

21st October 2024

AOHC / Berringa Introduction

Summary for Prospective Investors
(To be read in conjunction with the Information Memorandum)

BERRINGATM



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Executive Summary

The Australian Organic Honey Company (trading as Berringa) was first established over 30 years ago by the Founder and current Chairman, Peter Woodward.

The business has literally weathered economic downturns, droughts, fire, floods, varroa mite and Covid, but is still trading - with tremendous growth upside, particularly internationally.

The range of products offered includes Beeswax for commercial use, Eucalyptus Honey, Honeycomb and Manuka Honey. All the range is sourced and produced in Australia and Berringa has some of the most stringent quality standards in the industry, including operating at the level of FSSC 22000.

AOHC is seeking to raise AUD\$2.25m, with a closing date for Offers of 31st March 2025. Investors will receive Fully Paid Ordinary Shares of AUD\$25.00

An investment in the business will be in the broader company, AOHC Pty Ltd, but the funds will primarily be used to further the development and launch of a range of medical grade Manuka Repair products, for local and international markets. Its worth noting the market for wound care in Australia is worth AUD\$110 million per year, whilst the US market is worth over US\$1 billion per year.

Potential investors might also be attracted by the promise of an 8.25% return on their investment in year 2.



Background and Outlook

The Australian Organic Honey Company Pty Ltd (AOHC) own and operate Berringa a business sourcing, bottling and distributing Australian Eucalyptus and Manuka table honey and related honey products, including beeswax, honeycomb and manuka lozenges. These are primarily sold under the brand name Berringa. The company also markets Manuka for health and therapeutic purposes.

In addition the business bottles honey for third parties, including retailers own brands.

The company's mission has been to focus on high quality Australian products that are sourced ethically and sustainably – products for which there is a ready market not only in Australia, but internationally – in the USA, Asia, the Middle East and Europe - all markets AOHC *already* exports to.

As the financial summary in this document shows, Berringa's sales and profit was heavily impacted by Covid and associated issues. International Beeswax sales all but stopped for a lengthy period and Manuka sales were also adversely affected, but after much work on the supply chain and with customer confidence returning, so **Berringa's sales are seeing a rebound and in FY23/24 revenue was AUD\$4.21m (+ 26% vs FY22/23) whilst GP was AUD\$1.46m (+ 57% vs FY22/23)**

We believe the business has, again, shown itself to be resilient and capable of surviving significant and negative external factors and further believe the business is capable of \$+40% growth for FY 24/25 and strong growth in following years.

Continued growth of the business will be fuelled by distribution expansion overseas (especially to the US Market), the continued return and expansion of beeswax business and successful development work in the field of medical grade manuka repair products.

Our mission

“ Australian Organic Honey Company Pty. Limited (AOHC) constantly strive to ensure our products are world class. We are committed to minimising our carbon footprint, to encourage biodiversity and we champion the production of foreign chemical residue free honey and beeswax. AOHC actively supports ethical and sustainable farming practices and the best of the Australian Apiarist industry”

