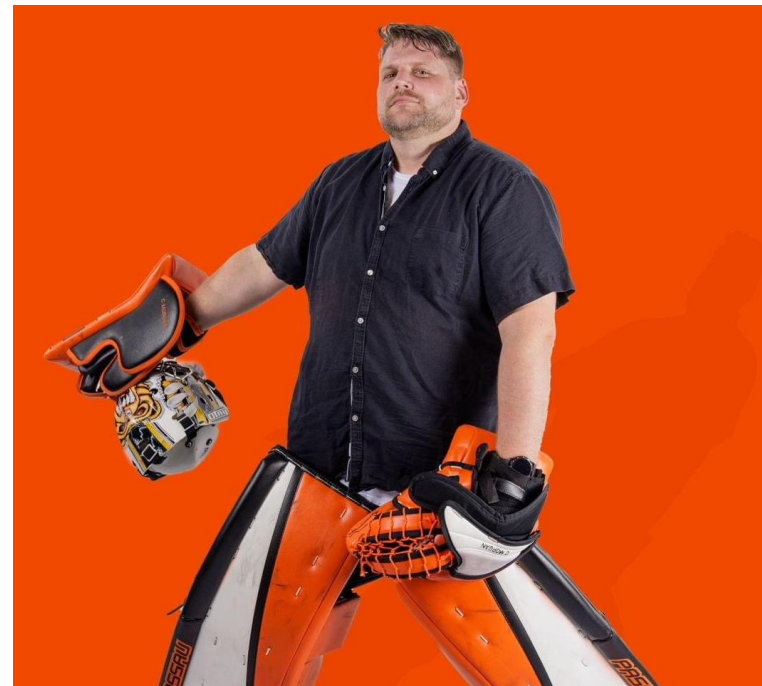
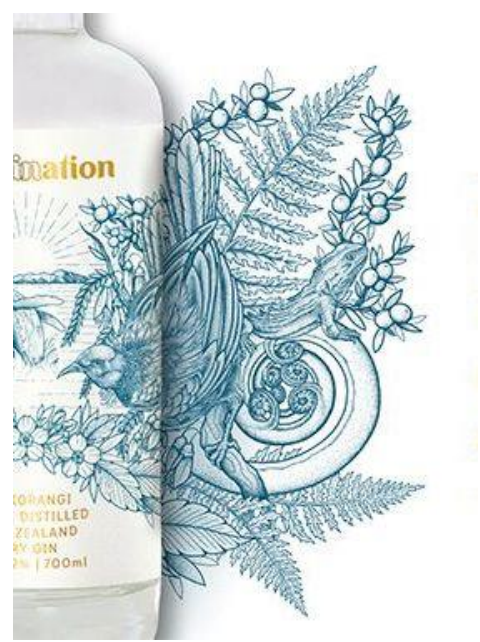




Strategic Task Force



Chris Morgan



Melissa Smith



Dawood Ali



Lydia Charteris

Agenda

- Current Global Market Analysis (Quiz Time!)
- Introduction to Imagination
- Expansion Strategy Overview
- Financial Projections and Capital Expenditure
- Decision 1: Country Selection for Initial Entry
- Decision 2: Market Entry Strategy
- Decision 3: Product Selection for Expansion
- Decision 4: Subsequent Expansion Plans
- Conclusion
- Q&A



Gin-ius Quiz Time: A Global Gin Journey

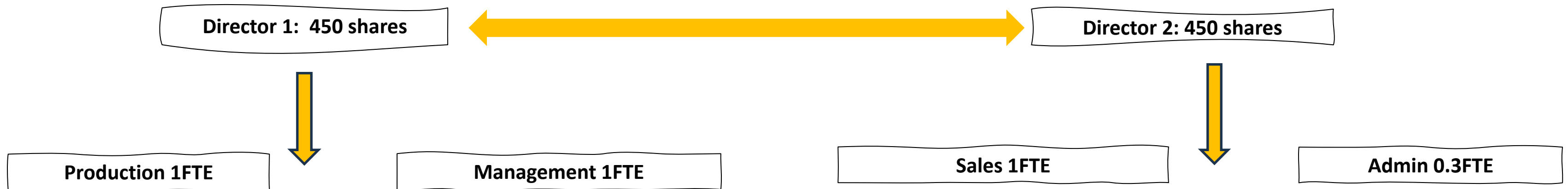
- Kahoot.it
- The winner takes the Gin



Welcome to Imagination



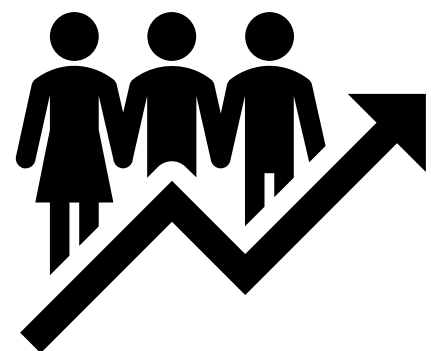
- Imagination is a distillery based on the Kapiti Coast, NZ, specialising in award winning premium gin spirits.
- Products RRP from \$69.99 to \$89.99
- 100% revenue is domestic through retail stores (bottle stores), hospitality, online shop and Duty Free
- Marketing via social media, trade shows and festivals.
- Produce 14,000L (or 16,000 bottles) PA at a wholesale price of \$46-\$58/700ml unit. Duty-free is \$23.80 +GST



