exporteers

financial insights for global expansion

Blooming Tea Investor pitch

(Blooming Tea is a fictional brand)

FINE TEAS

Blooming Tea

Blooming Tea wants to expand to the German, Swedish and Swiss market and needs € 800.000

- Blooming Tea is a UK company with £ 10 million turnover in the UK market and approximately € 5 million in several other markets: the Netherlands, France, Spain
- We have researched various other European markets and see the best business case for Germany, Sweden and Switzerland.
- For this we need € 800.000 in investments

Country	Investment	Break-even time	Pay-back time
Germany	€ 450.000	1,8 years	3,2 years
Sweden	€ 180.000	1,7 years	3,5 years
Switzerland	€ 170.000	1,4 years	4,0 years

Structure of this presentation

Brand analysis & USP's

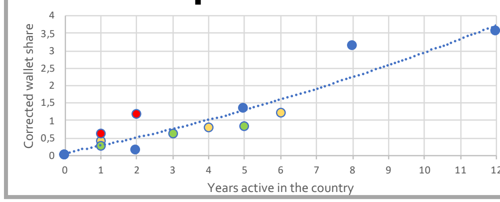
Blooming Tea

Initial market selection

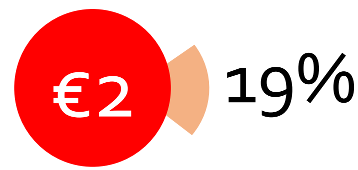
Regulations check

Competitor research

Growth predictions



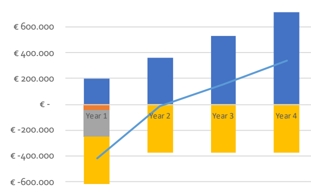
Margin contribution



Key cost elements

- Initial investments
- Retail listing fees
- Marketing costs

Business case



Break-even
1,7 years

Pay-back
3,8 years

Conclusions

first

then

then

exporteers

Done for multiple countries

Brand analysis
Blooming Tea: the natural tea

Blooming Tea

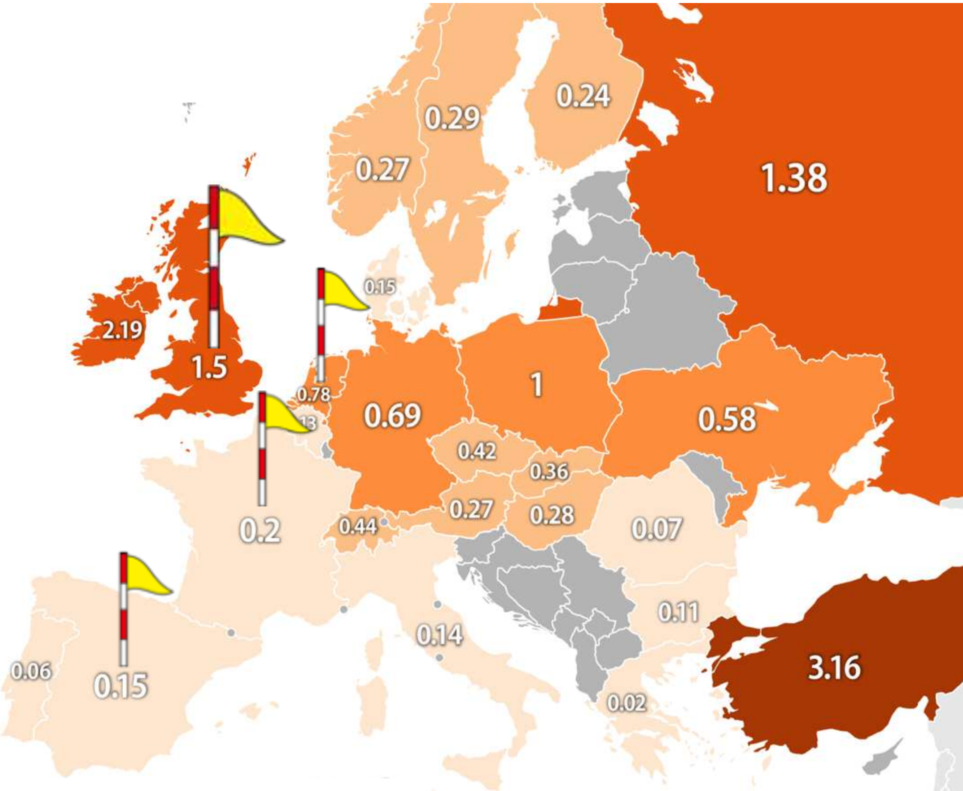
- Blooming Tea is already an established brand in the UK

