



CHOICES THAT MATTER

“

Our mission
is to make healthy food
delicious and affordable.

”



Yani Dragov, CEO

Yani Dragov founded Smart Organic in 2009 when he was 28 years old. His goal was to spread delicious healthy food to the mass market.

Before starting his own company he graduated with a degree in Math and Economics in Munich and worked for three years as a portfolio manager at a leading investment company.

Yani comes from a family of entrepreneurs and he has always wanted to start his own business.

He has been a vegetarian and lover of healthy food for more than 20 years.

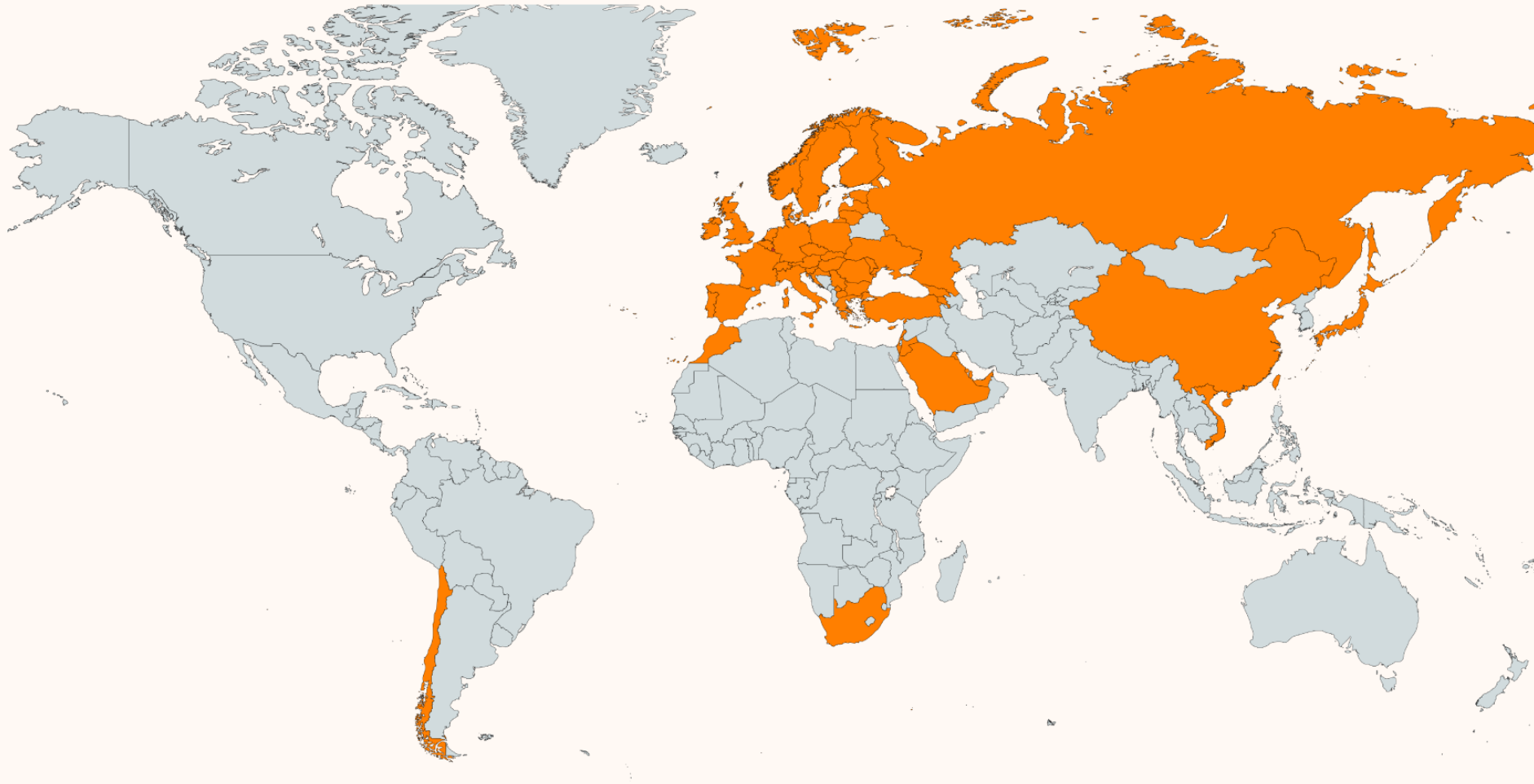
He really loves his job and he puts a lot of effort to manage his business in a socially and environmentally sustainable way.



