expenses	225,000	155,000	270,000	142,000	188,000	64,000	222,000	85,000	142,000
Accrued payroll and employee related expenses	34,000	47,000	48,000	67,000	239,000	81,000	92,000	53,000	67,000
Financing agreements - current			95,000	99,000	103,000	107,000	266,000	-	99,000
Total current liabilities	**2,086,000**	**1,544,000**	**2,218,000**	2,616,000	**2,451,000**	**1,651,000**	**4,544,000**	**2,307,000**	**2,616,000**
Financing agreements	126,000	111,000	151,000	124,000	97,000	69,000	330,000	-	124,000
Total liabilities	**2,212,000**	**1,655,000**	**2,369,000**	2,740,000	**2,548,000**	**1,720,000**	**4,874,000**	**2,307,000**	**2,740,000**
Commitments and contingencies									
Stockholders' equity:									
Preferred stock, $	-	-	-	-	-	-	-	-	-
Common stock, $	-	-	-	-	-	-	-	-	-
Additional paid in capital	63,781,000	63,932,000	64,172,000	64,199,000	67,171,000	67,309,000	67,473,000	63,299,000	64,199,000
Accumulated deficit	(61,245,000)	(62,256,000)	(62,769,000)	(63,621,000)	(64,382,000)	65,262,000	(65,552,000)	(60,796,000)	(63,621,000)
Total stockholders' equity	**2,536,000**	**1,676,000**	**1,403,000**	578,000	**2,789,000**	**2,047,000**	**1,921,000**	**2,503,000**	**578,000**
Total liabilities and stockholders' equity	**4,748,000**	**3,331,000**	**3,772,000**	3,318,000	**5,337,000**	**3,767,000**	**6,795,000**	**4,810,000**	**3,318,000**

Key Cash Flow Items ($)	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25	3Q25		2023	2024
Net loss	(449,000)	(1,011,000)	(513,000)	(852,000)	(761,000)	(880,000)	(290,000)	-	(2,824,000)	(2,825,000)
Net cash used in operating activities	(769,000)	(780,000)	5,000	(685,000)	(506,000)	(1,069,000)	(598,000)		(2,940,000)	(2,229,000)
Net cash used in investing activities	-	(4,000)	(57,000)	8,000	(28,000)	(66,000)	52,000		-	(53,000)
Net cash provided by financing activities	45,000	-	70,000	511,000	2,171,000	(25,000)	1,725,000		1,812,000	626,000
Net increase (decrease) in cash	(724,000)	(784,000)	18,000	(166,000)	1,637,000	(1,160,000)	1,179,000	-	(1,128,000)	(1,656,000)

Source: Exec Edge Research, Company Filings

Attractive Valuation with Scope for Re-Rating as Growth Accelerates

- **Our analysis shows that the BRFH stock has upside potential from current levels**. Please note that the following analysis is for illustrative purposes and is not meant to be a stock recommendation/price target or a buy/sell/hold recommendation on the stock. We use multiple approaches, including absolute valuation (time series) and comparison with trading peers. While we do not have a price target for BRFH, our analysis shows that the stock has upside potential. **Please note that the upside shown in the analysis below is not a stock price target and is just an illustration of the valuation analysis conducted by us**.
- **BRFH currently trades at a discount to both its own historical trading range and relevant peers, despite evidence of an operating inflection and a step-change in revenue growth**. Based on management guidance, BRFH is positioned to deliver ~129% topline growth alongside a profitability inflection with up to ~$5 million of adjusted EBITDA expected in 2026E. This outlook is driven by improved supply reliability, reactivation of education accounts, and incremental daypart expansion – dynamics that are not reflected in the current multiple. At present, BRFH trades at 1.42x NTM P/S (based on 2026E sales of $32.5 million), representing a 40%+ discount to its one-year mean of 2.5x and well below its last one-year peak multiple of 3.92x.
  - **Applying a 3.3x P/S multiple (conservative vs. last one-year peak) to BRFH's 2026E revenue estimate implies a meaningfully higher implied equity value ($6.0/share) versus the current share price**. Importantly, this does not require premium multiple expansion – only a reversion toward prior levels as revenue growth accelerates.
  - **Relative to peers, BRFH trades at 1.42x NTM P/Sales versus a peer average of 2.10x, despite a strong forward growth profile**. We believe this discount is increasingly difficult to justify as BRFH demonstrates sustained reorder cadence in education, benefits from SKU-level compliance dynamics that support retention and establish a clearer margin trajectory as Arps ramps and transition costs normalize.
- We believe re-rating will be driven by execution consistency: consecutive quarters of revenue growth, stable gross margins through the manufacturing transition, and positive adjusted EBITDA. As these milestones are met, we see scope for BRFH's valuation to converge toward historical and peer benchmarks.

