



## EOFY FY20 - Legends Update

Dear Nexba Legends,

FY20 - the year of 'Scale Up' has been both an exciting & challenging period for Nexba as we continue to navigate through COVID-19. Despite the challenges, we finished the year strongly with our first-ever profitable year in the Australian business & a UK business that is set for explosive growth as we head into FY21. We discuss all these wins & challenges in the update below.

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### BUSINESS PERFORMANCE UPDATE

#### FY20 FINANCIAL PERFORMANCE

##### ANZ

- Gross Sales Actual **\$23.4M** vs Budgeted **\$25.3M** vs LY 14.3m YOY growth of 64%
- Gross Profit Actual **\$4.26M** vs Budgeted **\$4.151M** vs LY 2.06m
- **22.3% GP on net sales** vs LY 17.8%. The improvement in GP has been a cross-functional success, with contributions from COGS savings, freight tender, network optimisation, pack format changes, & targeted promotional planning
- **Operational EBITDA in profit**
- The above results are particularly pleasing, given the context of impact from both the Bushfire season and COVID-19

##### UK/EU

- Gross Sales Actual **\$767k** vs LY **291k** YOY growth 164%
- Ranging wins outside of Sainsburys continue to grow with both Booths and WHS Travel
- Local Production of the 1L Sparkling Waters

#### BUSHFIRES & COVID-19 IMPACT

The tough trading conditions reported by the retailers in Dec-Jan due to the bushfires and then COVID-19 Mar-May have clearly had an impact that constrained our promotional activity and in-store activations, resulting in softer than expected scan sales over both the Christmas & Easter periods, that are traditionally the two biggest sales periods in the year.

That said, it has been very pleasing to see just how resilient the Nexba brand has been, by bouncing back strongly & outperforming budget for both May & June.

Overall, we believe the bushfires had a ~15% impact between Dec 19'-Feb 20' & COVID-19 had a ~10% impact between May-Mar 20' on topline sales. These assumptions are based on industry data that was made public by CCA & CCE. Although disappointing as we fell short of our FY20 budget, we believe we've bounced back strongly, hence well poised for a strong FY21.

## **MARKETING PERFORMANCE**

### **Brand campaign**

Nexba's 'Good Sweet' brand campaign is fast taking shape. We're now in the process of securing our preferred production partners and organising shooting around COVID-19 restrictions. We expect the shoot to happen in August/September with the campaign going live in a 'test market' in Oct/Nov. Full nationwide rollout is still on schedule for early 2021.

### **Ambassadors and editorial activity**

We're in the final stretch of our meaty paid influencer/editorial campaign to promote the Live Sparkling Water and Tonic Water ranges. Featuring 17 prominent influencers across Instagram, Facebook, YouTube and TikTok, with a collective reach of 3million. And a 3month partnership with Australia's leading digital parenting publication, Mama Disrupt. Results will be collated once the campaign ends in early August.

### **PR and unpaid influencers**

We've achieved more organic PR than ever before this half. Securing 60+ pieces of coverage including a prime-time weekend breakfast TV slot on Sunrise (C7), a half page in the AFR, a half page in the Herald Sun, recipe placement in GoodFood cookbooks and countless features across Australia's most-read digital publications such as Kidspot, Whimn, Popsugar, Body & Soul. Approximate reach is over 12million.

We've also increased our efforts with micro-influencers and unpaid product gifting activity. Creative mailers, such as custom recipe gift kits, have proved extremely successful. Our most recent Dry July gifting program included 60 unpaid micro-influencers and resulted in 120+ organic Instagram stories and posts with a collective reach of 2.4million.

[Sunrise](#)  
[Herald Sun](#)  
[AFR](#)  
[Body & Soul](#)  
[Ticker TV](#)  
[All other media](#)

### **Social media and recipe strategy**

Social media has seen a large uplift in H2 and we are now sitting at almost 40K followers across Instagram and Facebook. We are implementing a revised strategy that focuses on community engagement, channel growth, and brand/influencer partnerships. We've also ventured into TikTok which covers both the AU & UK markets, and have plans to implement a Pinterest strategy this month. Our organic engagement rate has increased ~40% MoM for the past 3 months.

A large chunk of this growth can be attributed to our revised recipe strategy which has seen us branch out from cocktails to Kombucha chocolate cake, doughnuts, fruit roll-ups, salmon with kombucha tartar sauce and everything in-between! The recipes are increasing engagement across multiple channels including social media and blog content, as well as earning us media hits.

### **Sampling**

Sampling continues to be valuable for Nexba marketing as our products tastes so good. We recently did a sampling campaign for the Live Sparkling Water range with Goodness Me Box – one of the leading subscription boxes providers. We sampled to 3000 of their audience, who align with our own target audiences. 93% specified that they will purchase the product in the near future and 98% would like to try other Nexba products.