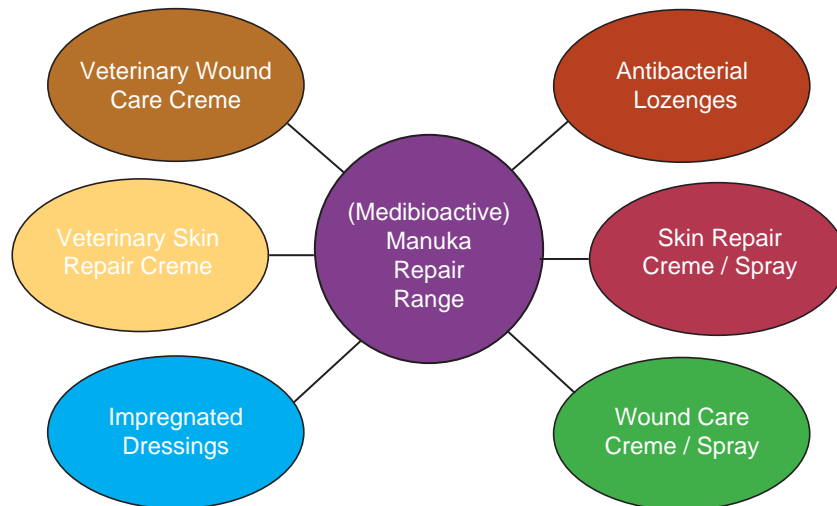


Medi Bioactive Manuka

The antibacterial nature of higher grade Manuka honey's lends itself to applications in the therapeutic and health and wellbeing markets. From the repair of skin blemishes to wound care, including use with diabetic ulcers. Manuka is already accepted and marketed in a range of products for consumers and health professionals in Australia, the USA, The Middle East, Europe and beyond.

AOHC has already invested significant funds in the development of oral and topical manuka ointments, but now wishes to further develop these for market readiness (which will involve formulation changes, further trialling and the development of sales and marketing materials) and an engagement program.

The new range will include manuka based cremes, gels and sprays and the plan is that they are TGA licensed, to be sold through pharmacies and other wound care specialists – as well as into the institutional health care system.



Berringa's higher grades of Manuka have five scientifically proven natural actions:

1. Potent antibacterial properties that have been shown to be effective against MRSA / Golden Staph and 80 different human disease forming pathogens
2. A stimulatory effect on the growth of wound and skin tissue
3. Hydrogen Peroxide releasing enzymes that clean the skin.
4. Contains antioxidants which help protect the body from harmful free radicals.
5. Hydrates the skin by attracting moisture from the air.

Development of a range of therapeutic products will involve substantial liaison and collaborative works with TGA and scientific consultants already well known to AOHC. It is also envisaged that these therapeutic products will have an application submitted for NDIS approval and gain broad distribution in pharmacies and other health care related re-sellers / institutions.



Investment

The company (AOHC Pty. Ltd.) is offering up to 90,000 shares at an issue price of AUD\$25.00, to raise up to AUD\$2.25m.

The key terms and conditions of the offer are set out below:

Term	Details
Shares	Fully Paid Ordinary Shares
Price	AUD\$ 25.00 per Share
Min. Subscription	AUD\$ 25,000
Opening Date	21st October 2024
Closing Date	31st March 2025

Allocation of funds

The table below sets out the intended use of funds raised under this Offer

Intended use	Subscription amount
Research and development	\$500,000
Investment in new raw materials (primarily high grade honey)	\$1,200,000
Marketing / Sales support activities	\$415,000
Offer costs	\$135,000
Total	\$2,250,000