Agenda

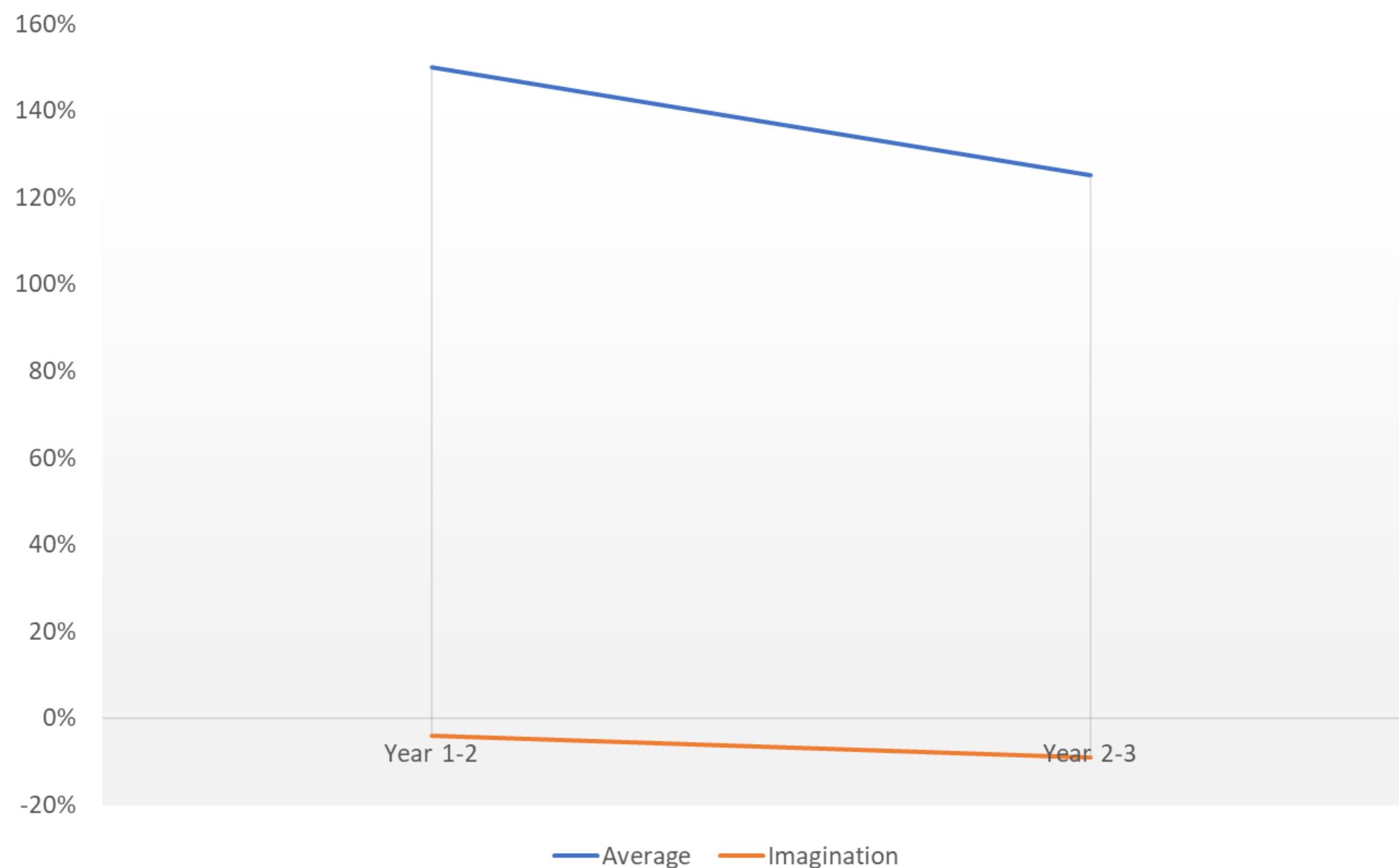
- Current Global Market Analysis (Quiz Time!) Kahoot.it – Game ID:
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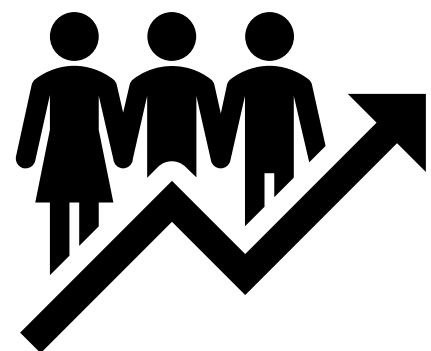




Financial Considerations

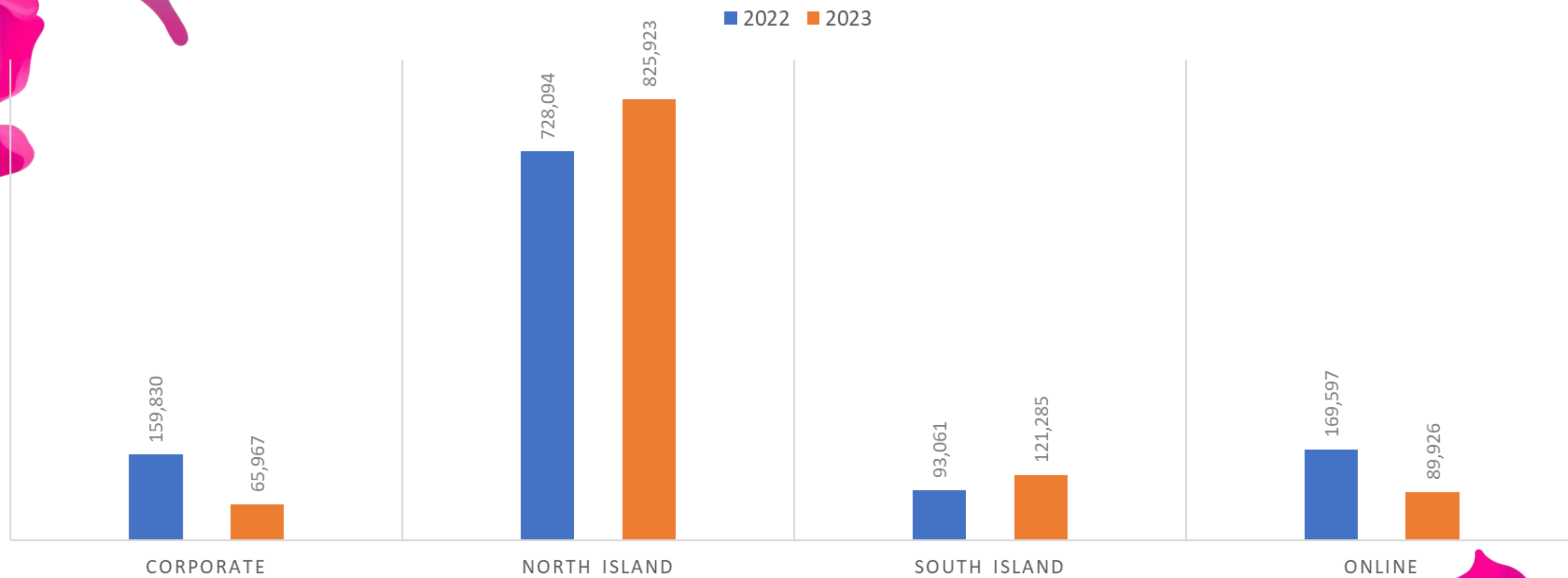
Start-up growth – Australasian Average versus Imagination