- The tea distinguishes itself from mainstream brands because:
  - The tastes are not mainstream and bold
  - The ingredients are all natural (although not organic)
  - The packaging is modern and stylish

- The brand story focuses on going back to nature and drink tea as it was supposed to be

Initial country selection: potential new markets based on tea consumption in Europe

- Turkey has the highest consumption, but local production and a different tea culture present challenges.
- Russia is under sanctions, and the Belarus economy is small
- Germany is a key market to consider
- Sweden could serve as an entry point to the Nordics countries
- Poland, Czechia, Hungary, Austria and Switzerland are potential options



annual tea consumption in kg per capita

existing market for Blooming Tea

Regulations check

- Tea is generally classified under HS code 0902xxxx and herbal tea under HS code 21012090
- There are no import duties from the UK to the EU
- Import duties from the UK to Switzerland are 4,1%

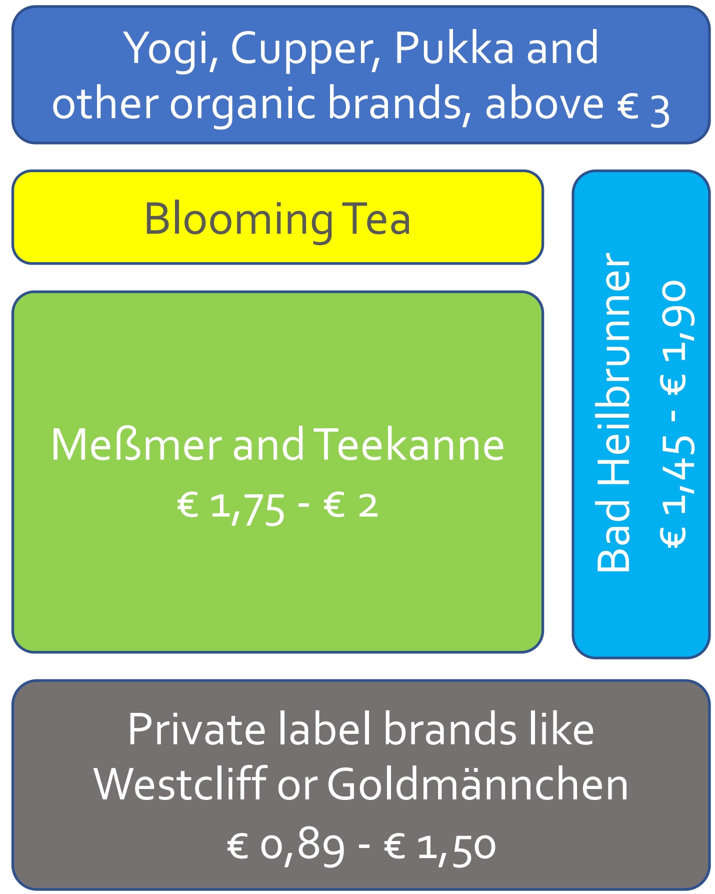
Type of tea	HS-code
Green tea in packings < 3kg	09021000
Other green tea	09022000
Black tea in packings <3kg	09023000
Other black tea	09024000
Herbal tea	21012090

- As Blooming Tea already exports to France, we foresee no regulatory issues for export to other EU countries and Switzerland

Germany: a first look at Edeka’s assortment, the main supermarket chain

Germany: market analysis

- The mid-range market is fully occupied by German players, selling under € 2
- Discount retailers offer their own private label brands
- Premium organic brands occupy the high-end, selling for € 3 and above
- For 'medical teas' the market is taken by Bad Heilbrunner
- There is a noticeable gap between € 2 and € 3: option for Blooming Tea



exporteers

Germany: The primary competition in this segment comes from DM's Teaya 'Taste my world' brand.

