

PREPD

A\$1-1.5M SERIES A RAISING

OVERVIEW

- PREPD is a range of hydration-enhancing drinks & powders developed by Preserve Health Pty Ltd (the Company).
- Backed by over 20 years of ground-breaking medical research between Flinders & Yale Universities originally focused on improving medical oral rehydration solutions.
- The research team developed a unique two-step hydration system for athletes using a special resistant starch (RS), proven to boost hydration in the gut, by up to 39%.
- After developing the PREPD products to market-ready stage with JV partner Steric Trading (Staminade), a seed round capital raising of ~\$500K was closed in June 2018 and a further ~\$1m raised in May 2019.
- The products were launched in November 2018, are now sold in 102 sports specialty retail stores in Australia, a supermarket chain in Singapore & online.
- The Company is now seeking to raise A\$1-1.5 million through a Series A funding round (the Raising) to accelerate the commercial roll-out of PREPD.
- Pre-money valuation is A\$4.4million with EOI due 15th July 2020.

PROBLEM

- Fluid loss of >2% bodyweight during exercise is common in most popular sports lasting for one hour or more.
- >2% dehydration reduces athletic performance by up to 30% affecting endurance output, sprint times, power, reactions, decision making & skill execution.
- Sports drinks have 2 key shortcomings: (i) most have too much sugar, which slows hydration, and (ii) they only use the small intestine, ignoring the significant hydration potential of the large intestine.

SOLUTION

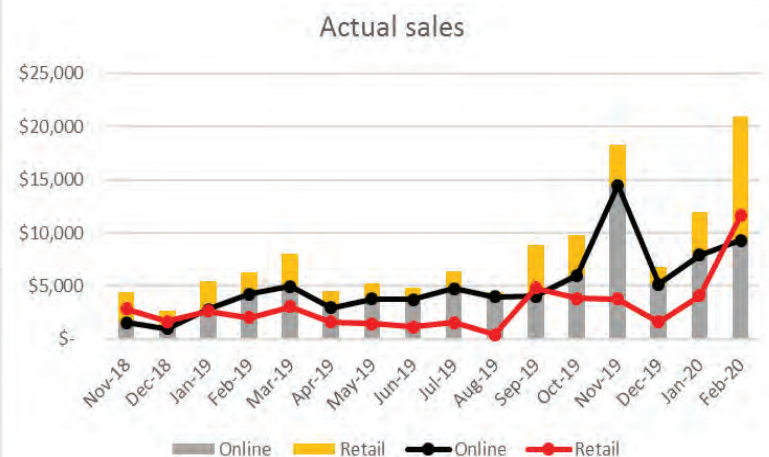
- PREPD is a revolutionary hydration enhancer proven to boost the impact of any sports drink and water, helping athletes perform at their peak longer and recover sooner.
- PREPD is a two-step hydration system;
 - 1) PREPD Prime is consumed 6-12 hours before intense exercise to reduce dehydration for peak performance, and 2) PREPD Recover is consumed immediately after intense exercise to increase rehydration for optimal recovery.
- In 2014, a clinical trial was conducted with AFL players where PREPD demonstrated significantly better hydration compared with leading sports drinks only. Benefits included an 85% lower overall reduction in body weight (fluid) loss.

MARKET OPPORTUNITY

- Global sports nutrition market was worth \$56bn USD in 2019 and is expected to increase in value to \$82bn USD by 2023. Latest trends reveal that many large multinationals are diversifying their product portfolio in the direction of healthier options with low sugar content.
- Health and wellbeing beverage category, as a prebiotic drink.
- Other markets include mining, defence force, aviation industry, emergency services and work place hydration.

HIGHLIGHTS SINCE NOVEMBER 2018 LAUNCH

- Over 100 sports specialty retailers with many averaging >10 x unit sales per week.
- Ecommerce conversion rate: >2.9%.
- Social media engagement rate consistently >10%
- Growing portfolio of elite and rising-star brand ambassadors driven by genuine belief in, and resoundingly positive experiences with the PREPD products - see website for PREPD's brand sporting ambassadors.
- Consistent positive feedback from consumers who experience the hydration and performance difference with PREPD after their first use - see Facebook review ratings and ambassador website testimonials.
- Elite sporting clubs using PREPD include AFL, NRL & A League soccer teams, Pro UCI cycling teams, State and National level cricket teams.
- PREPD ready to drink range was stocked in an high-end Singapore grocer, with 4 stores and online platform in February 2020.
- PREPD new powder tub range was soft launched in February 2020 with two new flavours - Chocolate and Vanilla.
- PREPD new powder sachet range will soft launch in April 2020.
- The full powder range will be officially launched in the media in May 2020. Opening up the PREPD range to the broader export market, instore and online.