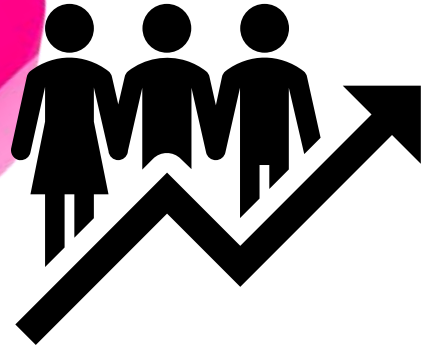




Financial Considerations

VARIATIONS IN REVENUE LINES

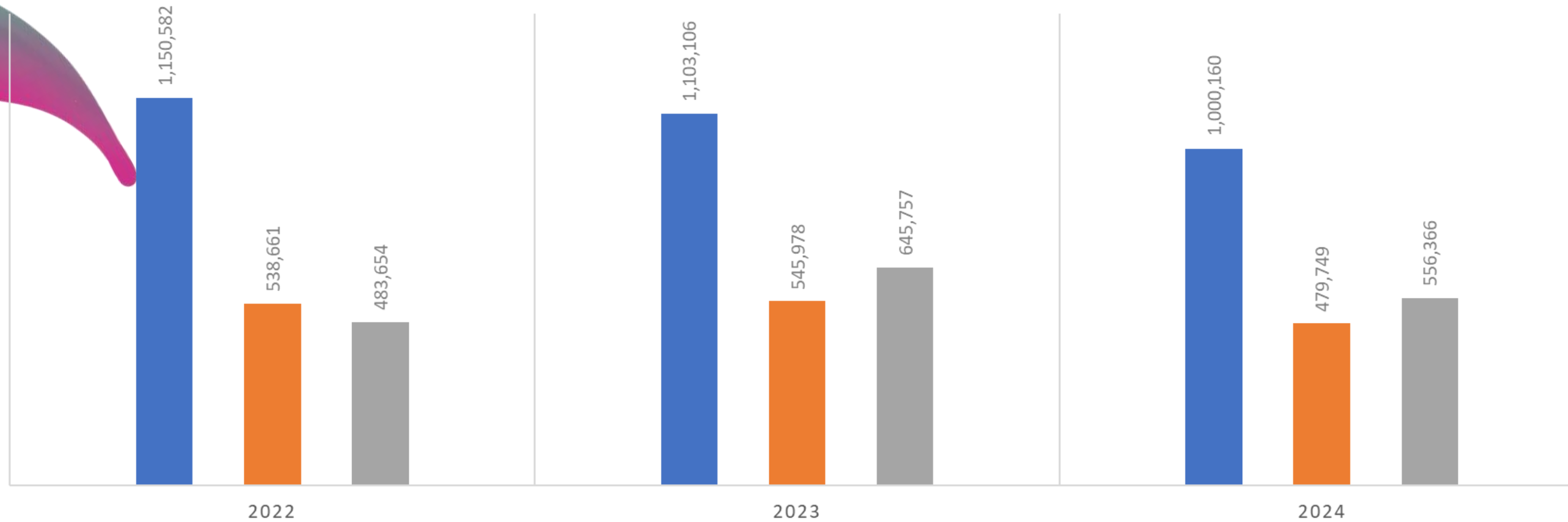




Financial Considerations

THE FIRST 3 YEARS

■ Revenue ■ COGS ■ Expenditure



COGS to Revenue Ratio	
2022	47%
2023	49%
2024	48%



Expense to Revenue Ratio	
2022	42%
2023	58%
2024	55%





Is it all doom and gloom?

What do the ratios tell us?