Yani Dragov, CEO



Our first brand: Roobar



**Today we sell 20 million products in
more than 60 countries around the globe**

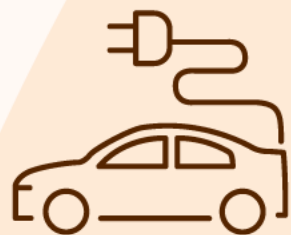
Each minute, somewhere on our planet:

- **25 bars**
 - **18 cookies**
 - **10 other Smart Organic products**
- ...are eaten (with great pleasure).



**We are certified according to the
highest standards in food safety and quality**

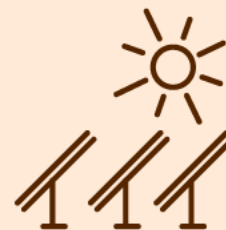




Electric car park



180 KW
solar park



Another 300 KW
solar park by July, 2022

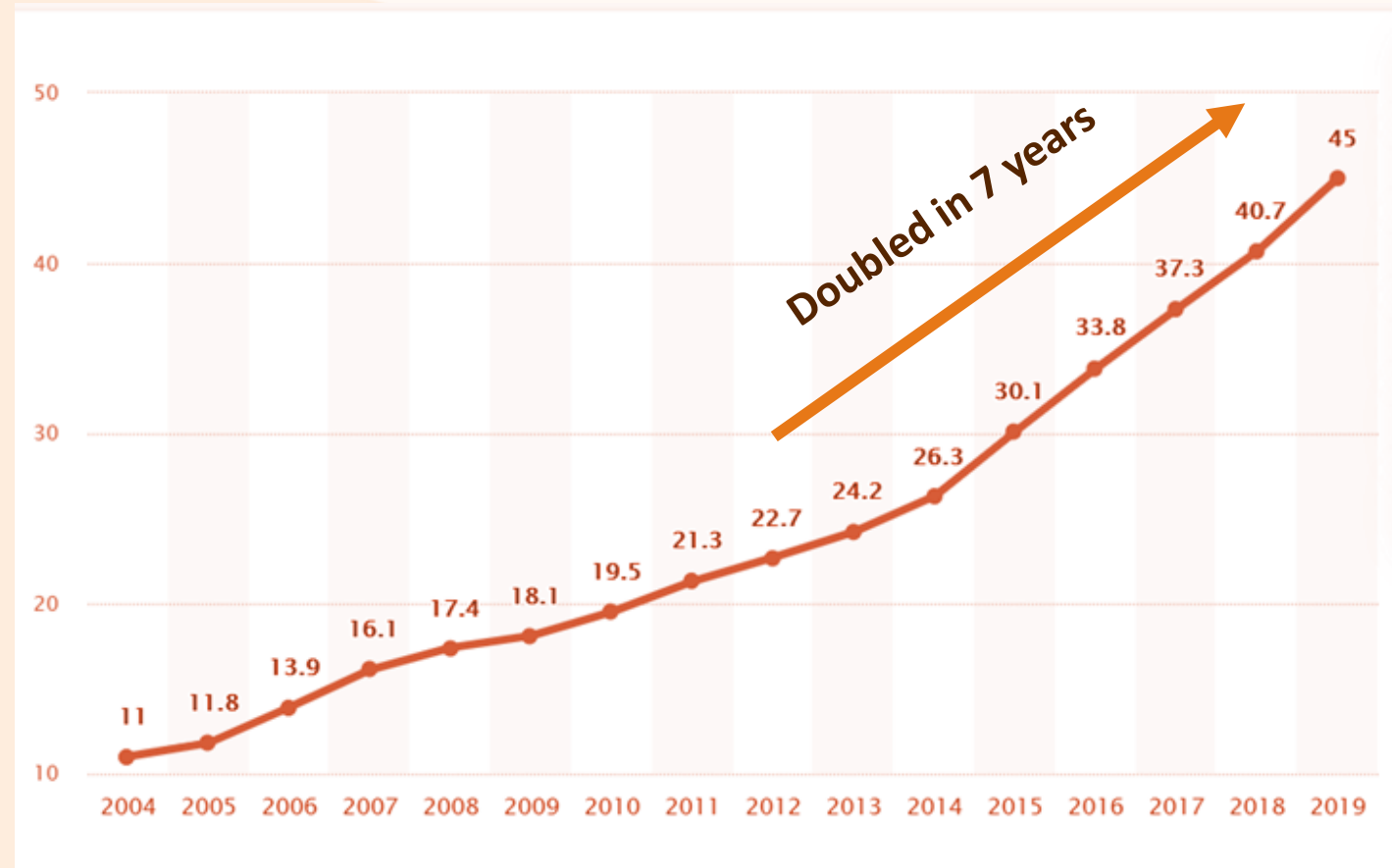


In transition to eco-friendly or
recyclable packages

Sustainable Business

Organic Food Market in Europe

- **Continuous growth** in the past 20 years
- **45 billion euro** in 2019
- **8% expected annual sector growth**
- **Germany leads**

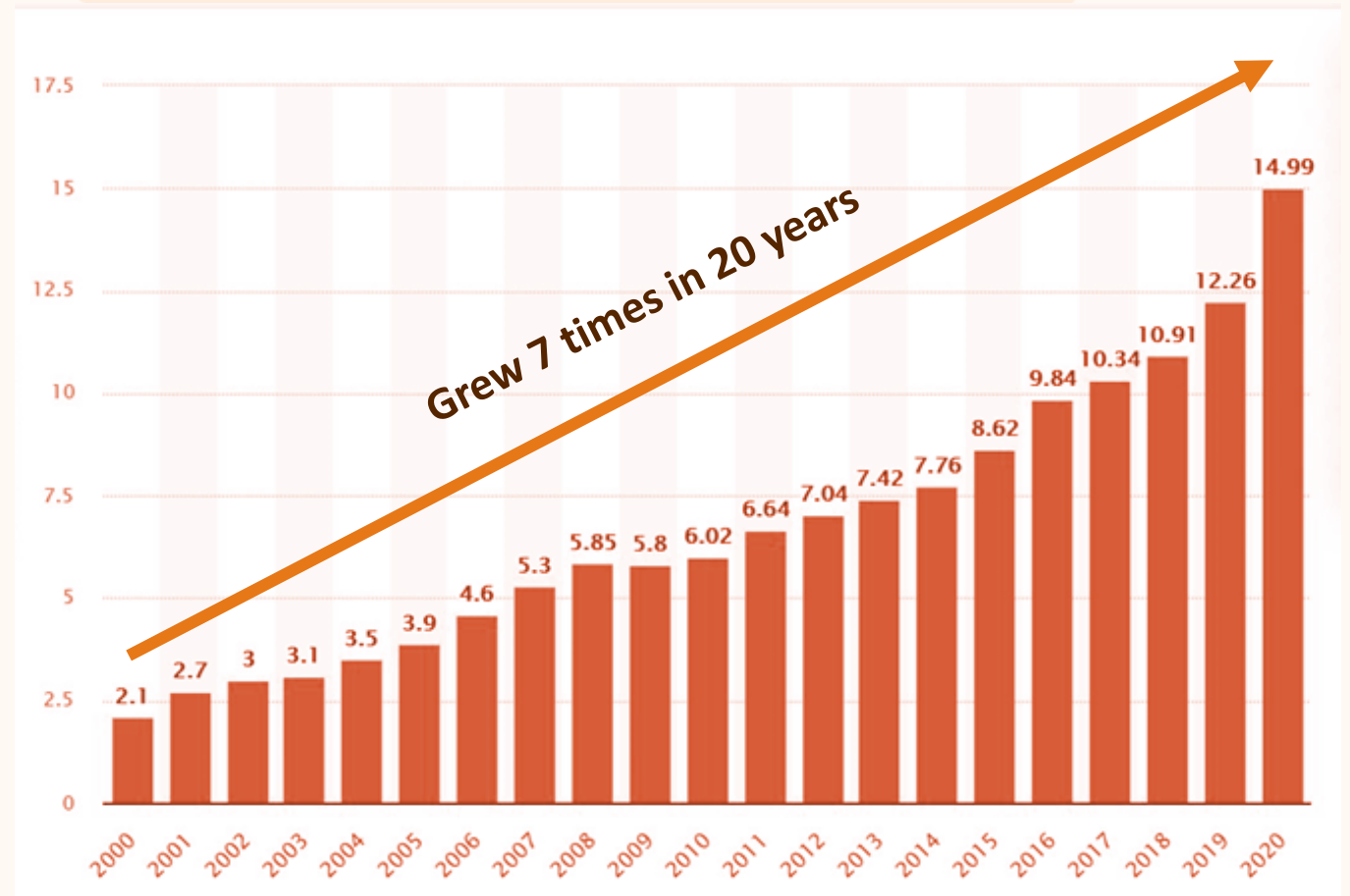


Sales value (in EUR billions)