Chart 27: Valuation Analysis Based on P/Sales Multiple

P/S Analysis	
FY26E Sales ($Mn)	32.5
P/S Multiple (x)	3.3
Market Cap ($ Mn)	107.3
Shares Outstanding (Mn)	16.0
Price/share ($)	**6.7**
Current Price ($)	2.89
Upside Potential	***132%***

Source: Exec Edge Research. 2026E annual revenue based on midpoint of Management Guidance of $30-$35 million. Data as of 3/11/26 close.

Chart 28: Trading Comps – BRFH vs. Peers

Ticker	Peer Companies	Mcap ($Mn)	NTM P/S
BRFH	**Barfresh Food Group Inc**	**46.3**	**1.42**
KDP	Keurig Dr Pepper Inc	37,567.0	1.45
COKE	Coca-Cola Consolidated	13,931.0	2.33
PRMB	Primo Brands Corp	7,629.0	1.14
CELH	Celsius Holdings Inc	11,748.0	3.46
	Average	**17,718.8**	**2.10**
	BRFH's Multiple vs. Peer Average		*-32.0%*

Source: Exec Edge Research. BRFH's 2026E annual revenue based on midpoint of Management Guidance of $30-$35 million. Data as of 3/11/26 close.

Technical Analysis

Possible Transition from a Short-Term Downtrend Toward a Potential Consolidation Phase

- **BRFH has experienced a period of technical weakness over recent weeks, though early signs of stabilization are emerging**. On the daily timeframe, price action since late January has gradually moved lower from the $3.30-$3.35 area toward the $2.60-$2.70 support zone. On daily charts, we saw a short-term downtrend in February, characterized by lower highs and lower lows, with momentum indicators confirming the weakness. During this period, the Relative Strength Index (RSI) remained mostly below the 50 level, reflecting persistent bearish momentum, while the MACD stayed negative. However, the pattern began to change in early March as prices continued to hold above the recent low of around $2.60. As the stock currently trades at $2.89 (3/11), it may attempt to reclaim the $3.00 level, which now acts as an important near-term resistance. Momentum indicators are also beginning to flatten, with RSI at 52 indicating that selling pressure may be easing even though a clear bullish trend has not yet been established. Over the past seven weeks, BRFH has been forming a consistent pattern of lower highs and lower lows on the weekly charts, indicating sustained but gradual distribution. The current week appears to interrupt that sequence. Price is attempting to hold above the previous week's low and may form a higher low, which would mark the first break in the recent weekly downtrend structure and potentially signal the early stages of consolidation if follow-through buying emerges. Immediate resistance lies near $3.00-$3.05, where the 50-day moving average sits. A sustained move above that level could open the door for a test of $3.25-$3.30, which has repeatedly acted as a strong supply zone. On the downside, $2.60-$2.70 remains the most important near-term support zone. A decisive break below that level could test $2.50-$2.00, which lies close to the longer-term moving averages and prior support levels.

Chart 29: BRFH – Stock Price and Technical Indicators

Source: Exec Edge Research, Barchart.com. Data as of 3/11/26 close.

Ownership

Top Institutional Owners

Chart 30: BRFH – Top Owners

Owner Name	Date	Shares Held	Change (Shares)	Change (%)	Value (In 1,000s)
Ibex Investors LLC	12/31/25	1,440,885	-	0.00%	$4,164
Bleichroeder LP	12/31/25	1,390,758	-	0.00%	$4,019
Vanguard Group Inc	12/31/25	376,746	-	0.00%	$1,089
Morgan Stanley	12/31/25	302,466	52,000	20.76%	$874
Hightower Advisors, LLC	12/31/25	156,255	-	0.00%	$452
Geode Capital Management, LLC	12/31/25	95,564	171	0.18%	$276
Wells Fargo & Company	12/31/25	53,784	(4,000)	-6.92%	$155
State Street Corp	12/31/25	40,636	-	0.00%	$117
Northern Trust Corp	12/31/25	26,129	15,674	149.92%	$76
Blackrock, Inc.	12/31/25	17,253	(2,750)	-13.75%	$50
Marathon Capital Management	12/31/25	15,384	-	0.00%	$44
Financial Consulate, Inc	12/31/25	2,737	-	0.00%	$8
Tower Research Capital LLC	12/31/25	1,956	1,414	260.89%	$6
UBS Group AG	12/31/25	549	(5,104)	-90.29%	$2
Bank Of America Corp	12/31/25	315	(21)	-6.25%	$1
Royal Bank Of Canada	12/31/25	166	166	New	$0
Sbi Securities Co., Ltd.	12/31/25	0	(3)	Sold Out	
Virtu Financial LLC	12/31/25	0	(18,255)	Sold Out	

Source: Exec Edge Research, NASDAQ. Data as of 3/11/26 close.