Lending Ratios	
Working Capital	2.06
Debt to Assets	1:3
Debt to Equity	1:1



Production trajectory



Currently – 16,000
bottles per annum



Have capacity to
move to 32,000
bottles

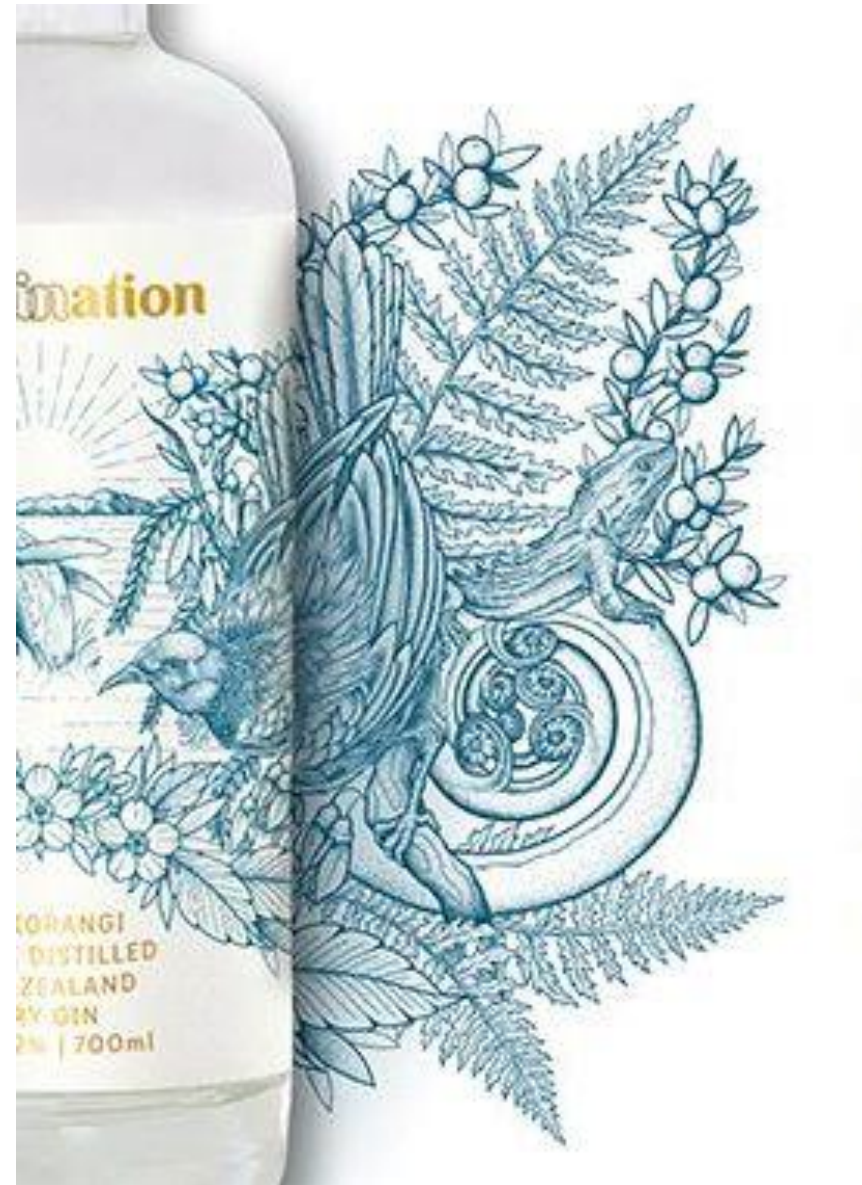


Adding one FTE capacity to
move to 64,000 bottles

We need expansion – should it be global?

The essence of our offering is the meeting of heritage, quality, and sustainability, which elevates it above a simple option to an experience that is appreciated across the globe.

1. Growth is needed amid rising competition.
2. Scale and Scope Economies Benefits
3. Strategic Gains
4. Expanding with Few Resources
5. Monitor and Review



Criteria for selecting country

Region	Size	Ease of Business	Cultural Affinity	Trade Agreements
Asia	US \$2.6 billion in 2024	Complex	Different	CPTPP RECP ASEAN
Europe	US \$ 5.4 billion in 2018	Complex	Distant	--
USA	US \$ 1.6 billion in 2024	Difficult & Uncertain	Distant	TPP
Australia	0.81 Billion Liters in 2023 US \$ 166 Million in 2024	Easier	Closer	ANZCERTA CPTPP



Distance	USA	Europe	Asia	Australia
Cultural	Moderate	Moderate	Major	Mild
Administrative	Mild	Mild	Moderate	Mild
Geographic	Moderate	Major	Moderate	Mild
Economic	Major	Major	Moderate	Mild





Why Australia !

\$10.57 BILLION
Value of total imports from
New Zealand
NZ\$ (September 2021)
Stats NZ

\$53,690 GNI
Gross national income
per capita US\$ (2020)
World Bank

11/128 COUNTRIES
Low-risk ranking (2021)
RSCII

\$32.73 BILLION
Total imported goods and
services to Australia
AU\$ (2021)
Trading Economics

\$24 BILLION
Estimated value of
e-commerce industry
AU\$ (2021)
International Trade Administration

30%
CORPORATE TAX RATE
(2021)
Australian Taxation Office



Development & Market trends

Consumer Preference

Innovations in product

Regulatory landscape



Market concentration

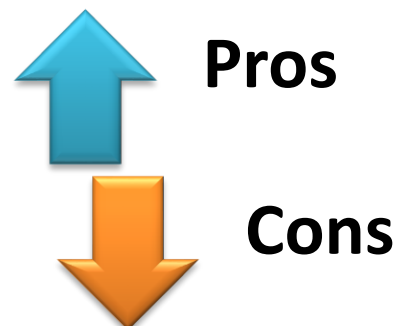
Export	From NZ to Australia	From Australia to NZ
Top Products	Gold (\$379M) Wine (\$273M) Other Edible Preparations (\$220M)	Aluminium Oxide (\$258M) Wheat (\$221M) Broadcasting Equipment (\$216M)
Total Exports	\$5.35 billion (NZD)	\$7.3 billion (NZD)
Annual growth rate	2.43%	2.5%





Options: Export VS FDI

Exporting	Foreign direct investment (FDI)
Advantages  <ul style="list-style-type: none">1. it does not necessitate significant capital commitments in foreign nations.2. gradual entry into the market.3. Utilising the "Made in New Zealand" label and benefiting from local production efficiencies.4. Government Support	Advantages  <ul style="list-style-type: none">1. Market Presence.2. Operational Control.3. locally produce or bottle its products.4. Local Market Insights.
Drawbacks  <ul style="list-style-type: none">1. Trade barriers and tariffs.2. Logistics & Supply Chain Management.3. Market Proximity.4. Restricted Market Control.	Drawbacks  <ul style="list-style-type: none">1. Increased Investment.2. Operational Complexity.3. Political and economic risks.4. Resource allocation.



