



INVESTOR PRESENTATION
Proposed code : ASX:MNC

SEPTEMBER 2024

Global expansion of Premium Australian wool

—
launching new products
to international markets

MERINO&C^o

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MERINO&CO

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IPO OFFER

Seeking to raise a between of **\$6m and \$7.5m** – offer currently open until **20 September 2024**

30 million shares offered under the minimum subscription and **37.5 million** under the maximum at the subscription price of **\$0.20**

Proposed ASX ticker “**MNC**”

SALES EXPANSION – GLOBAL AND DOMESTIC

Strategy to significantly enhance manufacturing capability

Focus to expand into new international markets – ecommerce, retail and wholesale

Company has proven distribution channels exporting into North America, Japan and China

Garments for exclusive brand ‘Hysport’ will be developed post IPO using proprietary IP and Australian in-house design

Leverage existing assets:

- Heritage brand backed by premium Australian grown wool
- ‘Australian Made’ certification
- Major industry support from the Australian Wool Network (AWN), one of Australia’s largest independent wool Marketers
- Key supplier relationships exist with Wool Yarns (New Zealand), and Jiaxingbaolai Textile Technology Ltd (China)

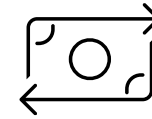
About us

MERINO&CO



Sells wool clothing and accessories from its own showrooms as well as at duty free shops, airports, boutique shops, tourism sites, and generally via wholesalers and agents

>600



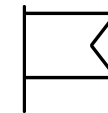
Points of sale across Australia

14



Whole garment machines in Gnangara, Western Australia

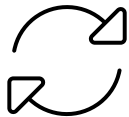
EST 2013



Merino & Co is a branded lifestyle clothing and accessories company based in Perth, Western Australia



Vertically integrated Company, involving the manufacture, marketing and sale of wool products



Manufactures, markets and sells wool apparel and accessories, predominately featuring fine Merino wool, to both Australian and international markets

PARTNERS & CERTIFICATION



ESTABLISHED ICONIC BRANDS

merinosnug

OM
ONLY MERINO

HYSPORT

Market and investment opportunity

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Australia is the largest producer globally of Merino wool - producing an estimated 80% of the global total of 304 million kg in 2023¹



Australia is the only significant exporter of superfine grades of wool, estimated to account for over 60% of the global wool trade by value.



Globally, the apparel retail market (including footwear) is estimated at \$2.58 trillion at retail prices in 2024



Global market forecast to increase by 11.7% to reach 2.96 trillion in 2028²



In Australia, the total apparel retail market (including footwear) was estimated at \$27 billion at retail prices in 2023 and is forecast to increase to \$27.4 billion in 2025



Compound annual growth rate (CAGR) of 3.7% between 2020 and 2025³



In 2023, the global Merino apparel retail market (at retail prices) was estimated at \$730 million, having grown from \$610 million in 2018, and forecast to reach \$780 million in 2025 with a CAGR of 3.6% between 2018 and 2025³

1. International Wool Textile Organisation (IWTO), Market Information, 2023

2. Uniform Market, Global Apparel Industry Statistics (2024, accessed July 2024 from <https://www.uniformmarket.com/statistics/global-apparel-industry-statistics>)

3. Frost & Sullivan estimates, July 2024



Strengthen brand equity and recognition

- Manufacture the best quality, Australian Made (where possible) Merino wool products with natural materials and maximum functionality;
- Establish and maintain cross-channel sales networks combining both offline and online strategies and maximise the Company's reach in relation to consumers;
- Build a stable and agile global supply chain to deliver products to clients at lower costs and a higher margin; and
- Establish a global Merino wool brand, based in Australia, that delivers high-quality Australian products to customers worldwide.

Relaunch the Company in the domestic and tourist markets

- The new and updated website will be fully integrated with futures such as customer relation management software, delivery tracking and other technologies that will help the Company streamline its online services and capabilities.
- Utilise its extensive email subscriber and social media base, as well as other traditional and non-traditional marketing services, to promote the use of the new website.

International expansion

- Expand manufacturing capabilities by adding more, highly-automated, woven loom machines and sock as well as increasing its storage and distribution facilities;
- Continue to build order pipeline with major strategic wholesalers; and
- Optimise direct-to-consumer online platforms such as Amazon and stores in target markets, to offer quality products at competitive prices.