Appel, white hibiscus, blackberry leaf, lemon grass

Tulsi, lemon grass, liquorice, ginger root, cinnamon

Lemon grass, appel, liquorice, chicory root

DM holds less than 5% of the market and exclusively offers this brand in its stores

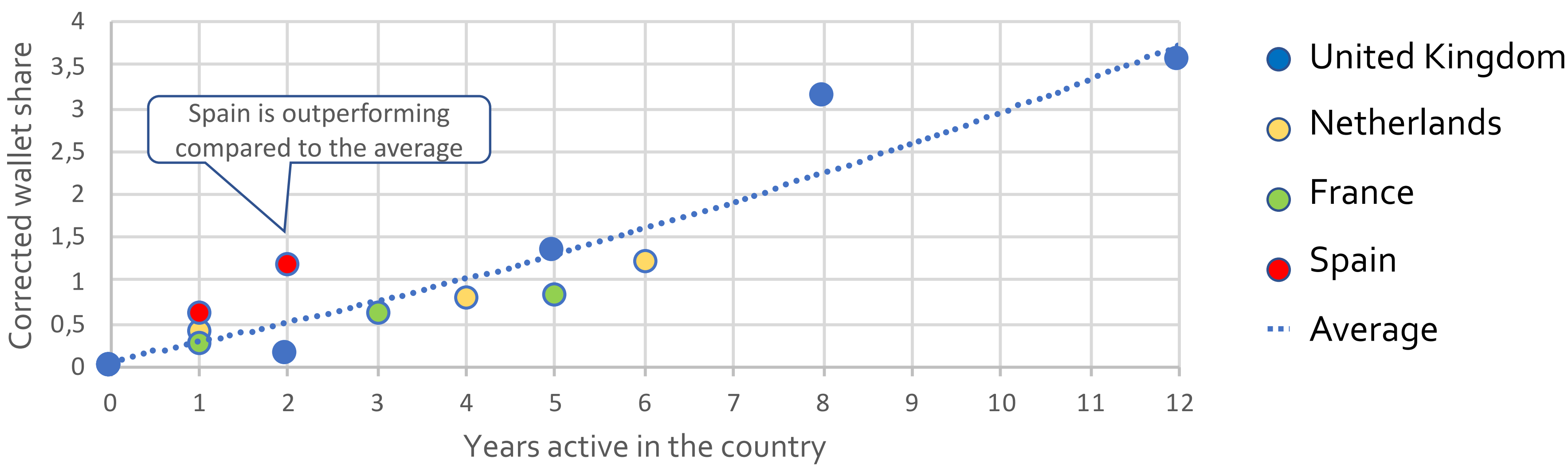
This research was done for all potential markets Summary of the outcomes:

Country	Low segment brands	Mid segment brands	High segment brands	Competition intensity
Germany	Westcliff, Goldmannchen	Teekanne, Meßmer	Yogi, Cupper, Clipper	High
Sweden	Lipton, Euroshopper	Teekanne, Twinnings	Kahls, Johan & Nystrom	Medium
Poland	Saga, Big Active	Teekanne, Lipton	Dilmah, Kusmi	High
Czechia	Pickwick, Teekanne	Lipton, Ahmad	Oxalis, Sonnentor	Medium
Hungary	Pickwick, Teekanne	Lipton, Ahmad, Herbaria	Demmers, Sir Mortong	Medium
Austria	Teekanne, Spar	Lipton, Sonnentor	Demmers, Kusmi	High
Switzerland	Lipton	Twinnings, Teekanne	Sirocco, Mariage Frères	High

exporteers

Expected turnover growth can be projected based on performance in existing markets