Market Entry Strategy

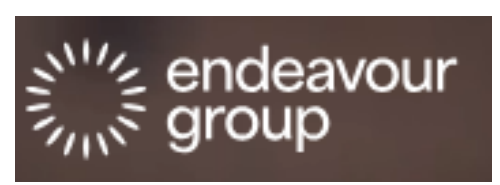
SUCCESS: Imagination retaining an adequate share Artisanal Gin consumers in Australia
How : " Doubling production and selling half the produced goods to Australia"



Imagination - Financial Performance	Projected	Projected	Projected	Projected	Finalised	Finalised
	2027	2026	2025	2024	2023	2022
Revenue						
Sales - Australia	880,000	600,000	320,000			
Sales - Corporate and Contract	90,909	86,580	82,458	59,855	65,967	159,830
Sales - North Island	1,138,231	1,084,030	1,032,410	748,290	825,928	728,094
Sales - online	123,928	118,027	112,407	81,472	89,926	169,597
Sales - South Island	167,145	159,186	151,606	110,543	121,285	93,061
Total Revenue	2,400,213	2,047,823	1,698,881	1,000,160	1,103,106	1,150,582
Bottles produced	45,000	30,000	26,000	14,400	16,000	16,000



MARKET ENTRY STRATEGY



Legal & Economic considerations

Considerations

Legal

Customs and Tariffs:

- Australian customs regulations for importing alcoholic beverages.
- Excise duties and Goods and Services Tax (GST) applicable to alcohol imports.

Labelling and Packaging:

- Compliance with Australian labelling requirements for alcoholic products.
- Accurate information about alcohol content, health warnings, and origin.

Intellectual Property (IP):

- Protecting brand name, logo, and other IP assets in Australia.
- Trademark registration to prevent infringement.

Distribution Agreements:

- Draft clear and comprehensive distribution agreements with Australian partners.
- Specify terms related to pricing, exclusivity, and responsibilities.

Economic

Market Research:

- Understand the Australian Gin market, consumer preferences, and trends.
- Potential competitors and market gaps.

Pricing Strategy:

- Determine competitive pricing based on production costs, import duties, and market demand.
- Consider exchange rate fluctuations.

Distribution Costs:

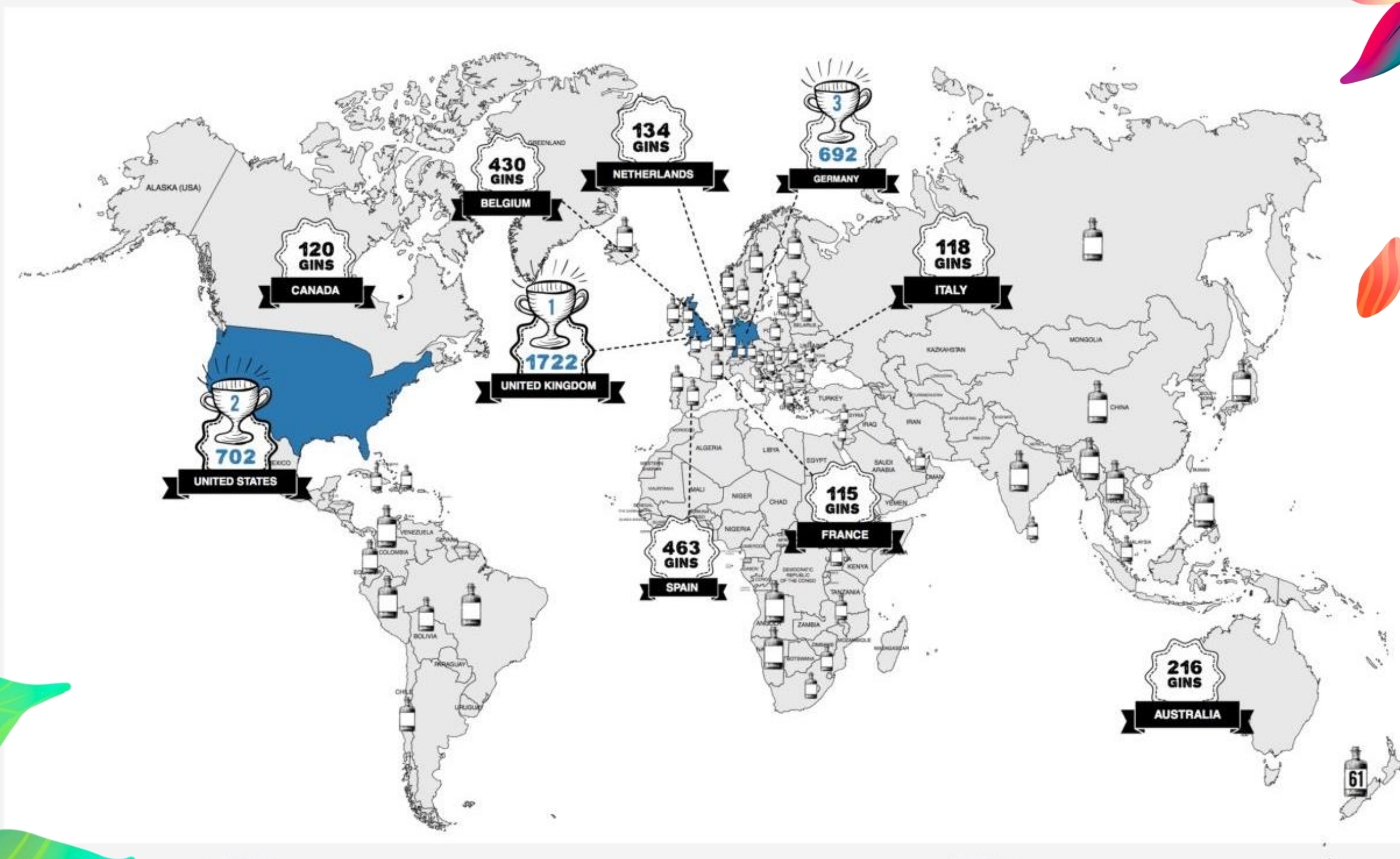
- Logistics, warehousing, and transportation expenses.
- Efficient distribution channels (e.g., wholesalers, retailers, online platforms).

