

H2



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THE EXECUTIVE SUMMARY

STRUCTURE

- ✓ Founded in 2010 by David Freeman, H2coco is 100% Australian Owned
- ✓ Lead shareholders David Freeman, Kyle Sandilands & Toby Browne (Pharmacare)
- ✓ Focus on empowering people's lives towards making everyday healthier

LEADERSHIP

- ✓ Strong leadership with solid MNC corporate experience (Lion, BAC, GE)
- ✓ Proven record of first to market / innovation success
- ✓ Multiple recognition through business awards

BRAND

- ✓ H2coco has the No.1 market share in single serve No.2 in family offering in Retail
- ✓ Achieved revenue CAGR of ~60% from \$1.3M in FY13 to ~\$22.2M in FY19,
- ✓ H2coco is conservatively estimating gross sales of \$43M by 2023

FINANCIALS

- ✓ Current FY19 Gross Sales of \$22.2M
- ✓ Projected 2023 Revenue of \$43m
- ✓ Projected 2023 GP of \$5m

GROWTH PLAN

- ✓ Leverage the H2 brand & organisational infrastructure by
- ✓ Launch expanded functional beverage range with greater health and wellness elements
- ✓ Launch new range of non-beverage products into new categories
- ✓ Achieve sustainable growth in USA, UK & China through current contacts

CAPITAL RAISE

- ✓ Raise \$5m to close Series A @ \$22.2m pre-money valuation
- ✓ Valuation based on 1 x revenue
- ✓ Raise to be closed by 30.11.19

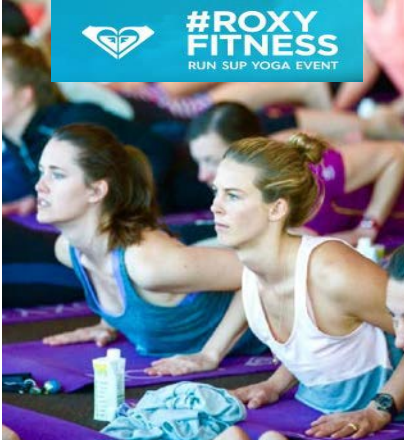


H2

THE BRAND

VISION	A HEALTHIER FRIDGE & PANTRY IN EVERY HOUSEHOLD			
MISSION	TO EMPOWER PEOPLE'S LIVES TO MAKING EVERY DAY HEALTHIER			
CORE VALUES	THE REAL CHOICE			
	REAL VALUES	REAL QUALITY	REAL INNOVATION	REAL HEALTH
OUR COMMITMENT	WE PUT 'BETTER-FOR-YOU' AT THE CENTRE OF EVERYTHING WE DO	WE ARE A CONSCIOUS COMPANY, AWARE OF IMPACTING THE ENVIRONMENT	PROUDLY WORKING WITH SUPPLIERS TO SUSTAINABLY & ETHICALLY SOURCE HIGH QUALITY INGREDIENTS	WE WILL CONSISTENTLY SEEK NEW WAYS TO REDUCE WASTE AND OUR CARBON FOOTPRINT WHILST DELIVERING HEALTHY CONVENIENCE

**WE
LIVE
OUR
BRAND**



THE RECOGNITION

H2COCO HAS A HISTORY OF BEING RECOGNISED
IN THE INDUSTRY INCLUDING:

Best New Beverage Product		David Freeman named the Young Small Business Champion Entrepreneur		Exporter of the Year, Optus My Business Awards.		Telstra Business awards		Small Business Champion Award
2012	2013	2014	2015		2016	2017	2018	2019
	Best Growth Strategy Award, My Business Magazine.		Beverage Supplier of the year <\$500K, JB Metropolitan.		Champion Specialised Small Business, Australian Small Business Champion Awards.		Optus my business - Innovator of the year.	

THE JOURNEY

On the road to Brand Expansion, **H2**
innovations in new categories & more..

