



origins

Sparkling Grain Waters

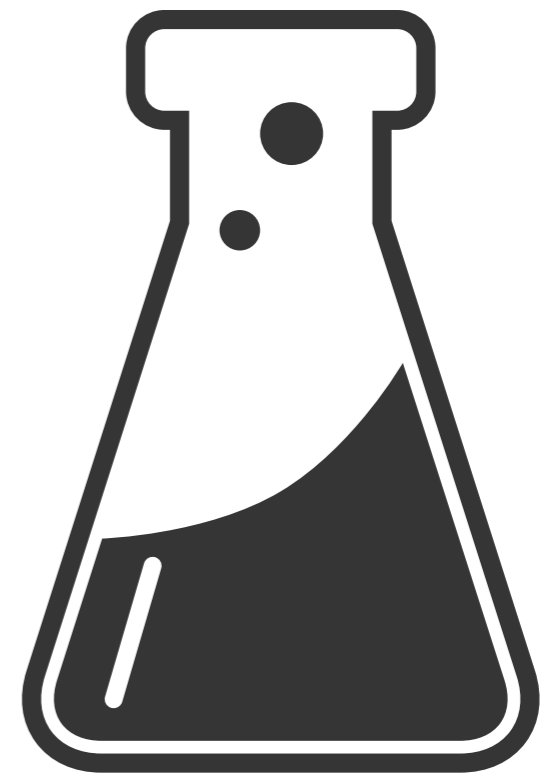
Investment Overview | Jan 2018



**Our health is the greatest gift
to ourselves and our families.**

The problem

- Proliferation of sparkling waters with **artificial flavors, sweeteners and colors**
- **Artificial functional additives** for benefits
- Flavors are added to **mask bad tasting products**
- **Lack of authenticity** in water products



The solution: functional, enjoyable
hydration

based on **ancient, ethnic**
health drinks



Inspired by...



Younger generations
moving away from sugar



Their search for **authentic
food ingredients**

The origin of grain waters

Drinking water infused with grains has traditional roots:



- **Rice Water (Yu Su Ru):**
Traditional Asian health drink, anti-aging and skin and hair health



- **Oats Water:**
Traditional Irish, British health drink, later worldwide, over 2000 years old



- **Barley Water:**
Global use for energy and health with citrus, traditional Wimbledon drink

The **origins** grain water formula

- Natural grain milks give the water **functional qualities**: protein, carbohydrates, fiber, vitamins and minerals
- Carbonation gives an acidic pH for **shelf stability**
- **Pasteurized** for food safety and increased shelf life
- Combine with organic **matching flavors** for enjoyment
- **Expand brand** to include nut milks
- **Kosher, Organic, Gluten Free**

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Core Flavors



Rice Water

- Protein
- Vitamin B
- Fiber
- Anti-aging
- Hair & skin health



Oats Water

- Weight loss
- Fiber
- Cholesterol Control



Barley Water

- Anti-oxidant
- Fiber
- Vitamins
- Energy



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Marketplace & Customer

Water trends

- Drinking habits have shifted to include **more water in our diets** than ever before
- **Functional waters** introduced with the addition of vitamins, minerals, fiber and pH balance
- **Carbonated waters** for enjoyment
- **Plant-based water** for natural source of benefits



Customer profile

26 to 46 year-olds concerned with wellness and looking for natural, healthy drinks with benefits. Example: Ashley



Age: 28

Status: Single

Annual household income: \$75,000 +

Living in: Los Angeles

Occupation: Urban Planner

Bio

Ashley was born in San Francisco and moved to Los Angeles in 2014 for her work. She is generally quite active and love to explore. She's a foodie who cares about her health and believes her mental and physical health are the direct result of her diet and ability to handle daily stress. She meditates often and does yoga 3x a week. Despite being health conscious, she doesn't believe in diet trends, and will try anything as long as they're not synthetic foods. She often drinks Kombucha and Le Croix, but is starting to get tired of them and looking for more unique, natural drink alternatives.