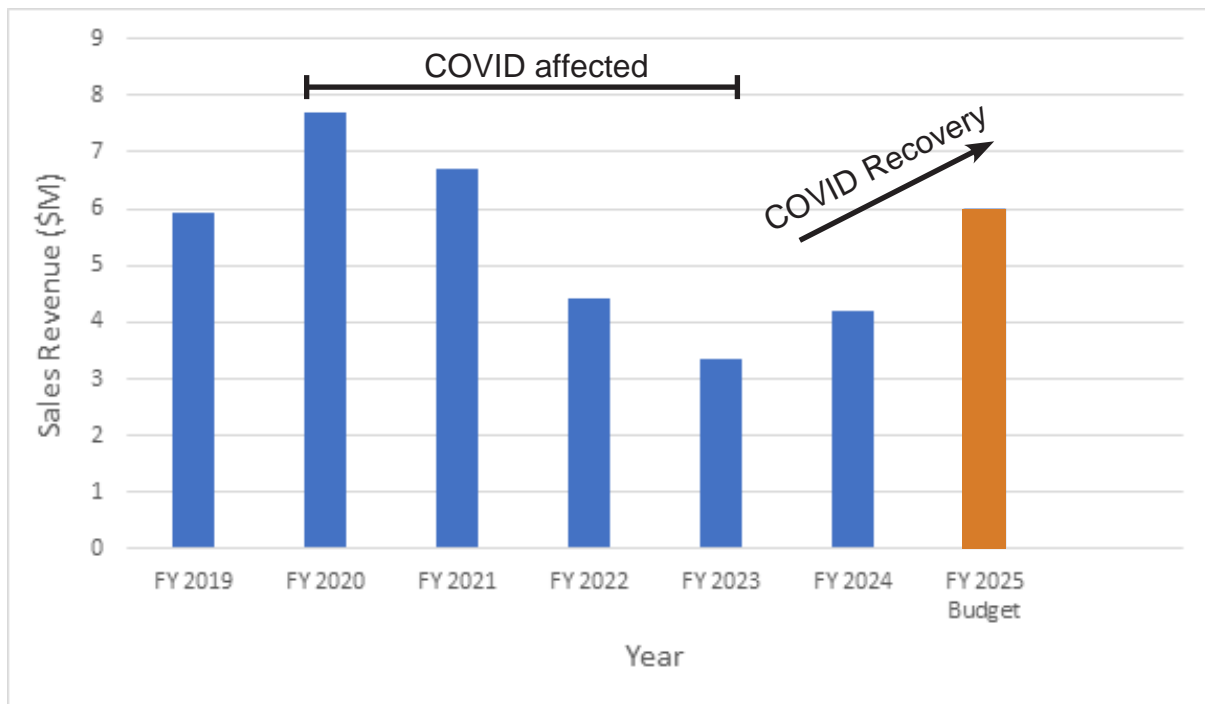


Financial Summary

The following financial summary covers the immediately pre, during and now 'after' COVID affected trading periods for the business.

It demonstrates how running into the lengthy period affected by COVID, AOHC's growth stalled. With domestic and international markets adversely affected by the pandemic revenue fell. The whole team at Berringa worked hard throughout and succeeded in re-engineering the business to help AOHC rebound. This work has now set in motion a number of substantial growth initiatives, as previously outlined.

Sales Overview



A more detailed look at the business follows with the Profit and Loss statements for FY 21,22,23 and FY24 on the next few pages.



AOHC P&L

	Year ended 30 June 2023 \$	Year ended 30 June 2022 \$	Year ended 30 June 2021 \$
Sales			
Sales	3,349,538.26	4,423,366.16	6,704,934.31
Less: cost of sales			
Opening inventories	1,333,277.65	1,697,080.39	1,948,917.26
Purchases	2,005,533.85	3,033,509.86	4,602,869.53
Closing inventories	(917,228.28)	(1,333,277.65)	
	<u>2,421,583.22</u>	<u>3,397,312.60</u>	<u>4,854,706.40</u>
Gross profit from trading	<u>927,955.04</u>	<u>1,026,053.56</u>	<u>1,850,227.91</u>
	┆	┆	┆
Expenses			
Accountancy Fees	50,967.50	113,132.50	50,643.73
Advertising	123,513.14	111,365.96	38,060.15
Amortisation	-	448.78	-
Bad Debts Written Off	-	56,946.00	1,134.50
Bank Charges	8,759.91	15,090.37	53,630.09
Bookkeeping	1,109.09	29,280.00	65,100.00
Cleaning	173.24	518.15	3,634.33
Computer Costs	30,197.90	40,352.49	39,711.66
Consultancy Fees	67,703.66	128,904.45	450,813.42
Depreciation	59,999.88	93,166.00	111,200.00
Directors' Fees	272.73	-	199,200.00
Donations	33,327.73	1,615.29	-
Fees & Permits	3,303.00	12,562.95	10,783.50
Filing Fees	83,334.69	2,043.00	2,875.00
Freight outward	17,363.78	95,169.78	137,459.30
Insurance	118,826.49	17,411.48	20,240.71
Interest Paid	30,718.81	77,857.33	82,579.04
Legal Costs	7,004.76	(33,543.48)	(2,464.89)
Light & Power	-	4,055.93	2,468.70
Marketing	14,362.01	33.58	8,898.01
Motor Vehicle Expenses	10,675.83	17,397.10	31,108.02
Printing & Stationery	44,609.03	8,493.55	10,974.00
Rent	16,612.11	42,820.04	36,489.97
Repairs & Maintenance	5,582.04	28,382.26	40,494.02
Staff Training & Welfare	6,491.65	11,036.13	23,272.73
Subscriptions	4,008.61	11,145.88	15,193.52
Sundry Expenses	47,545.33	4,898.19	783.79
Superannuation Contributions	8,881.89	52,250.35	56,738.99
Telephone & Internet	50,967.50	9,893.41	12,991.84
Travelling Overseas	6,988.01	-	-
Travelling Expenses	2,715.17	1,667.59	-
Wages	271,305.73	235,435.35	172,614.69
Website Management	575.41	308.74	4,658.69
Workcover	8,970.08	10,266.76	17,461.07
	<u>1,085,899.21</u>	<u>1,200,405.91</u>	<u>1,698,748.58</u>
Other income			
ATO Cash Flow Boost	-	-	50,000.00
Expenses Reimbursed	-	-	240,000.00
Government Grant Lift	-	-	10,000.00
Profit on sale of Assets	-	24,500.00	-
	<u>-</u>	<u>24,500.00</u>	<u>300,000.00</u>
Net profit (loss)	<u>(157,944.17)</u>	<u>(149,852.35)</u>	<u>451,479.33</u>
Retained earnings (accumulated losses) at the	<u>388,970.40</u>	<u>339,622.75</u>	<u>(111,856.58)</u>
Retained earnings at the end of the financial	<u>231,026.23</u>	<u>189,770.40</u>	<u>339,622.75</u>