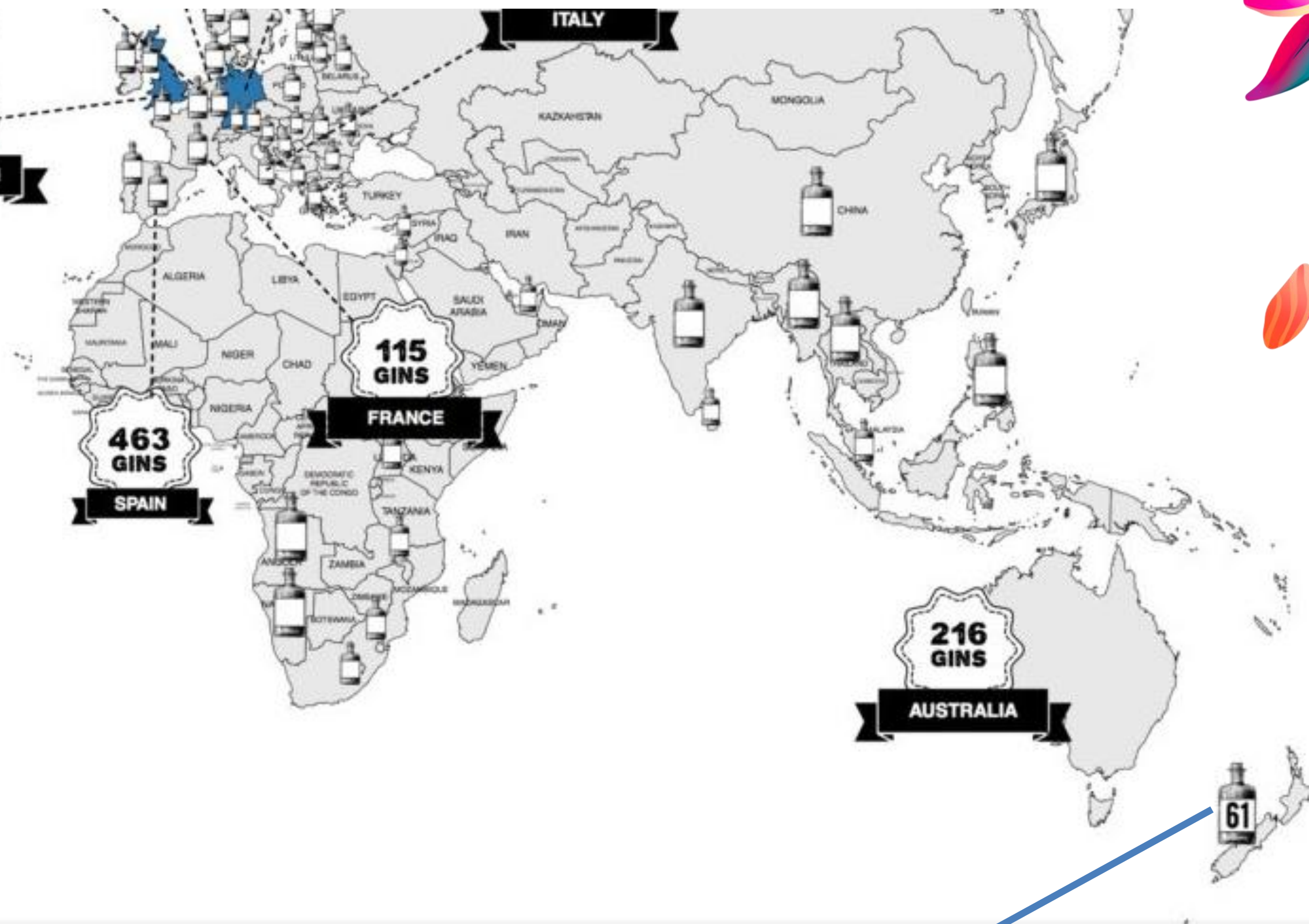
Market Entry Costs:

- Factor in initial setup costs, legal fees, and registration expenses.
- Budget for marketing and promotional activities.

HOW DO WE
STAND OUT?