New product development

- Relaunch products under the brand name, HYSPORT, which was trademarked in 1982, and will specifically include Merino wool-based activewear and sportswear apparel.
- Invest in the development of a range of such products, with an aim to launch a range of both socks and leggings to meet market demand.
- Research and development project in co-operation with the Queensland University of Technology

Sales and revenue model

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A\$7.472M

Revenue FY2023

A\$5.054M

Revenue FY2022

A\$1.298M

Operational EBITDA
FY2023

A\$539k

Operational EBITDA
FY2022

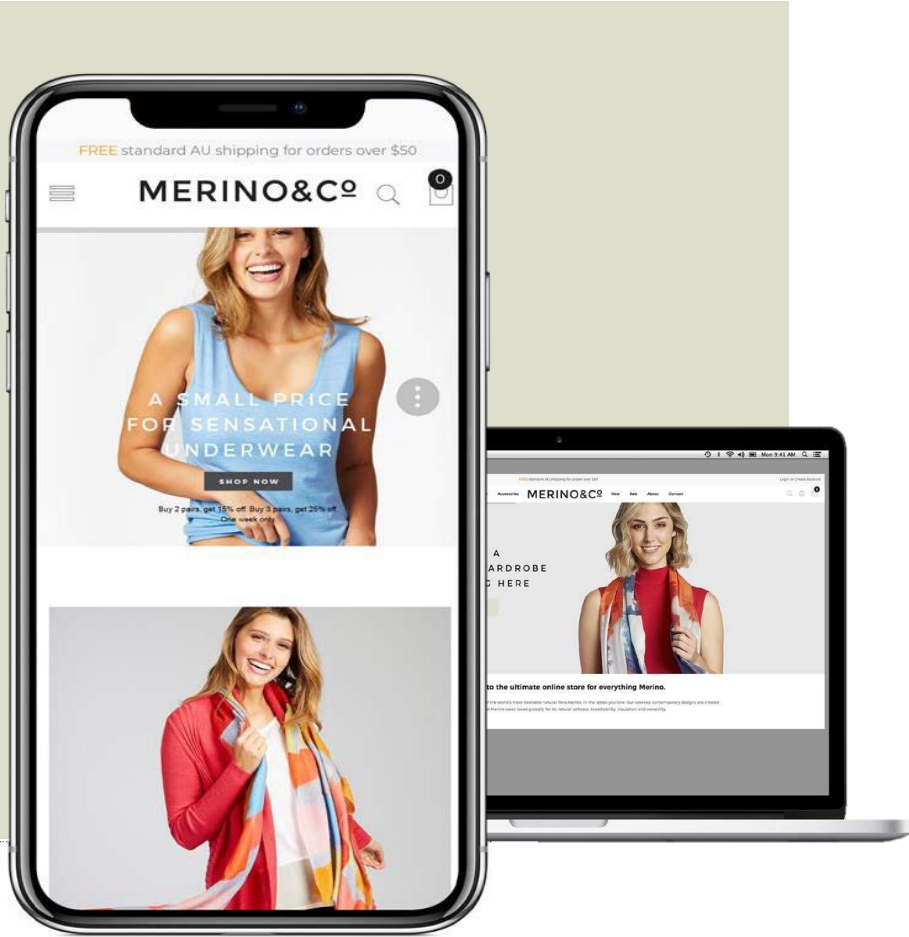
MULTIPLE REVENUE STREAMS

- eCommerce (premium products)
- Retail in-store sales (heritage & iconic brands)
- Wholesale - domestic (tourism market)
- Wholesale - international (new product to be released)



The Company generates revenue from the sale of wool clothing and apparel – ecommerce, wholesale and retail

- China market has been a major revenue source for the Company and stable agent relationships are in place and more under development
- Japan, US and EU market are traditionally good markets for merino products due to their climate
- The wholesale export channel is largely indent order based, and shipped directly from either China warehouse or the Perth facility
- Bi-annual product and campaign shoots, to support lookbook production, eCommerce and seasonal marketing campaigns



ECOMMERCE AND ESTABLISHED DIGITAL & SOCIAL MEDIA ENGAGEMENT

~30,000

Customer subscriptions

>10,000

Followers across Facebook and Instagram

- Online store was launched in November 2017 - provides customers with purchasing access to all brands and products
- Consumers are targeted through an extensive email database, social media, as well as Google and Facebook advertising
- Website ecommerce capabilities being enhanced to integrate new stock and payment management systems, accounting function and customer tracking

Manufacturing capability

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Merino & Co knitwear is made from wool and/or wool possum yarn is produced via a combination of in-house designers and standard garment templates supplied by Shima Seiki.