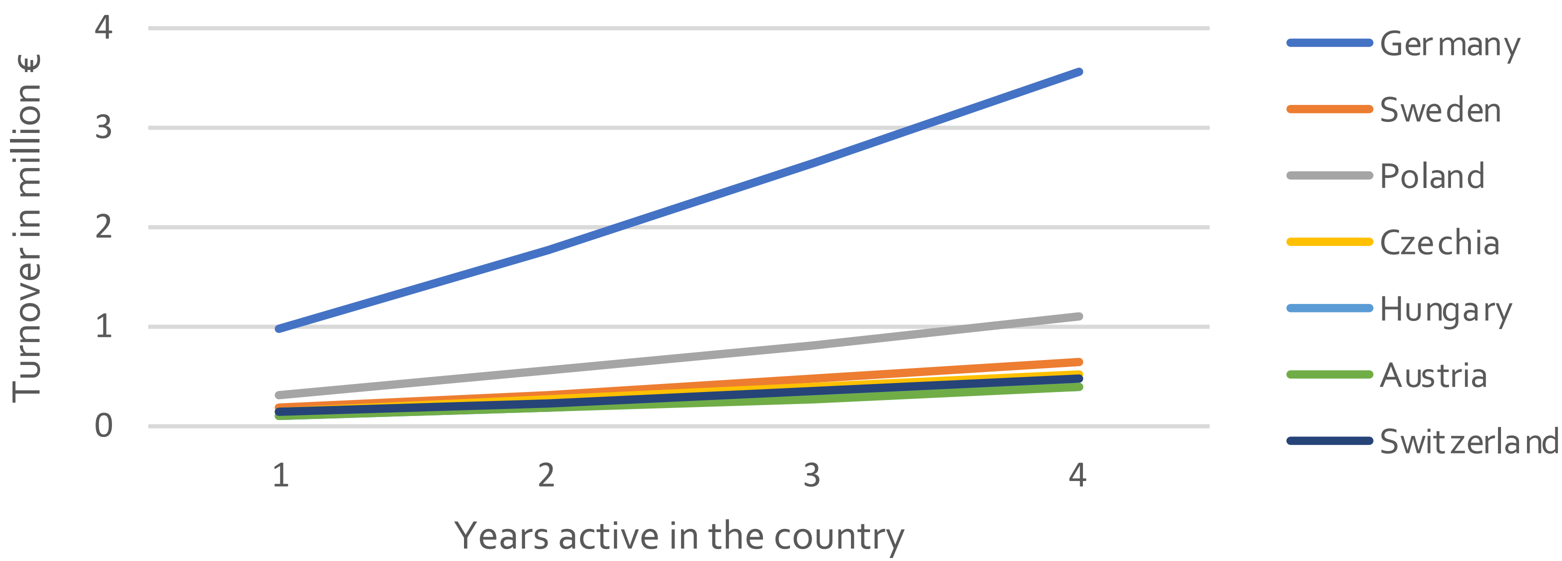
- We have scaled actual turnover data for the UK, the Netherlands, France and Spain to a wallet share (€ per million GDP ppp)
- The average gives a basis for turnover predictions in a new market



exporteers

This growth curve can be applied to new markets, adjusting for the competitive intensity

- As Germany is the biggest market with the most buying power, most growth can be expected there, despite the strong competition



exporteers

Not all turnover is margin

Country	Suggested retail price	Without VAT	Wholesale price for retailer	Cost Price DDP Retailer warehouse	Margin	As % of wholesale price
Germany	€ 2,45	€ 2,29	€ 1,37	€ 1,10	€ 0,27	20%
Sweden	€ 2,65	€ 2,37	€ 1,42	€ 1,13	€ 0,29	20%
Poland	€ 2,35	€ 2,24	€ 1,34	€ 1,11	€ 0,23	17%
Czech	€ 2,45	€ 2,19	€ 1,31	€ 1,12	€ 0,19	15%
Slovakia	€ 2,35	€ 2,24	€ 1,34	€ 1,12	€ 0,22	17%
Hungary	€ 2,85	€ 2,24	€ 1,35	€ 1,12	€ 0,23	17%
Austria	€ 2,45	€ 2,23	€ 1,34	€ 1,12	€ 0,22	16%
Switzerland	€ 2,50	€ 2,39	€ 1,43	€ 1,17	€ 0,30	21%