2010

2011

2012

2014

2015

2016

2017

2018-19



THE LEADERSHIP

BOARD OF **ADVISORS**



TOBY BROWNE

FOUNDER & CEO -
PHARMACARE PTY LTD.
Market leader in health &
personal care products



JOHN WINNING

CEO - AOL & WINNING
APPLIANCES
Award-winning online
retailer



**KYLE
SANDILANDS**

DISK JOCKEY & TV PRESENTER
Television, film, radio
and music production



David Freeman
H2 Director
FOUNDER & CEO



Davide Graniero
Grocery Sales Manager
*Ex George Weston
Foods and Lion D&D*



John Sy
Planning & Supply
Chain Manager
*Ex Puretec Pty Ltd
(ANZ)*



Rachel Lindley
Marketing Manager
*Ex British American
Tobacco*



David Craig
Brand Manager
*Ex Clients:
Daimler AG
McDonalds
The Hoyts Group*



Ksenia Duff
Finance Manager
*Ex Aquamonix & GE
Capital*

WHO WE PARTNER WITH

H2COCO HAS THE LARGEST NUMBER OF RETAILER DISTRIBUTION POINTS IN AUSTRALIA FOR COCONUT WATER



NO. 2 COMBINED
BRAND MARKET
SHARE IN GROCERY

MAJOR RETAILERS



WHOLESALE & DISTRIBUTORS



PETROL & CONVENIENCE RETAILERS



NO. 1 COCONUT
WATER BRAND IN AUS
74% MARKET SHARE

H2 OWNS TOP 3
SELLING SKUS IN P&C



THE BRAND PERFORMANCE



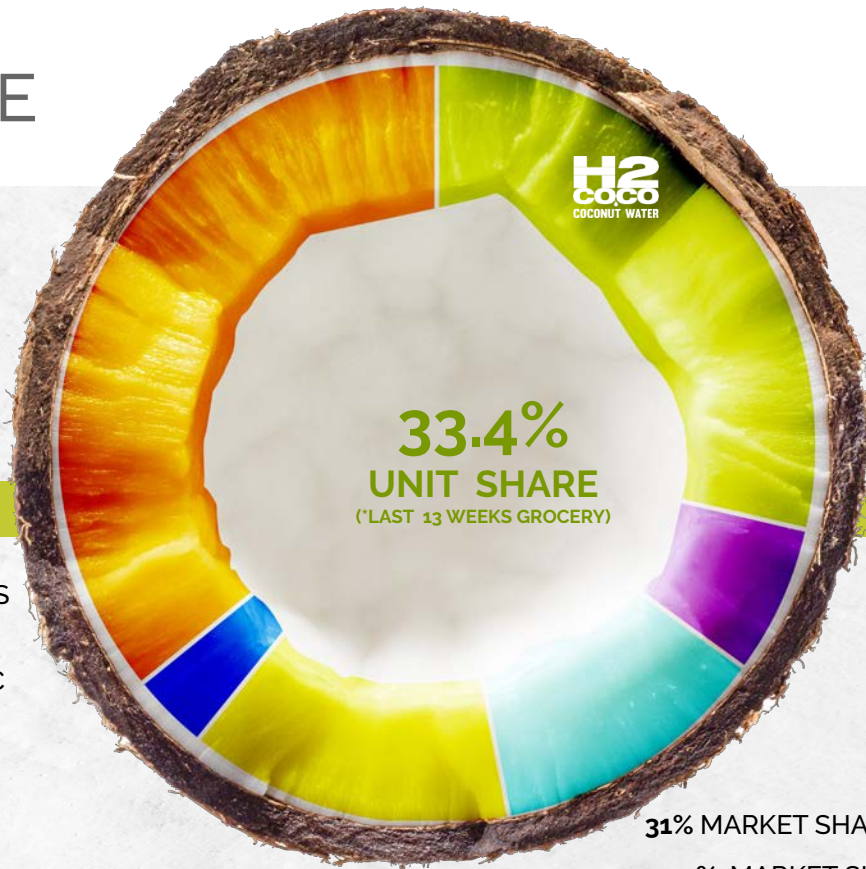
coles
express

TOTAL P & C

NO. 1 COCONUT WATER BRAND IN AUS

74% MARKET SHARE

H2 OWNS TOP 3 SELLING SKUS IN P&C



H2
coco
COCONUT WATER

33.4%
UNIT SHARE
(*LAST 13 WEEKS GROCERY)

coles
Woolworths

TOTAL GROCERY

- CocoBella
- Coles
- H2coco
- Raw C
- Woolworths
- Zico

31% MARKET SHARE IN SINGLE SERVE MAT 52 weeks

24.4% MARKET SHARE IN FAMILY PACK MAT 52 weeks

NO. 2 COMBINED BRAND MARKET SHARE

THE MARKET OVERVIEW

CONSUMER PREFERENCES
CONTINUE TO DRIVE STRONG
GLOBAL MARKET GROWTH



63% of Australians claim diet is the most important wellbeing factor for them, ahead of exercise, appearance and ethics