Source: © Statista 2021

Organic Food Market in Germany

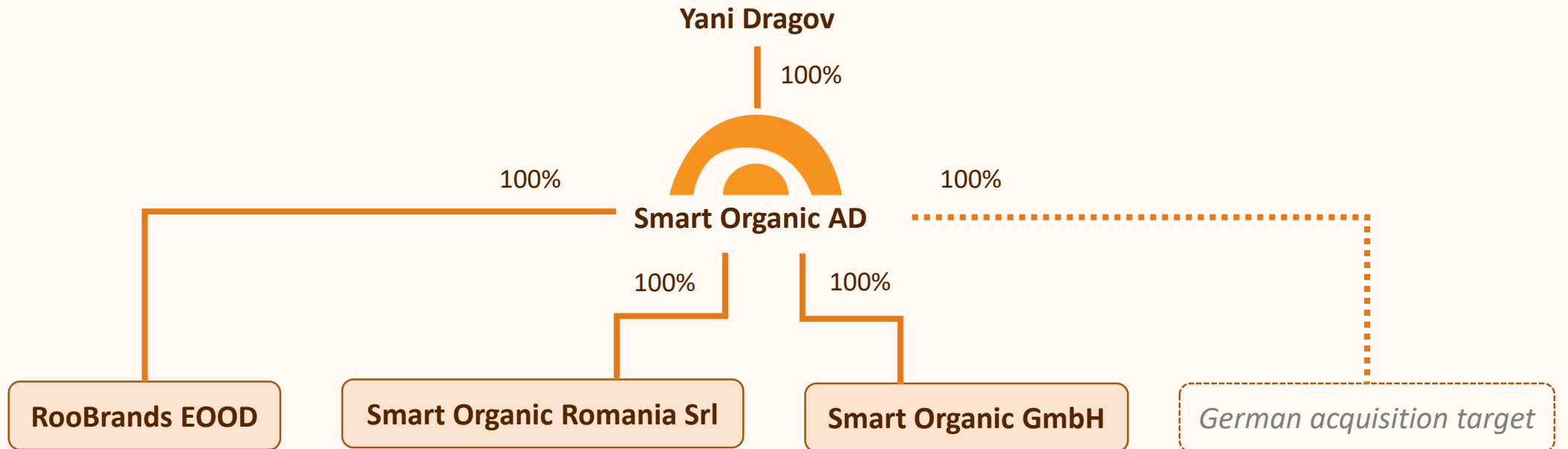
- **Continuous growth** in the past 20 years
- **15 billion euro** in 2020
- **Positive Covid effect**




Revenue (in EUR billions)

Source: © Statista 2021

Smart Organic AD Structure



German Acquisition Target



**Well-known brand in
Germany**

- Bars
- Superfoods



Listed in big food retail chains nationwide

**Following the acquisition the company will continue its commercial operations,
while production will be transferred in Smart Organic.**

Our Brands

Roo'bar



bett'r

- Organic
- Vegan
- Gluten-free
- No added sugar



It is time for the new
chocolate-covered

Roobar



- organic
- vegan
- gluten free
- soy free
- wheat free
- palm oil free
- refined sugar free