We have incorporated significant sampling activity into the FY21 Marketing Strategy and are in discussions with leading meal kit providers like Hello Fresh and Marley Spoon.

## **AUSTRALIA SALES PERFORMANCE**

### **Kombucha**

- Kombucha now represents ~59% of Nexba turnover
- In major grocery ambient aisle, Nexba is now the #1 brand with a 51% share of the market
- Nexba #3 brand in total kombucha market (chilled & ambient) and fast accelerating to the #2 position with 812% growth.
- Secured new ranging in Costco for summer
- Secured +2 incremental SKUs in Coles Express & 7 Eleven
- Secured +1 incremental 4pk Mango in grocery ambient

#### Sparkling Water

- Probiotic Water 4pk cans launched in WW
- Coles continues to perform with our 1L format

#### Soft Drinks

- Coles will be launching 2 new flavours in Passionfruit and Creaming Soda
- New Probiotic soda will launch in Coles in 4pk cans in August
- The range continues to grow in Coles with ~39% growth
- Probiotic soda & Probiotic water will also be launching in P&C securing ranging in 7Eleven, Coles Express

#### Tonic Water

- Nexba has finally secured the launch of 1L.
- 1L accounts for ~80% of the volume sold in grocery. Nexba has replaced our 4pk can format to achieve distribution and is very excited to see the success

#### Apple Cider Vinegar (NEW)

- Woolworths will be launching +2 SKUs this summer

#### Liquid Brekkie (NEW)

- Woolworths have confirmed the launch of 4 SKU's in March 2021 *(Shared in confidence until we launch on-shelf)*

#### Front of Store (NEW)

- Nexba has secured 5 SKU's in approx. 200 stores in Coles front of store chilled fridges
- Nexba is outselling Mojo Kombucha 2:1 in these stores

### UK PERFORMANCE & FUTURE EXPANSION

In our lead international market, the UK, our relationship with grocery retailer Sainsbury's continues to develop strongly with the January launch of functional products performing ahead of expectations and the next new range launch - Nexba Soft Drinks 1L x 2 SKUs - secured for 300 stores in August 2020 with a full in-store support program. This brings our SKU count to 12 in our first 2 years.

#### Beyond Sainsbury's:

WHSmith Travel have extended our agreed listing period for Sparkling Flavoured Waters through to June 2021. We have secured a 5 SKU launch with premium regional retailer Booths across all 28 of their grocery stores. Live conversations are in play with all other major UK retailers including ASDA and Booker, and with key partners in adjacent EU countries Ireland and the Netherlands.

As the UK opens up post the COVID-19 peak, we have re-engaged all other relevant channels and have secured 2 key wholesaler listings in our regions through Tree of Life (England, South East led) and Glencarse (Scotland) making Nexba available to many thousands of independent and small chain retail, health store and foodservice customer outlets. So watch this space!

Online, we have launched the whole portfolio across Amazon and are in the process of securing launch deals with a number of other online retail partners (like Ocado) reflecting the increased current importance of home delivery shopping for our consumers.

Our local manufacturing base is firmly established for Non-Functional beverages including our Sparkling Flavoured Waters and Soft Drinks in can (UK) and RPET (Holland). They can additionally support Nexba Tonics as we bring them to market. We have engaged a number of potential Functional beverage co-manufacturers and have identified 2 key partners who are developing trials with us for our functional ranges across cans, glass and RPET formats. Securing these will allow us to eliminate costly imports from Australia and to improve customer service as demand scales.

Our team now includes a UK based Operations Manager, Pete Talbot, working alongside GM Dave Wallwork and Grocery Ambassador Laura Davies supported by distributor Petty Wood and local marketing agency [Full Fat](#).

We have quickly built a solid presence through PR and online with our consumers including on Instagram (now 3000+ followers), Facebook, and fast-emerging channel TikTok. Our influencer engagement programs, posts, recipes, collaborations, and consumer education messages are bringing the brand to life for our audience which continues to grow at pace.

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### WINNING WITH INNOVATION & AVAILABILITY

#### NEXBA LIQUID BREKKIE - NEW 3 x 250ml Ranging

In collaboration with Woolworths, we've created a range of Naturally Sugar-Free Liquid Brekkie products. This range will sit next to Up&GO, whilst having strong differentiating factors such as 'Naturally Sugar Free' & 'Soy Free', both of which are the biggest barriers of entry to the category for new users.