The global packaged coconut water market is forecast to exceed **\$10.113 billion** by 2023, representing a CAGR of **27%**. Functional coconut water will lead the market growth. Resource: IndustryARC



Healthy Beverage sales have **increased by 36% CAGR** from 2015-2019.



The biotic drinks market is expected to reach **\$46.1bn by 2024**, at a CAGR of 8.44% 2019-2024*



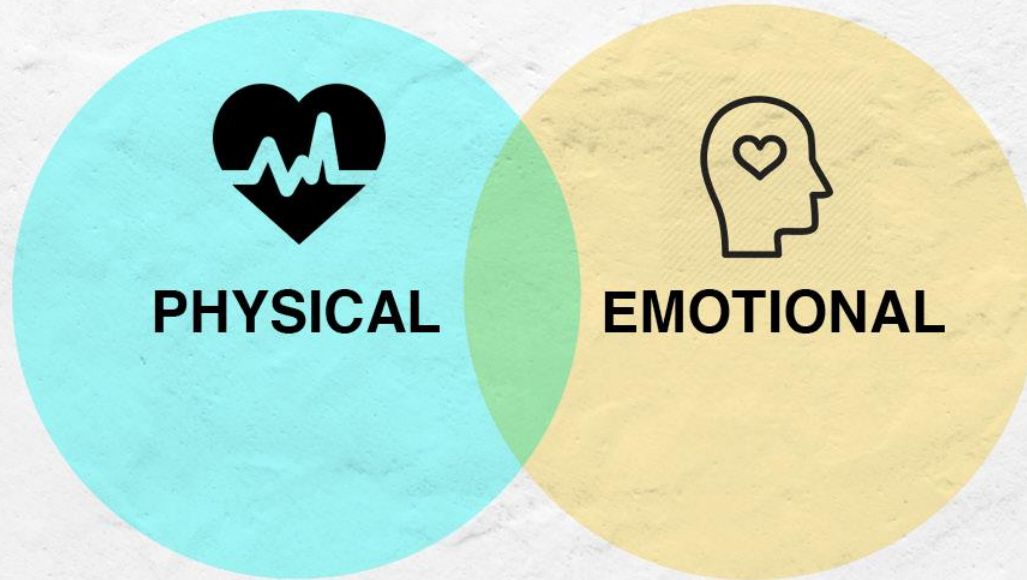
Greater awareness for mental wellbeing and performance (stress, anxiety, brain focus) is becoming an increasing component of holistic wellness



Emotional values (ethics) are increasingly playing a bigger role in decision making