Merino & Co has 14 whole garment machines, located in Gnangara, ranging from 8-16 gauge can be utilised 23 hours per day to produce a variety of garments and accessories.



Brand and product showcase

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merinosnug

OM ONLY MERINO

HYSPORT



AUTUMN WINTER COLLECTION 2025



merinosnug AUTUMN WINTER COLLECTION 2025



merinosnug WOOL ALPACA SCARF COLLECTION 2025



BLANKETS & TROWS COLLECTION 2025



merinosnug



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Competitor analysis

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Jumpers, t-shirts, outdoor/active wear, socks, gloves, underwear

Established in 1995, all products made in China

Promoting NZ merino functionality

Acquired by VF Corporation (US) for approximately \$250 million

Revenue A\$257 million in 2024 (Frost & Sullivan Industry Expert Report)



Underwear

Establish in 2017, almost all products made in China

Promoting AU design and brand plus natural fibre

Listed on ASX in 2021, market cap about \$330 million as of Sep 2024

Revenue approximately A\$84.5million in 2024

Indicative schedule and team

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Note: The above dates are indicative only and may vary subject to the Corporations Act, the Listing Rules and other applicable laws. In particular the Company reserves the right to vary the Opening Date and the Closing Date without prior notice, which may have a consequential effect on the other dates. Applicants are therefore encouraged to lodge their Application Form as soon as possible after the Opening Date if they wish to invest in the Company.

PROPOSED ASX CODE: - ASX:MNC

BOARD OF DIRECTORS & MANAGEMENT

Fiona Yue
Managing Director

Jack Hanrahan
Non-Executive Chairman

Peter Zhao
Non-Executive Chairman

Tim Kang
Operations General Manager

Alan Thomas
Company Secretary & CFO

IPO capital structure and key offer details

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Key details of the Offer	Minimum Subscription (\$6,000,000)	Maximum Subscription (\$7,500,000)
Existing Shares on issue as at the date of this Prospectus ¹	24,000,000	24,000,000
Existing Convertible Notes on issue as at the date of this Prospectus ¹	8	8
Total number of Shares to be issued under the Offer	30,000,000	37,500,000
Shares to be issued upon conversion of Convertible Notes ²	13,809,300	13,809,300
Shares to be issued upon conversion of Management Loan ³	3,497,270	3,497,270
Shares to be issued to Consultant ⁴	200,000	200,000
Shares to be issued to Lead Manager ⁵	500,000	750,000
Total Shares on issue on completion of the Offer	72,006,570	79,756,570
Market Capitalisation on completion of the Public Offer (undiluted) @ 20c	\$14,401,314	\$15,951,314
Options to be issued to the Lead Manager	300,000	300,000
Fully Diluted Shares on issue on completion of the Offer	72,306,570	80,056,570
Market Capitalisation on completion of the Public Offer (diluted) @ 20c	\$14,461,314	\$16,011,314
Enterprise Value at IPO based on Pro forma Statement of Financial Position ⁶	\$10,958,828	\$11,100,713
EV/Revenue Multiple (based on FY23 Revenue and Pro forma Statement of financial position) ⁷	1.46X	1.48X

Notes:

1. See Section 2.2 of the Prospectus for further details regarding the Company's current capital structure.
2. See Sections 7.7 and 8.3 of the Prospectus for further details regarding the Convertible Notes and Shares to be issued upon conversion of the Convertible Notes.
3. See Section 2.11 of the Prospectus for further details regarding the Management Loan and Shares to be issued upon conversion of the Management Loan.
4. Upon Admission, the Company will issue EMPF (or its nominees) 200,000 Shares at a deemed issue price of \$0.20, in consideration for EMPF providing the Company investor engagement and communication services. EMPF is not a related party or promoter of the Company.
5. See Section 7.1 of the Prospectus for further details.
6. Enterprise value based on market cap. of at time of IPO at both maximum and minimum bid amounts less cash and cash equivalents and adding the borrowings as per the Historical and pro forma statement of financial from section 6.6 of the Prospectus.
7. EV/Revenue multiple calculated by using the enterprise value as per note 6 and the revenue for the Year ended 30-Jun-23 as per the statement of profit or loss and other comprehensive income as per section 6.4 of the Prospectus.