Risks

- **Supply disruption**: BRFH's operating results are sensitive to disruption across manufacturing, logistics, and cold-chain handling. Because products move through third parties for production, storage, and delivery, events outside BRFH's control, including carrier disruptions, facility downtime, weather events, or other operational interruptions, could delay shipments, reduce fill rates, and impair customer service levels. For an institutional customer base, service inconsistency can translate quickly into delistings, reduced reorder velocity, or lost bid opportunities. Any disruption that coincides with seasonal demand periods can amplify working capital stress, increase expedite costs, and pressure gross margin, particularly if BRFH must reroute production or freight on short notice.
- **Contract manufacturer reliance**: BRFH historically relies on contract manufacturers to produce its portfolio, which limits direct control over capacity allocation, scheduling, and execution consistency. If a manufacturing partner underperforms, experiences internal constraints, or reprioritizes capacity toward larger customers, BRFH may be unable to fulfill demand in a timely manner. Conversely, building inventory ahead of peak periods creates risk of excess stock, higher storage costs, or write-downs if demand timing shifts. The contract manufacturing model can also introduce cost variability through third-party fees and changeover economics, making it harder for BRFH to deliver predictable margin expansion when volumes ramp.
- **Manufacturer dispute**: BRFH discloses a dispute with a manufacturing partner, and litigation outcomes are inherently uncertain. Even if BRFH believes it has strong positions, the timing of resolution and any potential remedies are difficult to forecast, which can create investor uncertainty around costs, management distraction, and potential contingent liabilities. Separately, disputes can have real operating consequences if they result in supply interruptions, the need to transition production, or temporary changes in packaging formats. For BRFH, this risk is particularly relevant because customer relationships in institutional channels can be sensitive to continuity of supply, product consistency, and service levels.
- **Order volatility**: BRFH faces visibility risk because distributors and customers may not be required to place minimum purchase commitments, which can lead to irregular ordering patterns and lumpiness in reported revenue. This variability can complicate production planning, inventory builds, and cash forecasting, especially when lead times for manufacturing and distribution require decisions ahead of demand realization. If BRFH under-anticipates demand, it risks missed shipments and customer dissatisfaction; if it over-anticipates demand, it risks elevated inventory carrying costs and potential obsolescence. Order variability can also distort near-term margin trends due to under-absorption and expedited logistics.
- **Competitive pressure**: BRFH competes against multiple food and beverage manufacturers in institutional channels, many of which have greater financial resources and broader distribution reach. Competitive actions may include pricing pressure, bundling through large distributors, faster product replication, or aggressive promotional activity by well-capitalized players. In addition, blended beverages remain a highly contested category at the consumer level, and shifts in operator priorities or consumer preferences can reduce willingness to allocate menu space to smoothies and related items. If BRFH cannot sustain differentiation through workflow simplicity, compliance fit, and service reliability, competitive intensity could limit growth and compress margins.
- **Liquidity constraints**: Growth in institutional channels can be working-capital intensive due to inventory staging, seasonal builds, and receivables dynamics tied to distributor and large customer payment terms. If BRFH's margin profile or cash conversion cycle does not improve as expected, the company may require additional financing, which could be dilutive or costly depending on market conditions. Liquidity pressure can also constrain BRFH's ability to invest in capacity, product initiatives, or commercial expansion, potentially slowing execution against strategic priorities.
- **Customer concentration**: BRFH discloses meaningful customer concentration, which increases the sensitivity of results to the ordering behavior, contract renewals, and procurement decisions of a small number of counterparties. As of December 31, 2024 the top 5 customers of the company comprised 59% of total sales, with the top 3 commanding 15%, 15%, and 14% share, respectively. The loss of a key customer, a shift in distributor support, or a change in ordering cadence can drive outsized volatility in revenue and gross profit and can also create adverse operating leverage given fixed corporate costs.

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