CONSUMER DEMAND

**WELLNESS IS A MULTIFACETED LIFESTYLE:
BOTH PHYSICAL AND EMOTIONAL**

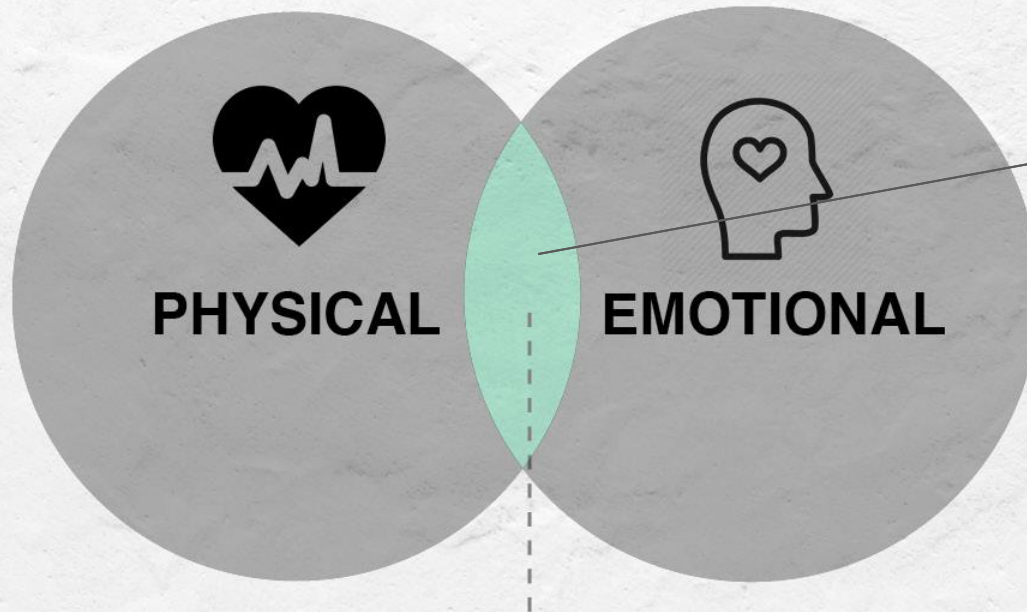


- Diet & Nutrition
- Exercise
- General health
- Weight loss
- Beauty

- Social wellbeing
- Mental wellbeing
- Mental performance
- Ethics & sustainability
- Self care

THE PROBLEM

**BRANDS DON'T FOCUS ON BOTH
PHYSICAL AND EMOTIONAL WELLNESS**



**THE OPPORTUNITY FOR
HOLISTIC, SYSTEMATIC
HEALTH.**

- Diet & Nutrition
- Exercise
- General health
- Weight loss
- Beauty

**Limited offerings in the Australian
market that target these consumers.**

- Social wellbeing
- Mental wellbeing
- Mental performance
- Ethics & sustainability
- Self care

THE SOLUTION

H2
Brain & Body

**HELPING TO DELIVER HOLISTIC, SYSTEMATIC HEALTH
THROUGH A TARGETED RANGE OF PRODUCTS BACKED
BY SCIENCE TO FUEL THE BRAIN & BODY.**



THE EVOLUTION

Below are Brands that looked at where they created meaning in a user's life, not what they created as a product, and that is where they built their brands. Beliefs are more powerful than benefits because they lock in a behavior.

A brand led by belief informs your user's mental model, not just their preferences.

**The H2 Brand is built on a belief.
This is powerful.**



THE FUTURE

NEW CATEGORY EXPANSION

H2

H2 **H2** **H2** **H2**
coco **juice** **MELON** **NaNa**

Expand & evolve the current portfolio to offer
greater health & wellness functionalities

HEALTH - HYDRATION - FUNCTION
VITAMINS - SUPPLEMENTS
WELLNESS

H2
Brain & Body

Introduce a new range that
delivers 'multifaceted wellness'
across a number of categories.



THE CORE RANGE

Multi size packaging for consumption

Pure & Flavoured Coconut water range

Pink Coconut Water

Watermelon water

Juice range



H2 RANGE EXTENSIONS

RECENT LAUNCHES

MARKET
FIRST

**Cold Brew
Bullet Coffee**
Oct 2019



**Banana
water**
Oct 2019



**Real Fruit
Ice Sticks**
Sept 2019



Innovation Pipeline

- ✓ FUNCTIONAL JUICE
- ✓ FUNCTIONAL COCONUT WATER
- ✓ FUNCTIONAL SPARKLING WATER
- ✓ FUNCTIONAL COFFEE
- ✓ KOMBUCHA KORDIAL
- ✓ MORE SEE OVER PAGE

**All Innovation ready to
launch with interest from
retailers.**

Innovation is at the forefront of everything H2coco does as it continues to provide growth opportunities for the brand.