Use of funds

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Use of funds – Year 1 ⁽¹⁾	Minimum Subscription		Maximum Subscription	
	\$	%	\$	%
Expanding production capacity ⁽²⁾	1,179,900	19.67	1,419,900	18.93
Preparing stock for wholesale orders ⁽³⁾	1,540,000	25.67	1,600,000	21.33
Marketing and branding, including for online platforms ⁽⁴⁾	483,000	8.05	875,000	11.67
Research & development ⁽⁵⁾	350,000	5.83	350,000	4.67
Corporate expenses ⁽⁶⁾	534,000	8.90	534,000	7.12
Working capital ⁽⁷⁾	131,894	2.20	466,476	6.22
Costs of the offer ⁽⁸⁾	654,206	10.9	745,706	9.94
Total Funds Allocated – Year 1	4,873,000	81.22	5,991,082	79.88
Use of funds – Year 2 ⁽¹⁾				
Preparing stock for wholesale orders ⁽²⁾	236,000	3.93	250,000	3.33
Marketing and branding, including for online platforms ⁽⁴⁾	207,000	3.45	375,000	5.00
Research & development ⁽⁵⁾	150,000	2.50	150,000	2.00
Corporate expenses ⁽⁶⁾	534,000	8.90	534,000	7.12
Working capital ⁽⁷⁾	0	0	199,918	2.67
Total Funds Allocated – Year 2	1,127,000	18.78	1,508,918	20.12
Total Funds Allocated	6,000,000	100	7,500,000	100

Notes: 1. Shareholders should note that the above estimated expenditures will be subject to modification on an ongoing basis depending on the results obtained from the Company's activities. Due to market conditions, the development of new opportunities and/or any number of other factors (including the risk factors outlined in Section 4), actual expenditure levels may differ significantly from the above estimates. 2. Funds allocated towards expanding production capacity includes using funds towards expanding manufacturing capabilities by adding more, highly-automated, woven loom machines and sock machines to produce Merino wool products. Following Admission, the Company intends to purchase new high-speed rapier loom machines, which will significantly increase the manufacturing and production capacity of the Company. Further, the Company intends to lease a larger premises in Perth, Western Australia to accommodate, not only its increased manufacturing capacity, but also its storage and distribution facilities. 3. Funds allocated towards preparing stock for wholesale orders aims to enhance the Company's capacity to meet wholesale demand and fulfill wholesale orders promptly by building up substantial inventory, expanding the Company's market reach and distribution channels with major strategic wholesalers, and optimising production efficiency. 4. Funds allocated towards marketing and branding, including for online platforms, includes using funds to complete the redevelopment of the Company's website with the aim of growing opportunities for the Company in online retail sales, expanding market reach, and optimising direct-to-consumer channels. 5. Funds allocated towards research and development will be used towards funding expenses incurred by the Company in relation to the R&D Project. See Section 2.5(c)(iii) for further information regarding the R&D Project. 6. Corporate expenses include the general costs associated with the management and operation of the business, including Directors' fees, office expenses, insurance costs, travel, audit fees, legal fees, share registry costs, annual listing fees, and other associated corporate and governance costs. See Section 5.8 for further information about the fees payable to Directors. 7. Working capital includes funding for additional operational related activities such as fulfilling larger than anticipated orders, additional promotional activities in existing and new online platforms and acquisition costs (including due diligence investigations and expert's fees in relation to such acquisitions). Any amounts not so expended will be applied toward administration costs for the period following the 24-month period following Admission. 8. Expenses paid or payable by the Company in relation to the Offer are set out in Section 8.8.



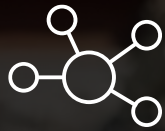
Experienced & passionate management with expertise in manufacturing, domestic and international apparel retail as well as the wool industry.



Established business with proven existing distribution channels that has been exporting and selling directly into North America, Japan and China.



Growing demand for Merino wool-based products due to its unique characteristics and quality.



Clear growth initiatives both domestically and internationally with the support of both online and in-store channels.



Heritage brand backed by premium Australian grown wool and Australian Made certification.



Brands with a focus on farm to fashion supply chains, slow fashion and biodegradable fibre.