Marketplace

Origins Sparkling Grain Waters cover several growing beverage markets by formula. All of these markets are trending and have huge upside. However, Origins remains a unique product without peer and we expect it to be a DISRUPTOR across these market divisions:

- Sparkling waters
- Flavored waters
- Plant based waters
- Functional waters
- Non dairy grain milks

Market size

Origins is bound for large growing markets:

FUNCTIONAL BEVERAGES

US Retail Sales: \$18.6b
**Expecting 6.53% CAGR
to 2021**

FLAVORED FUNCTIONAL WATER

Global Sales: \$23.8b
**Expecting 8.6% CAGR
to 2022, \$37b**

PLANT-BASED WATER

Global Sales: N/A
**Expecting 20% CAGR
to 2022, \$10b**

SPARKLING WATER

US Sales: \$483m
**Expecting 42% CAGR
to 2024, \$1.8b**

NON DAIRY (GRAIN AND NUT) MILK

US Sales: \$2.1b
**Expecting 61% growth
to 2024**

Shelf space options

Origins is a shelf stable functional sparkling grain water.

Shelf space options:

- Dry shelf sparkling waters
- Dry shelf flavored and functional waters
- Specialty beverages
- Grab and go cold box
- Functional beverages
- Plant based waters
- Non dairy shelf stable beverages



Distribution & channels

Distribution:

UNFI, KeHE, Dpi, Horizon (Canada)

Channels:

- Supermarket and Club
- Online
- Convenience
- Campus

Note: Our existing beverage business Limonitz currently sold and active with the above distributors. See 🍊 Addendum.

Competition

	origins	Vita Coco	Bai	Spindrifit	Rice Dreams	La Croix
Description	Sparkling Grain Water	Coconut Water	Bai Fruit Anti-oxidant beverage	Fruit Based Sparkling waters	Non dairy plant based milk	Flavored sparkling water
Annual Revenue		\$409m	\$231m	\$23.3m	\$3.6B	\$823m
Plant Based	✓	✓	✓	✓	✓	✗
Functional	✓	✓	✓	✓	✓	✗
Sparkling	✓	✗	✗	✓	✗	✓
Non-Dairy Beverage	✓	✗	✗	✗	✓	✗
Water	✓	✓	✓	✓	✗	✓
Flavors	✓	✓	✓	✓	✗	✓
Organic	✓	✗	✓	✗	✓	✗
Kosher	✓	✓	✓	✓	✓	✓
No Sugar	✓	✓	✓	✓	✓	✓
No Sweetener	✓	✓	✗	✓	✓	✓
No Preservatives	✓	✗	✗	✓	✓	✗
Dry Shelf Stable	✓	✓	✓	✓	✓	✓
Calories	10	45	10	60	180	0
Price /12oz	\$1.79	\$1.69	\$1.79	\$0.75	\$0.70	\$0.46

The background of the slide is a light blue gradient with a pattern of numerous small, semi-transparent water droplets of varying sizes. A large, white, rounded rectangular shape is centered on the page, serving as a backdrop for the text.

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Financials

Investment required

Looking for \$2m to cover first two years operating costs and production



Projected revenue

Based on 75c/can wholesale price, assume store price \$1.79

	Y1 Revenue	Y2 Revenue	Y3 Revenue	Y4 Revenue	Y5 Revenue	Y6 Revenue
Origins Sparkling Water	\$250,000	\$1,500,000	\$10,000,000	\$20,000,000	\$50,000,000	\$100,000,000
Lemonitz Sparkling Water	\$100,000	\$500,000	\$2,000,000	\$4,000,000	\$8,000,000	\$16,000,000
Origins Still Boxed Water	\$0	\$0	\$100,000	\$1,000,000	\$10,000,000	\$20,000,000
Origins Related Products	\$0	\$0	\$0	\$250,000	\$1,000,000	\$2,000,000
New Products						
Total Revenue	\$350,000	\$2,000,000	\$12,100,000	\$25,250,000	\$69,000,000	\$138,000,000