Based on competitor research

exporteers

Entering a new market requires an initial investment, irrespective of market size

Key cost elements

- Travel to the country and some market research
- Identifying and convincing the right local partners
- Contracting negotiations & logistics setup
- Packaging translations
- Website translations or social media setup

Initial estimate based on our model

- We classify tea packages as a Standard product
- Entry into these markets from the UK is averagely complex
- Estimated base costs 50,000 EUR

Nr	Offering	Market: Simple	Average	Complex
1	Standard product	20.000 EUR	50.000 EUR	80.000 EUR
2	Remote service	30.000 EUR	50.000 EUR	80.000 EUR
3	Product with installation	70.000 EUR	100.000 EUR	150.000 EUR
4	Customized product	70.000 EUR	100.000 EUR	150.000 EUR
5	Customized solution	100.000 EUR	150.000 EUR	250.000 EUR

Specific for retail distribution:
listing fees for the first (half) year

- Retailers often charge listing fees for just putting your product on their shelves
- Shelf space is limited; introducing a new product requires removing an existing one that generates a margin.
- Listing fees offset the risk that a product will not sell: which is common for most introductions
- Listing fees vary by retailer and product category
- An example of a listing fee could be € 200 per supermarket per SKU

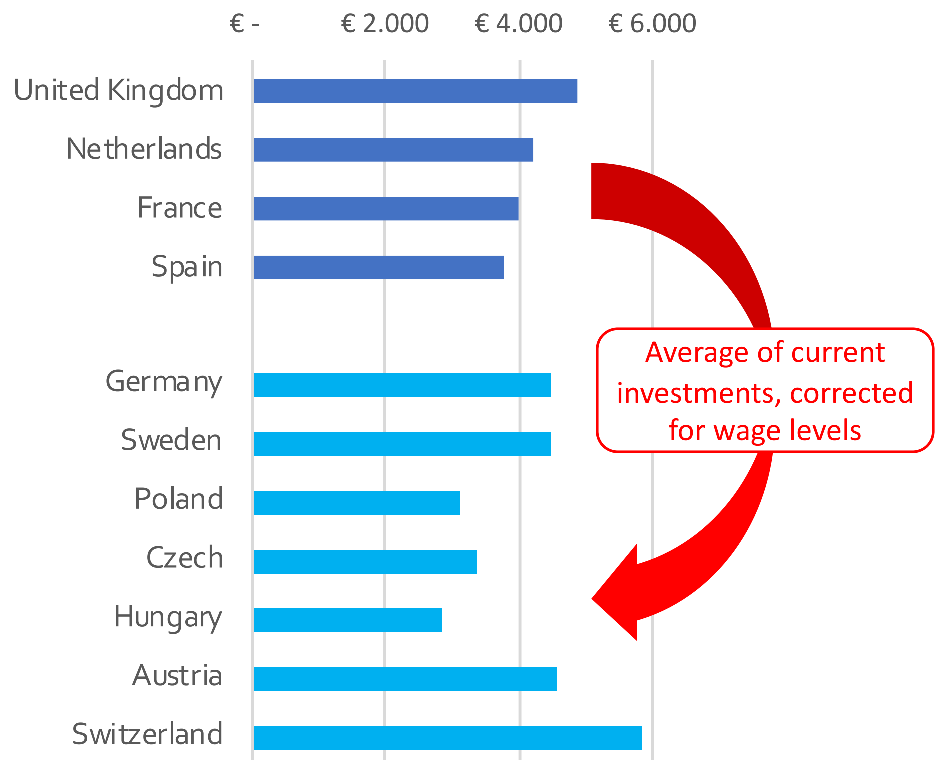
A low-demand Meßmer tea package in a German Edeka supermarket might sell three times daily, generating a €0.40 margin per package. To give Blooming Tea 180 days to promote their product, Edeka foregoes 3 x €0.40 x 180 = €216 in margin per outlet. Therefore, a listing fee of €200 per SKU per supermarket can be considered as fair.