Thank You

Fiona Yue
Managing Director

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E. fiona@merinoandco.com.au

PROSPECTUS

merinosnug.com.au/investors/prospectus

BRAND WEBSITE

merinosnug.com.au

UPCOMING WEBSITE

merinoandco.com.au

MERINO & CO TIMELINE

- 1971
Hysport established
- 2004
Merinosnug launched
- 2013
Aclink launched
- 2014
Hysport acquired by AWN
- 2020
Aclink acquired Merinosnug & Hysport and started trading under Merino & Co

Merino & Co is home to premium and desirable natural fibre. Housing luxury natural fibre brands, including MerinoSnug and Hysport; Merino & Co showcases high quality merino wool garments accessories and homewares.

Manufacturing and distributing Merino & Co's premium brands, the coveted, contemporary designs are created from premium Australian merino wool, loved globally for its natural softness, breathability, insulation and versatility.

Merino & Co has established retail and wholesale channels, which includes and establish e-commerce platform (currently under redevelopment), Amazon stores and around 600 domestics wholesale accounts including, Lagarde, AWPL, the Pacific region's largest travel retail operator as well as export wholesale accounts.

Merino & Co is led by Tim Kang (COO) and Fiona Yue (CEO) who both originated from inner Mongolia of China.

Tim & Fiona founded Merino & Co after combining 40+ years of extensive cashmere and wool industry experience right from raw material to finished products. Historically, both were heavily involved in the management and collaboration with Kingdeer and Erdos, two of the world's largest cashmere producers.

Tim's expertise lies in the trading, manufacturing and supply chain optimisation of cashmere/wool products. Fiona's experience lies in the strategy implementation and partnership development.

Since 2020, the company has been supported by the Australian Wool Network (AWN). AWN was established in 1999 by a visionary group of wool specialists. AWN is currently a substantial shareholder.

Now one of Australia's largest independent wool marketers, the business vision was to create a unique wool marketing organisation that brings wool growers and processors together.

Statement of profit & loss

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	Year ended 30 Jun 22 Audited	Year ended 30 Jun 23 Audited
Revenue	5,054,491	7,472,314
Cost of good sold	(3,055,957)	(4,595,095)
Employee benefits expense	(608,809)	(573,186)
Impairment/writeback of receivables	(286,725)	89,783
Marketing expense	(98,721)	(463,338)
Rental expense	(98,680)	(127,296)
Other expenses	(368,223)	(504,784)
Listing expense	-	(126,554)
Research and development costs	-	(284,499)
Share-based payments	-	-
Depreciation and amortisation expense	(229,937)	(290,351)
EBIT	309,439	596,994
Depreciation and amortisation expense	(229,937)	(290,351)
EBITDA	539,376	897,345
Research and development	-	(284,499)
EBITDA prior to R&D	539,376	1,171,844
Listing expense	-	(126,554)
EBITDA prior to R&D & IPO expense	539,376	1,298,398

Statutory and pro forma statement of financial position

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	Merino Reviewed 31 Dec 2023 \$	Subsequent events Unaudited 31 Dec 2023 \$	Pro forma adjustments (minimum) Unaudited 31 Dec 2023 \$	Pro forma Minimum Subscription Unaudited 31 Dec 2023 \$	Pro forma adjustments (Maximum) Unaudited 31 Dec 2023 \$	Pro forma Maximum Subscription Unaudited 31 Dec 2023 \$
Assets						
Current Assets	4,875,109	716,081	5,339,794	10,930,984	6,747,909	12,339,099
Non Current Assets	1,802,814	-	-	1,802,814	-	1,802,814
Total Assets	6,677,923	716,061	5,339,794	12,733,798	6,747,909	12,141,913
Liabilities						
Current Liabilities	2,468,466	-	(699,454)	1,769,012	(699,454)	1,769,012
Non Current Liabilities	2,683,740	716,081	-	3,399,821	-	3,399,821
Total Liabilities	5,152,206	716,081	(699,454)	5,168,833	(699,454)	5,168,833
Net Assets	1,525,717	-	6,039,248	7,564,965	7,447,363	8,973,080
Equity						
Issued Capital	800,100	-	8,137,290	8,937,390	9,544,543	10,344,643
Reserves	1,950,430	-	(1,929,206)	21,224	(1,929,206)	21,224
Accumulated Loss	(1,224,813)	-	(168,836)	(1,393,649)	(167,974)	(1,392,787)
Total Equity	1,525,717	-	6,039,248	7,564,965	7,447,363	8,973,080