Registered
Utility Model
in BG, DE, CH

better



- organic
- vegan
- free from bad ingredients



better

- organic
- vegan
- no additives
- super smooth

- Organic



- Vegan



- Gluten-free

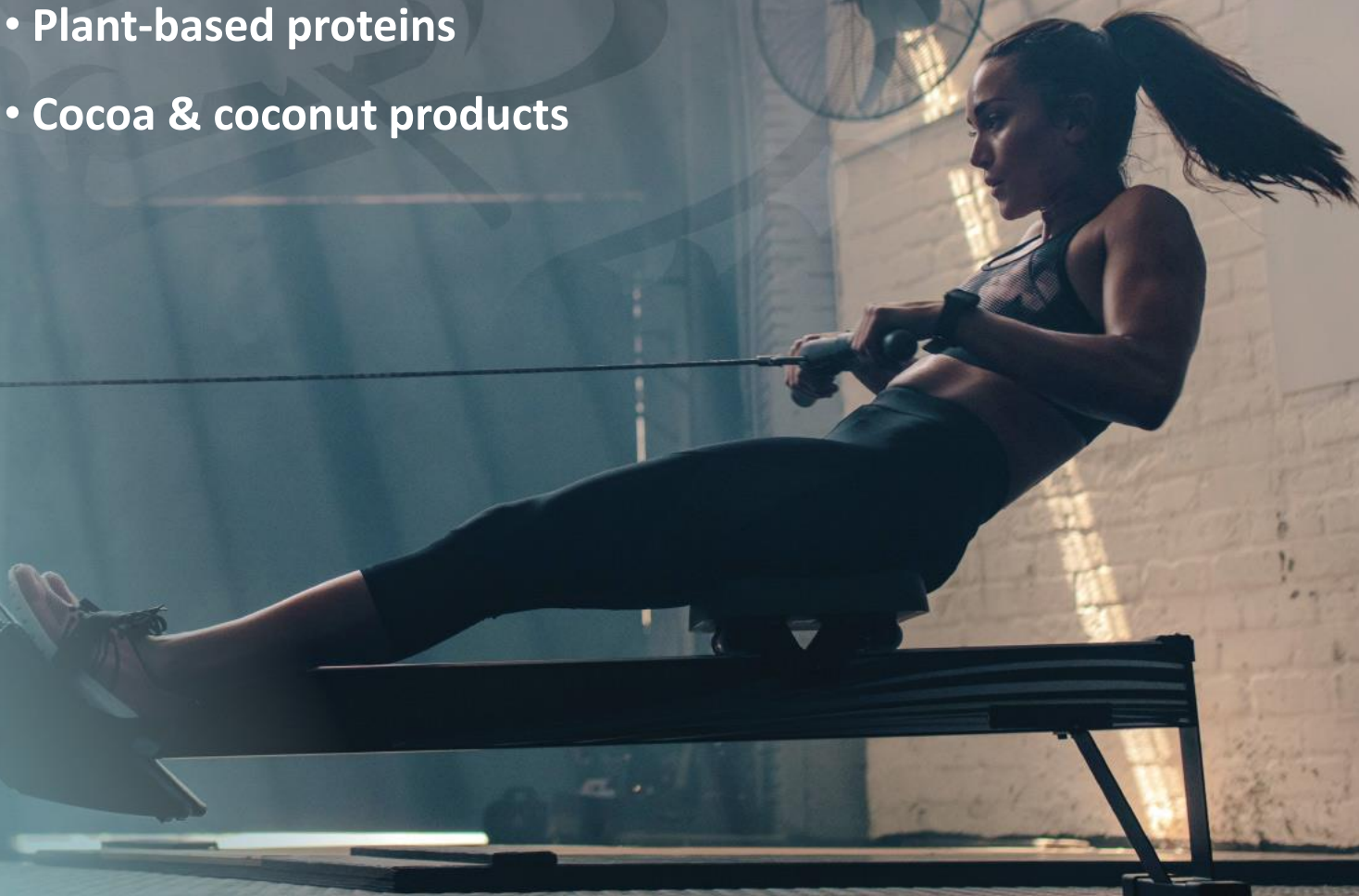


- No added sugar





- Organic superfoods
- Plant-based proteins
- Cocoa & coconut products



R&D, Innovation and Speed

- **Top-of-mind company** for innovative and delicious organic food
- **Awards** in Europe, Asia and America
- **Registered Utility Model** for Kookie Cat for Bulgaria, Germany and Switzerland
- **3-6 months** from idea to shelf
- **30-60 new products** every year





Production



Raw Materials

- Direct sourcing from over 30 countries => high margin
- Long-term relationship with suppliers
- EU origin, whenever possible



Production Building 1 Sofia – Knyazhevo

- 6000 square meters
- 2 bar-production lines
- 2 cookie-production lines
- 5 vertical packaging lines
- 3 doypack packaging machines



Solar Park 1

- 180 KW
- Over 80 tons of CO2 savings annually

Warehouse & Production Building 2

Sofia – Knyazhevo



- 5000 square meters
- 300 KW solar park
- Expected completion date: July, 2022



Production Building 3 Bozhurishte

- Expected start of construction: July, 2022
- Stage 1: 4000 square meters
- Stage: Additional 8000 square meters