*NZ has 80 varieties as of Feb 2024





Gin Consumer Market Research

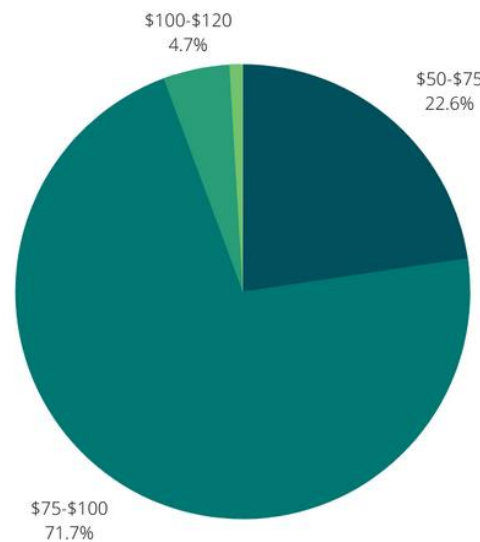


Gin Consumer Market Research

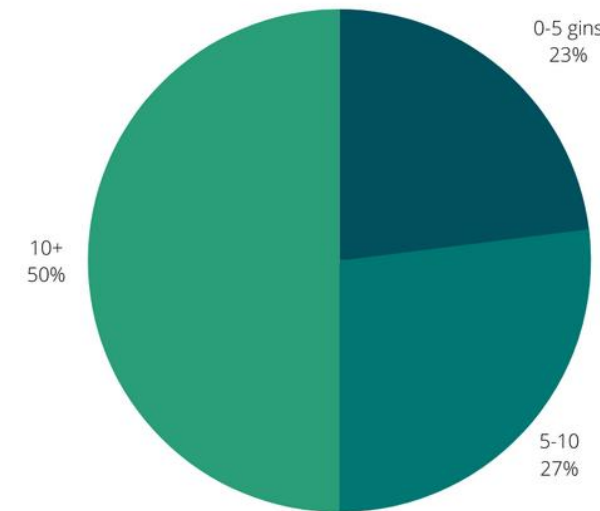
Ginvestigation 2021 Survey Results

MARCH 31, 2021 · 0 VIEWS · 3 MINUTE READ · THE GIN QUEEN

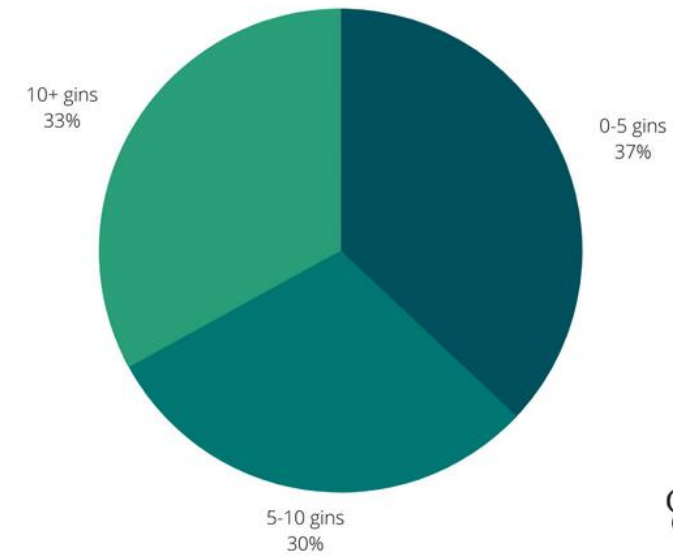
HOW MUCH ON AVERAGE DO YOU SPEND ON A BOTTLE OF GIN?



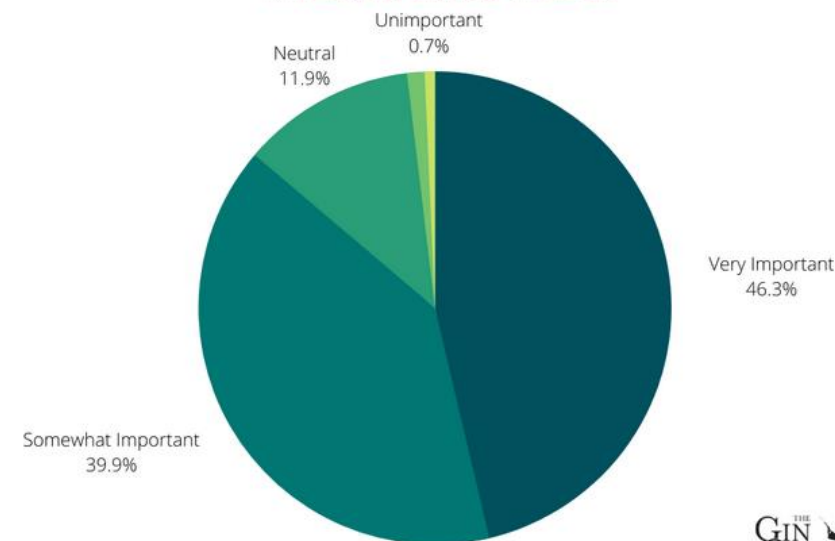
HOW MANY GINS ARE IN YOUR COLLECTION?



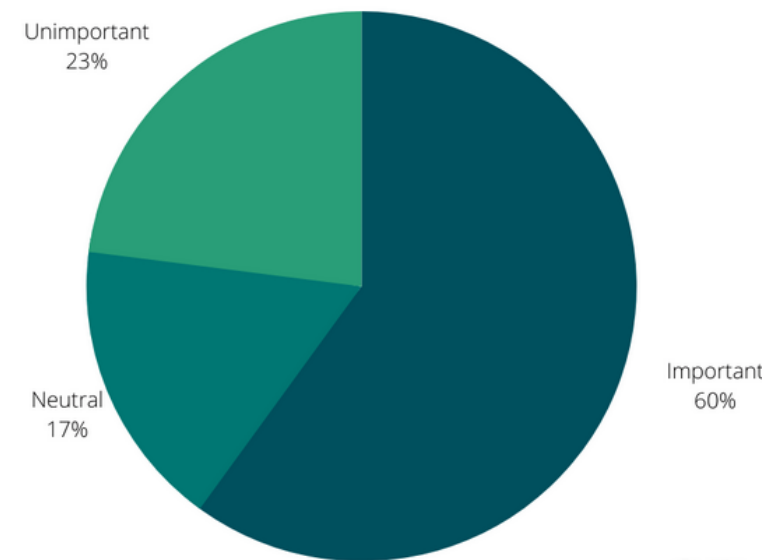
HOW MANY AUSTRALIAN GINS ARE IN YOUR COLLECTION?



HOW IMPORTANT IS IT FOR YOU TO KNOW HOW AND WHERE A GIN IS MADE?



REVIEWS/RECOMMENDATIONS



<https://theginqueen.com/2021/03/ginvestigation-2021-survey-results/>



What's Important?



Packaging



Only 44% of survey respondents don't think about bottle / label design when choosing their drinks

Reputation & Flavour



45% of survey respondents choose their drinks based on taste
60% of survey respondents choose their drinks based on reviews & recommendations



Decision 1: Product Selection for Expansion



Decision 1: Product Selection for Expansion



Reikorangi Triple Distilled Dry



Wakame Seaweed Dry Gin



Black Barn Syrah Barrel Aged

Decision 1: Product Selection for Expansion

Reikorangi Triple Distilled Dry

Juniper and coriander are complemented by the leafy earthiness of Manuka to create the heart of this gin. Whole New Zealand oranges and lemons add a refreshing citrus aroma and cinnamon and licorice leaves a sweet lingering spice finish.