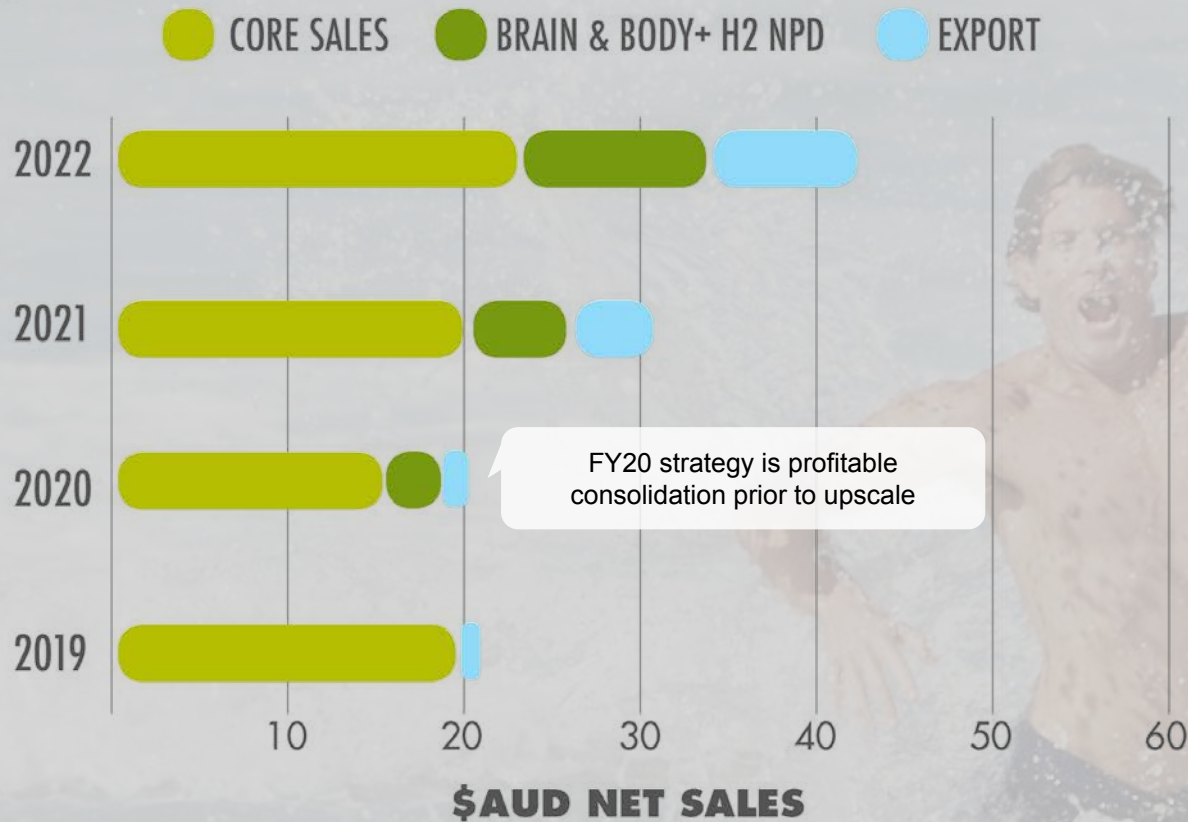
H2 INNOVATION TIMELINE

**MARKET
FIRST**



Due to confidentiality this is not our full range of new products & timings are based on reviews and product lead times

THE 2022 GROWTH PLAN



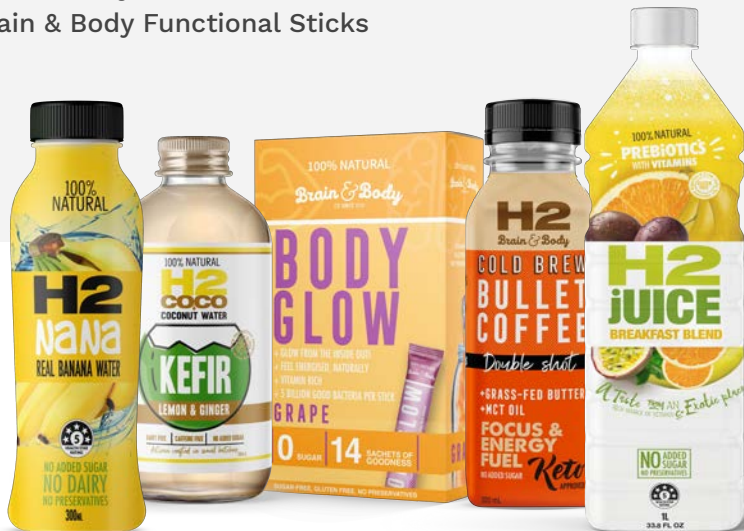
OUR COMPETITIVE ADVANTAGE



THE DOMESTIC AND NEW GROWTH STRATEGY

PRIMARY FOCUS

- ✓ Maintain Core range
- ✓ H2Juice Prebiotic Bio-Blends
- ✓ H2nana Real Banana Water
- ✓ H2coco Kefir
- ✓ Brain & Body Functional Cold Brew Bullet Range
- ✓ Brain & Body Functional Sticks