exporteers

Any distributor or retailer will require an investment in marketing to promote the brand

- Retailers only invest in their own store brands or private labels
- You will need to co-invest in promoting your brand, through sampling, events or advertising
- Similar to what you are doing in current markets
- Costs vary based on wage levels and the target audience size in the country

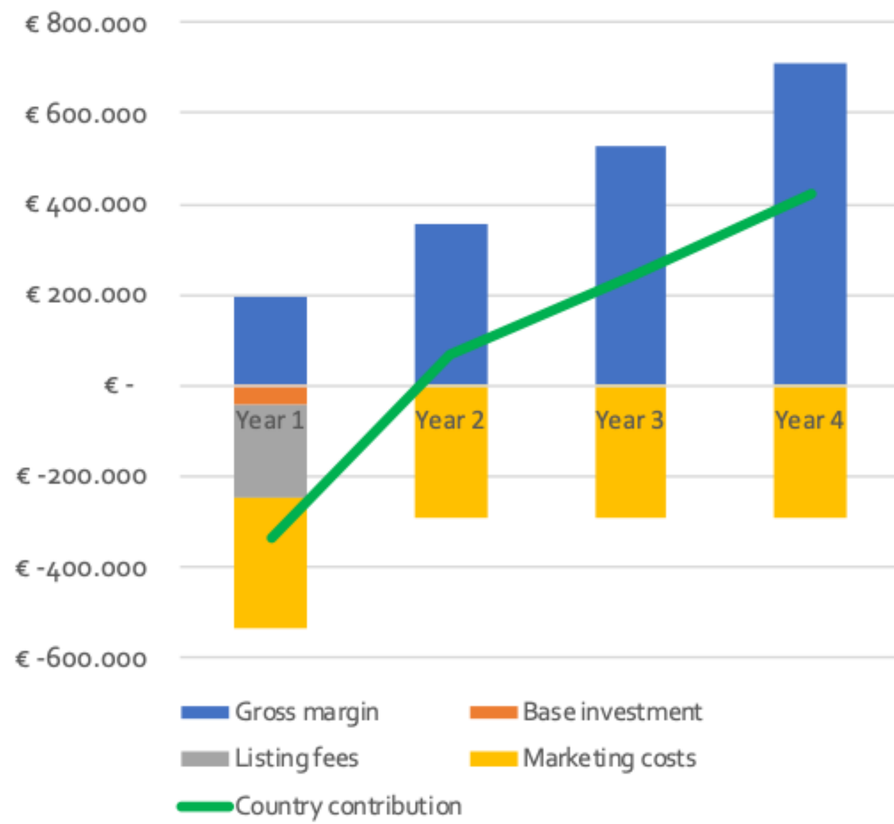
Marketing costs per million people per year