Decision 1: Product Selection for Expansion

Black Barn Syrah Barrel Aged

A vibrant fruit nose with a hint of toffee and cinnamon. The initial sweet spice on the palate gives way to a soft piney oakbody and a lingering spice finish.



Decision 1: Product Selection for Expansion

Wakame Seaweed Dry Gin

The initial aroma is juniper forward, fresh and sweet. On the palate you first get the refreshing feel of the citrus before fading to reveal the juniper. A noticeable sweetness then appears giving way to a sweet salt finish.



Subsequent Expansion Plans



Risk Assessment & Mitigation

1. Regulatory Compliance:

Risk	Adhering to Australian regulations, labelling requirements, and health standards can be complex.
Mitigation	<ul style="list-style-type: none">• Conduct thorough research on Australian alcohol regulations.• Work with legal experts to ensure compliance with labelling, safety, and quality standards.

2. Tariffs and Duties:

Risk	Import duties and excise taxes can impact pricing and profitability.
Mitigation	<ul style="list-style-type: none">• Understand Australian tariff rates and plan for associated costs.• Factor these expenses into your pricing strategy.• Seek benefits from ANZ Trade agreements

3. Market Competition:

Risk	The Australian Gin market is competitive, with established local and international brands.
Mitigation	<ul style="list-style-type: none">• Differentiate your product through unique flavours, branding, or storytelling.• Focus on quality and authenticity to stand out.

4. Currency Fluctuations:

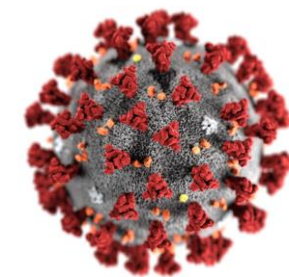
Risk	Exchange rate fluctuations can impact pricing and profits.
Mitigation	<ul style="list-style-type: none">• Hedge against currency risks where possible.• Monitor exchange rates and adjust pricing accordingly.

5. Health and Safety Concerns:

Risk	Alcohol-related health issues and responsible drinking campaigns may affect consumer behaviour.
Mitigation	<ul style="list-style-type: none">• Promote responsible consumption.• Highlight the quality and craftsmanship of your artisanal Gin.

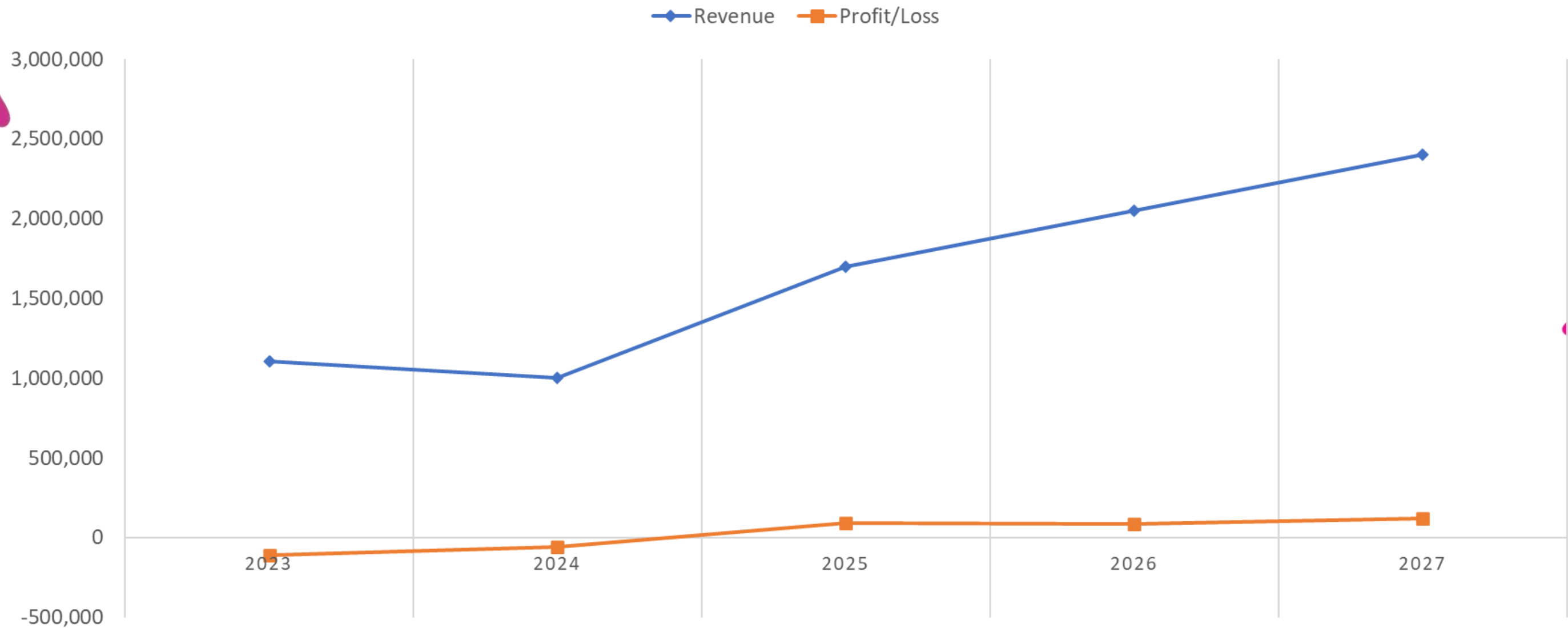
6. Market Research and Trends:

Risk	Ignoring consumer preferences and market trends.
Mitigation	<ul style="list-style-type: none">• Stay informed about Australian Gin trends.• Adapt your product based on consumer feedback.





Projecting forward





Thank You
Any
Questions?

imaginationgin.nz