DOMESTIC EXPANSION

NEW CHANNELS & RETAILERS

- ✓ Chemist Warehouse
- ✓ Aldi
- ✓ Lidl
- ✓ David Jones & BP
- ✓ Independants partnership with Botany Foods
- ✓ Online & Digital sales focus

MAXIMISE CURRENT CHANNELS

- ✓ EDLP strategy in Grocery on core (1L Pure)
- ✓ Gain increased ranging of SKUs

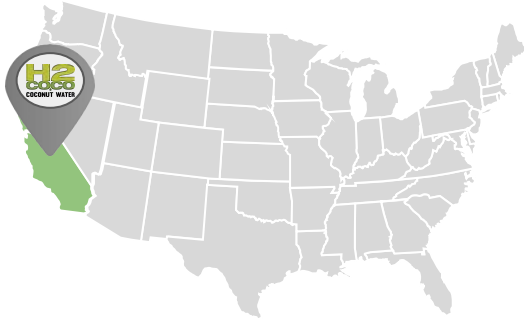


amazon.com



Full financial workbook available

THE INTERNATIONAL EXPANSION STRATEGY



Gelson's



DPI Specialty Foods



USA (Year 1)

CONFIRMED RANGING:

- ✓ 4 major retailers reaching 600+ stores upon launch
- ✓ 3 national distributors
- ✓ 10+ independent retailers & Markets in West Cali
- ✓ Currently submitted into 2 major range reviews with Wholefoods & Kroger, awaiting results
- ✓ Purchase orders issued and ready to start selling

GLOBAL EXPORT (Year 1)

UK

- ✓ Importer engaged
- ✓ Stock recently arrived into UK

JAPAN, HONG KONG, ISRAEL

- ✓ Full Containers being shipped to Japan
- ✓ Hong Kong Ranging in City Super
- ✓ Israel engaged importer

FINANCIALS: 3YR PROJECTION (AUD)

2019	2020	2021	2022	M&A OUTLOOK
Gross Sales 22.2m	Gross Sales 20.5m	Gross Sales 31m	Gross Sales 43m	<ul style="list-style-type: none">• M&A activity in the Food & Beverage sector is rising <p>The average valuation multiple for F&B transactions in the US in 2018 was an EBITDA multiple was 13.8x OR revenue multiple of 2.6x (source:- HT Capital).</p> <p>Example of recent transactions:</p> <ul style="list-style-type: none">- Unilever acquired Tazo Tea for \$384M (or 3.4x revenue)- Mason Wells acquired King Juice for \$215M (or 8.6x revenue)- BAI acquired by Dr Pepper Snapple Group for \$1.3 billion (or ~10x revenue) (net of the \$400M tax benefit)
Revenue 12.0m	Revenue 11.8m	Revenue 18.6m	Revenue 27m	
Gross Profit 2.6m	Gross Profit 3.2m	Gross Profit 6.8m	Gross Profit 11.4m	
EBITDA -1.3m	EBITDA 0.6m	EBITDA 2m	EBITDA 4.5m	
	51%	39%		
		42.5%	60%	
	45.7%		45%	
		32%		

THE KEY INVESTMENT DETAILS

The key details of the investment opportunity are as follows:

Targeted raise amount:
\$5,000,000

Pre-money Valuation:
\$25M
being 1.1 x FY19
Domestic revenue

Equity offered:
16.67% ordinary equity

Closing: **30 November 2019**



THE USE OF FUNDS



**INVENTORY,
NEW SUPPLIERS
SET UP**

\$1.9m



**NEW PRODUCT
DEVELOPMENT**

\$500k



USA - 5 sku's

\$1m



MARKETING

\$1m

H2



WE HAVE BUILT A **STRONG BRAND**
TRUSTED BY CONSUMERS
TO DELIVER HEALTH.
JOIN US FOR THE OPPORTUNITY OF 5x
RETURN ON INVESTMENT IN 3 YEARS



HEALTH 2 U



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