Ranging Specifics: *(Shared in confidence until we launch on shelf)*

- National ranging in Woolworths supermarkets with 4 SKU's at ~90% distribution from March 2021
- 4 flavours including;

1. Classic Vanilla
2. Ultra Chocolate
3. Strawberry
4. Coffee



#### NEXBA PROBIOTIC SODA & WATER - 330ml can range

Staying true to our innovation driver, we're launching a range of Probiotic Soda & Waters. Coles will be launching nationally with the soda range, whilst Woolworths has also taken 4 x SKU's of the Probiotic waters. This range combines the flavour of our traditional soft drink & sparkling water ranges, with added probiotic benefits. We're very excited to see these products hit the shelves!

Ranging Specifics:

1. Coles will be launching 2 x Probiotic Soda range in August
2. Woolworths has launched 4 x Probiotic Waters that are available in store now.



#### FRONT OF STORE - 450ml PET Range

In a first for Nexba, we've launched our 450ml PET range into Coles front of store chilled fridges. This development is very exciting as it opens up our Kombucha & soft drinks range to an entirely different shopper.

Ranging Specifics:

1. Nexba has secured 5 SKU's in approx. 200 stores in Coles front of store chilled fridges
2. Nexba is outselling Mojo Kombucha 2:1 in these stores



**NEXBA APPLE CIDER VINEGAR - 4x330ml 4PK**

We have secured the launch of our Apple Cider Vinegar range in Woolworths. This range will sit next to our Kombucha products, providing customers with a differentiated fermented offering, hence adding both incremental sales and customer growth to the Nexba brand.

Ranging Specifics:

- 2 x 330ml 4pk's ranged in Woolworths nationally
- Flavour profiles include;
  1. Watermelon & Raspberry
  2. Creaming Soda




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**WINNING WITH PEOPLE**

**Zoe Eaton - Appointment as GM - Ecommerce**

Zoe is a creative, solution-lead and strategic leader with over 20 years experience of building successful brands and businesses in the UK, Australia and New Zealand.

During her career, Zoe has led award-winning teams at Bauer Media and Time Warner before heading into digital startup, driving the marketing strategy at leading automotive site [CarAdvice.com.au](http://CarAdvice.com.au).

Most recently Zoe was CEO of I Quit Sugar, where she evolved the business from a humble startup to one of Australia's most successful health and wellness brands. Driving rapid growth, the business achieved recognition in BRW's Fast 100 and, within three years, had scaled to inspire a global community of over 2m, reaching more than 1m unique users per month.

[LinkedIn Profile](#)





### **Sophie Hanson - Appointment as Senior Marketing & Communications Manager**

Sophie was recently recognised as a Mumbrella Best New Talent of the Year Finalist 2019 and B&T 30 Under 30 Finalist 2019 for her achievements in the communications and experiential fields.

Sophie has experience with both in-house and agency marcomms roles, covering territories across all continents. During her career she has worked with a number of brands including global beauty conglomerates, deep tech giants and game-changing start-ups.

Sophie is particularly passionate about championing innovative companies, people and market disruptors through media, events and experiential activations.

[LinkedIn Profile](#)



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## **CAPITAL RAISE UPDATE**

While we are living in an unprecedented economic climate, Nexba's FY20 performance has much to celebrate. The growing consumer demand for brands in health and wellness continues to enhance our position and with Houlihan Lokey by our side we will continue our momentum in the capital raise process and update when a position is landed.

Don't hesitate to connect directly with Steve Maarbani should you have any queries.

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## **KEY FOCUS AREAS**

1. Securing ideal Growth Capital Partner by September 2020, ensuring Nexba is adequately funding in this next stage of growth.
2. Continued focus on driving sell-through in the major retailers and supporting existing core range to ensure we achieve our FY21 Budget & targets
3. Greater expansion into the On & Off-Premise & Foodservice channels, ensuring business diversification and less reliance on the major retailers.
4. Greater and enhanced support for the UK business as we expand in customers, channels, and range.

FY21 has been dubbed internally as the year of 'LIFT OFF'. We will be sending through shortly a Video Teams invitation for a date in August whereby the Nexba team will take you through our high level 5 Year Strategy. We look forward to seeing you soon.

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## **FY21 LAUNCH PRESENTATION**

FY21 has been dubbed internally as the year of 'LIFT OFF'.

We're excited to share our FY21 budget & strategy, and we will be sending through a video link invitation for a date in August whereby the Nexba team will take you through our launch presentation. We look forward to seeing you soon.

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Thank you for your ongoing support, we hope you're keeping safe & well.

Feel free to give either Troy or myself a call to speak further.

**CHEERS,**

# Drew & Troy



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Nexba The Annex, 601 Pacific Highway St Leonards Sydney, NSW 2065