Projected P&L

	Yr1	Yr2	Yr3	Yr4	Yr5	Yr6
Revenue	\$350,000	\$2,000,000	\$12,100,000	\$25,250,000	\$69,000,000	\$138,000,000
COGS	\$116,667	\$800,000	\$4,653,846	\$9,017,857	\$23,793,103	\$46,000,000
Commission	\$35,000	\$100,000	\$605,000	\$1,262,500	\$3,450,000	\$6,900,000
Gross Profit	\$198,333	\$1,100,000	\$6,841,154	\$14,969,643	\$41,756,897	\$85,100,000
Expenses	\$1,289,167	\$1,975,000	\$6,995,846	\$14,720,357	\$40,073,103	\$77,405,000
Profit/Loss	-\$1,090,833	-\$875,000	-\$154,692	\$249,286	\$1,683,793	\$7,695,000

Target Margin 67%

Use of funds

Expenses	Yr1	Yr2	Yr3	Yr4	Yr5	Yr6
A. Origins Startup/R&D						
Pilot Production Run R&D	\$60,000	\$60,000	\$80,000	\$200,000	\$300,000	\$400,000
Production Run	\$116,667	\$800,000	\$4,653,846	\$9,017,857	\$23,793,103	\$46,000,000
Food Show Launch	\$30,000	\$20,000	\$50,000	\$75,000	\$100,000	\$125,000
Website	\$20,000	\$20,000	\$30,000	\$50,000	\$50,000	\$75,000
Social Media Mktg	\$60,000	\$75,000	\$100,000	\$125,000	\$300,000	\$500,000
Factory Equipment	\$300,000	\$20,000	\$100,000	\$1,000,000	\$2,000,000	\$2,000,000
B. Operations						
Salaries	\$200,000	\$300,000	\$400,000	\$1,000,000	\$4,000,000	\$10,000,000
Bookkeeping/Accts/Legal	\$20,000	\$25,000	\$40,000	\$60,000	\$80,000	\$100,000
Compliance	\$10,000	\$10,000	\$30,000	\$30,000	\$50,000	\$100,000
Freight	\$20,000	\$40,000	\$242,000	\$1,262,500	\$3,450,000	\$6,900,000
Rent: Office Warehouse	\$40,000	\$40,000	\$80,000	\$80,000	\$80,000	\$120,000
Broker Fee	\$120,000	\$50,000	\$50,000	\$100,000	\$100,000	\$125,000
Slotting Fees	\$250,000	\$350,000	\$500,000	\$500,000	\$500,000	\$500,000
Insurance	\$2,500	\$5,000	\$10,000	\$20,000	\$30,000	\$50,000
Travel	\$20,000	\$30,000	\$50,000	\$100,000	\$100,000	\$150,000
IT	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000
Marketing	\$0	\$80,000	\$500,000	\$1,000,000	\$5,000,000	\$10,000,000
Food Shows		\$30,000	\$60,000	\$80,000	\$120,000	\$240,000
Total	\$1,289,167	\$1,975,000	\$6,995,846	\$14,720,357	\$40,073,103	\$77,405,000

The **origins** investment

Checking off the bubbles:

- ✔ Owner has 5 years beverage industry experience
- ✔ Owner has current beverage distribution in the same space
- ✔ Owner has current beverages in production
- ✔ Origins has production complexity which is a barrier to entry to competitors
- ✔ Manufacturing control through co-packer
- ✔ High product margin
- ✔ First to market product
- ✔ Entering a trending industry space
- ✔ ROI

Giving back

Origins is deeply concerned about our water resources and the quality of water we have access to. We are dedicated to supporting causes that care for and restore this vital resource:

- Supporting water projects
- Water resource management
- Ocean cleaning
- California water
- Our water source, Columbia river





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Thank you!

For questions, please contact Conrad Saks at
conrad@limonitz.com and 310.402.7429

Lemonitz Background

Limonitz is an Organic Sparkling Lemonade that has been sold throughout the US and in Western Canada since 2012.

Now reformulated as **LEMONITZ**, a Sparkling Lemon Water, for sale through the same distribution network.