exporteers

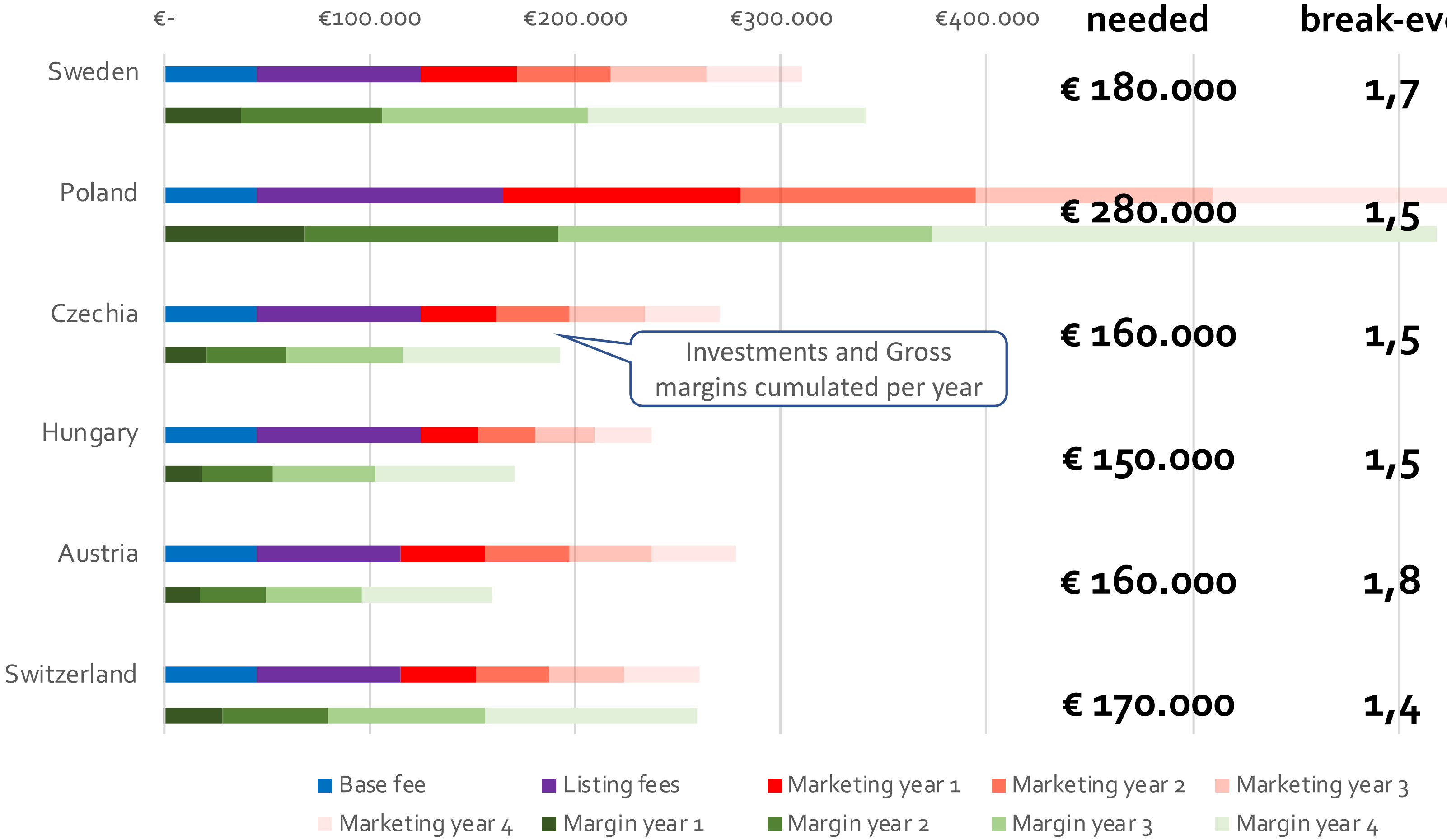
The full business case for Germany

- Expected turnover to reach €3,5M by year 4
- Gross margin 20% of turnover
- Base investment € 50.000
- In year 1 listing fees for 1000 outlets at € 200 each
- Annual marketing costs € 373.000
- Investment needed of € 450.000
- Break-even point after 1,8 years
- Pay-back period of 3,2 years



exporteers

The business case for the other markets with break-even and pay-back times



	Investment needed	Years to break-even	Years to pay-back
Sweden	€ 180.000	1,7	3,8
Poland	€ 280.000	1,5	4,1
Czechia	€ 160.000	1,5	4,7
Hungary	€ 150.000	1,5	4,7
Austria	€ 160.000	1,8	5,6
Switzerland	€ 170.000	1,4	4,0

exporteers

Our proposal to you: invest with us in Germany, Sweden and Switzerland for £ 690.000

- All countries has short break-even periods and pay-back times

Country	Investment	Break-even time	Pay-back time
Germany	€ 450.000	1,8 years	3,2 years
Sweden	€ 180.000	1,7 years	3,5 years
Switzerland	€ 170.000	1,4 years	4,0 years

In total € 800.000, which is £ 690.000

- Current company valuation (see report) is £ 9,5 M
- For this you will receive 7% equity in new shares

exporteers