Clients

coop **BILLA**  **EROSKI**  **Mercator**

REWE **SPAR**  **MERKUR**


NorgesGruppen

denn's
BIOMARKT


ALNATURA®

globus

dm

METRO


Auchan

MONOPRIX


franprix

**Bio
c'
Bon**


ALDI


Hofer

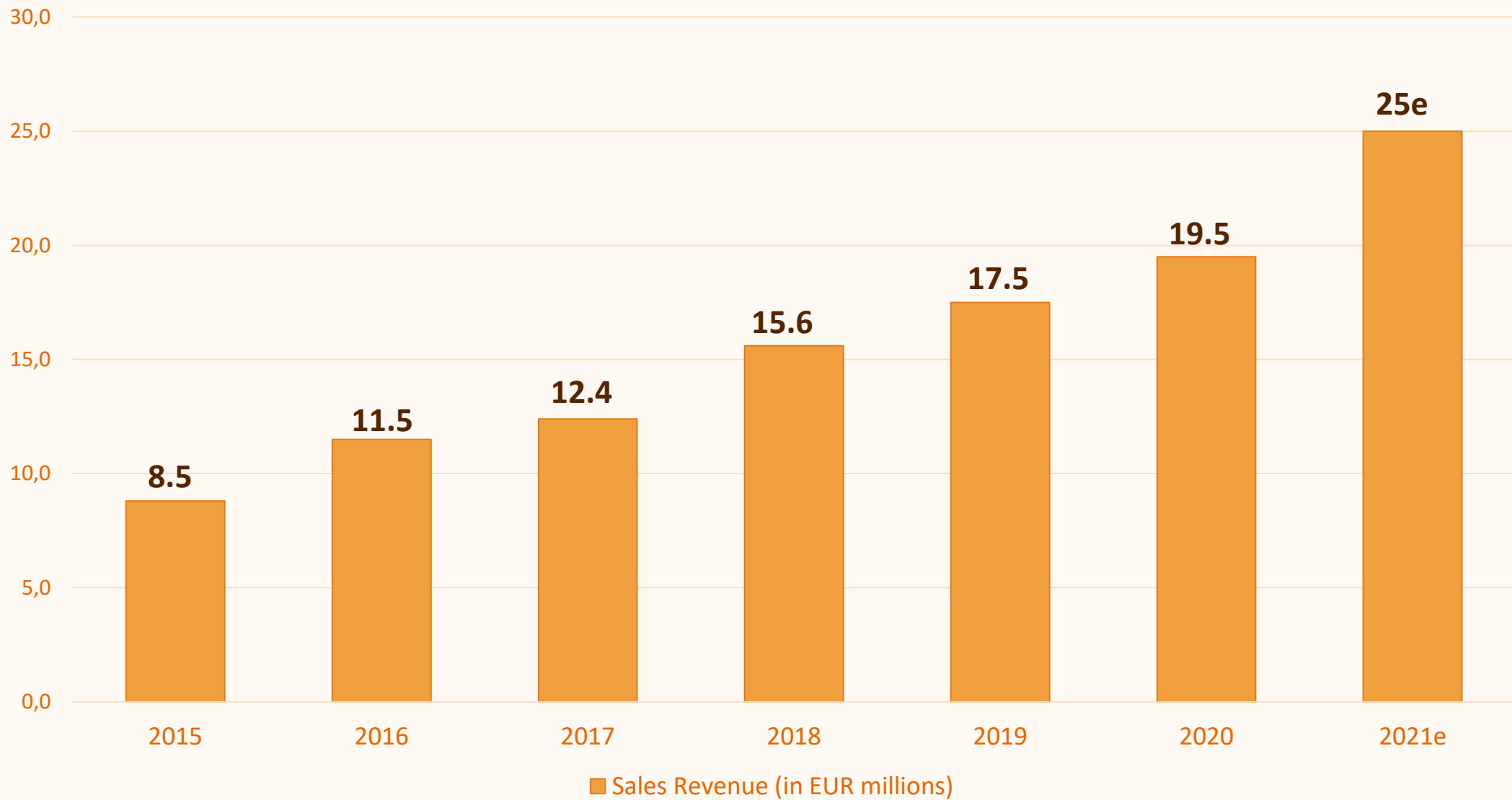

LIDL

 **Kaufland**

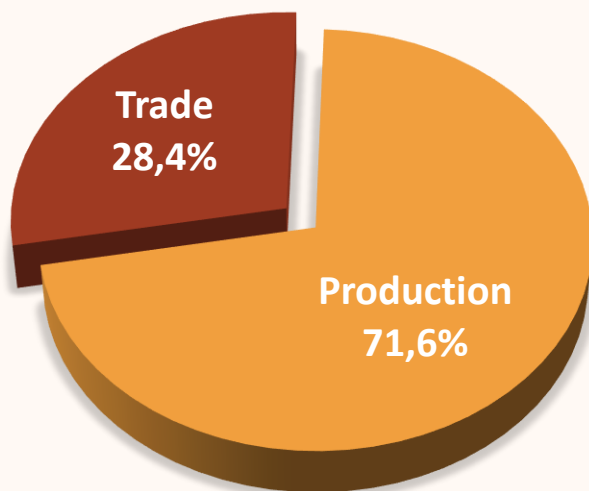


Sales

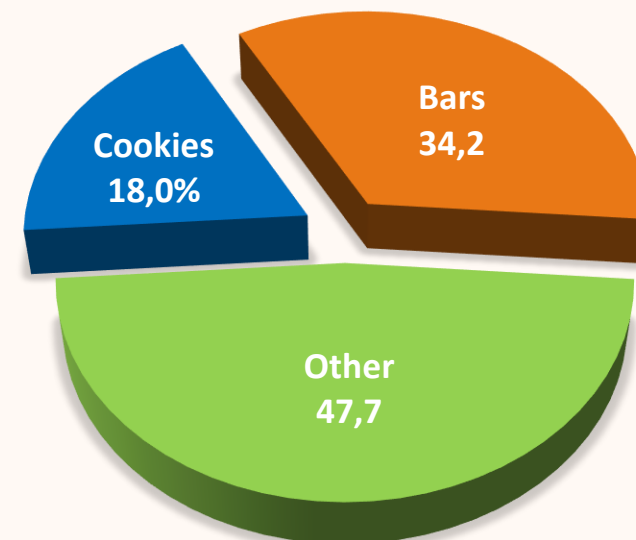
Smart Organic AD



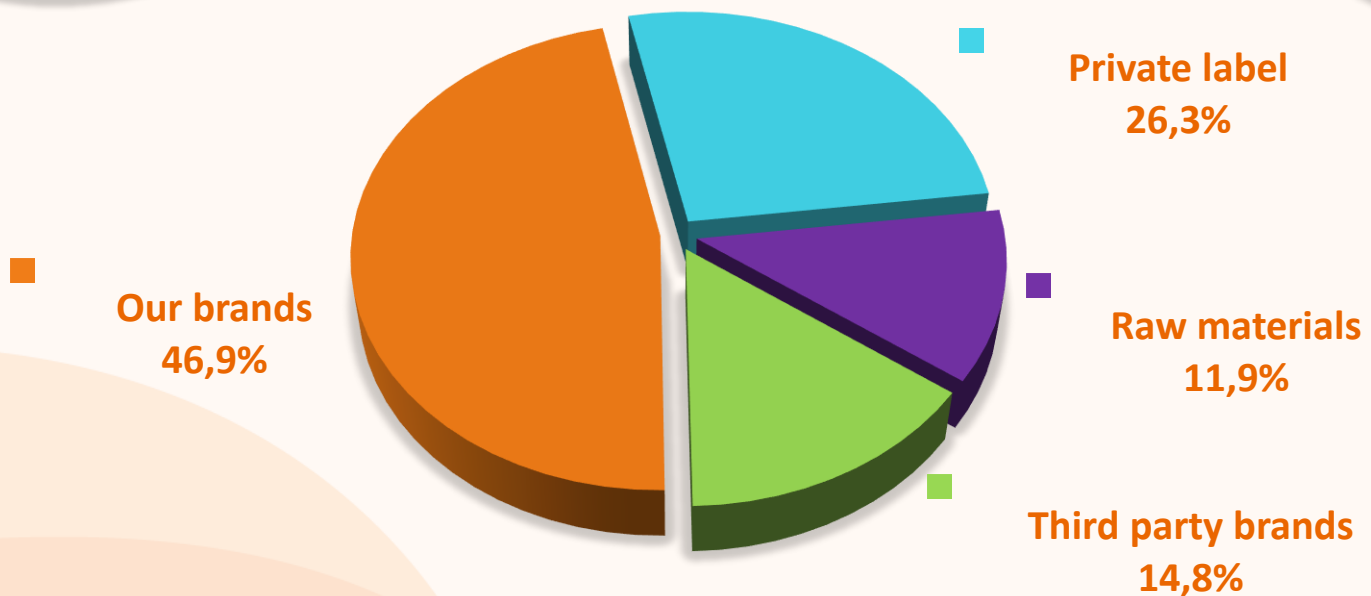