AOHC P&L

	2024
	\$
Revenue	
Sales	4,206,983.92
Less: cost of sales	
Opening inventories	917,228.28
Purchases	2,527,732.86
Closing inventories	(698,497.69)
	<hr/> 2,746,463.45
Gross profit from trading	<hr/> 1,460,520.47
Expenses	
Accountancy Fees	32,500.00
Advertising	59,903.52
Bank Charges	6,801.15
Bookkeeping	1,218.18
Cleaning	30.91
Computer Costs	33,136.68
Consultancy Fees	73,924.23
Depreciation	-
Donations	2,541.73
Fees & Permits	37,828.14
Filing Fees	5,055.00
Freight outward	96,244.23
Insurance	14,292.22
Interest Paid	100,675.65
Legal Costs	20,588.82
Light & Power	7,719.33
Motor Vehicle Expenses	14,591.50
Payroll Tax	(705.24)
Printing & Stationery	13,801.86
Rent	65,528.54
Repairs & Maintenance	11,517.87
Staff Training & Welfare	5,813.19
Subscriptions	5,323.34
Sundry Expenses	2,800.07
Superannuation Contributions	28,596.14
Telephone & Internet	8,582.21
Travelling - Overseas	-
Travelling Expenses	480.52
Wages	266,777.89
Website Management	491.83
Workcover	11,932.10
	<hr/> 927,991.61
Other income	
Bad Debts Recovered	3,410.00
	<hr/> 535,938.86
Net profit (loss)	<hr/> 233,451.78
Retained earnings at the beginning of the financial year	233,451.78
Retained earnings at the end of the financial year	<hr/> 769,390.64 <hr/>



Company Technical Information

Company name	Australian Organic Honey Company Pty Ltd <i>trading as Berringa</i>
ACN	006 435 696
Date of incorporation	19 June 1985
Registered office	Lanteri Partners Management & Accounting Services Pty Ltd Ground Floor, 1 Collins Street, Melbourne VIC 3000
Principal place of business	24 Westside Drive, Laverton North VIC 3026
Directors	Peter Douglas Woodward Loh Keong Wing (Danny)
Company secretary	Peter Douglas Woodward
Subsidiary	Medi Bioactive Australia Pty Ltd ACN 135 007 091
Website	www.berringa.com
Production facilities and capabilities	2787 square meters of space customised for packing honey. Two production lines. Capacity for expansion.
Product range	Manuka Honey, Eucalyptus Honey, Honeycomb, Beeswax
Key certifications and accreditations	FSSC22000, ACO, Halal, Kosher



For more information

For a comprehensive and more detailed Information Memorandum or other queries please contact:

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