COMPETITIVE LANDSCAPE

- Global brands Gatorade and Powerade dominate the mass market within the hydration sub-category of the sports nutrition industry.
- Other global sports drink brands that have up to 40 grams per of sugar per serve, (PREPD has 6 grams of sugar per serve).
- Endurance-focused brands, including Endura and SIS are differentiated by subtle formulation variations of electrolytes and carbohydrates.
- No competing sports drink or supplement incorporates the proprietary RS-based formulations and hydration-enhancing benefits of PREPD which triggers the absorption of up to an additional 5L of fluid through mechanism in large intestine.

PREPD

GROWTH PLAN

TARGET MARKET

- 'Endurance and sport enthusiasts' who train for at least 6 hours per week.

DISTRIBUTION STRATEGY

- Continue to grow the online business within Australia and New Zealand, before selling online in US in Q4 2020 and EU in 2021.
- Grow the PREPD distribution presence within sports specialty stores, gyms and elite sporting teams within Australia, especially along the eastern seaboard throughout 2020/21 with the view of having 250 stockist nationally.
- Expand domestic sales channels nationally into chemists and nutrition stores in Q3 2020, while developing early sales to international sporting teams and building strategic manufacturing and distribution partnerships in the US to launch in mid-2021.

PRICING STRATEGY

- Premium pricing to underpin value proposition.
- RRP: \$7.50 per 350ml ready-to-drink (RTD).
- 50% price premium compared with endurance focused electrolyte drinks (\$4-\$5) and parity with premium protein shakes (\$6.95 - \$7.50).
- RRP: \$4.50 per serve of powder sachet
- RRP: \$3.75 per serve of powder tubs
- Gross wholesale margins >50% with potential for 15-20% cost reduction within 18-24 months with sufficient volumes for production-line automation.

COMMUNICATION STRATEGY

- Further optimise social media, digital marketing and advertising to drive sales through the PREPD website.
- Grow a network of brand ambassadors of elite athletes and sports teams to build awareness and credibility to further drive sales.
- Targeted sponsorship, event activations and sampling to build awareness and immediate product trial.
- Conduct additional clinical hydration trials to further increase scientific credibility behind PREPD brand.
- Utilise PR to leverage ambassador performances, sponsorship and hydration trial results.
- Increase brand awareness through print, radio and tv advertising.

PRODUCT STRATEGY

- Launch PREPD powder range in Q2 2020 including added protein & leucine in the Recover products.
- Launch 2 x new PREPD RTD flavours in Q1 2021.
- Launch prebiotic health drink range in Q3 2021.
- Launch PREPD Hydrate (sports drink) in Q1 2022.

CONTACT DETAILS

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COMPETITIVE ADVANTAGE

- USA Patent granted formulation and Patent pending in AU, NZ, and EU (PCT/AU2014/050338) under very favourable worldwide, exclusive, perpetual IP license.
- Unique, strong and differentiated value proposition and brand story.
- Significant domain expertise in RS.
- Strategic manufacturing equity partnership with Steric Trading.

USE OF PROCEEDS

The proceeds of the Raising will be used as follows:

Item	% of Raising
Sales and Marketing Personnel	30%
Marketing Expenses	50%
Company Overheads	10%
Production	10%
Total	100%

EXIT STRATEGY

- Acquisition with global beverage/nutrition company within 3-5 years after achieving minimum ~\$10m pa in retail-level sales.
- Potential exit valuation multiplier of 4-5x revenue is expected to be achievable based on exemplar acquisitions and Company's IP position.
- Potential acquirers include global beverage and sports nutrition companies such as: PepsiCo, Coca-Cola, Keurig Dr. Pepper, Kirin, Hormel, Glanbia & SIS.

PREPD RANGE

POWDER SACHETS



POWDER TUBS



READY TO DRINK



BOARD AND MANAGEMENT

- Dr. Sinead O'Connell - Chair
- Andrew Perry - CEO
- Prof. Ian Brown - Director
- Richard Browie - Director
- Chris Illman - Advisor
- Con Manos - Advisor

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