**Sales Split:
Production vs Trade**



Sales Split by Product Category



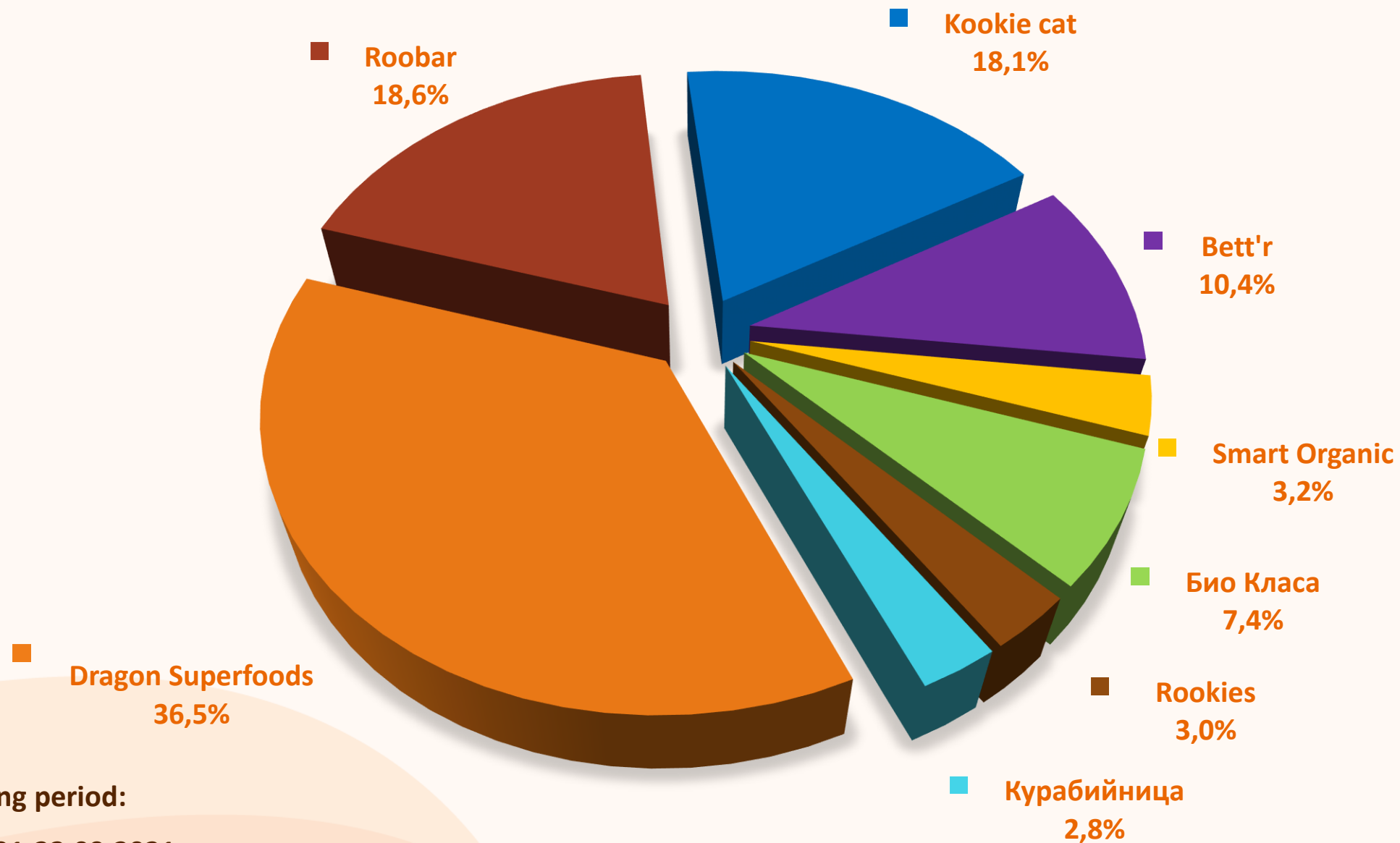
Sales Split by Brand Ownership



Accounting period:

01.01.2021-23.09.2021

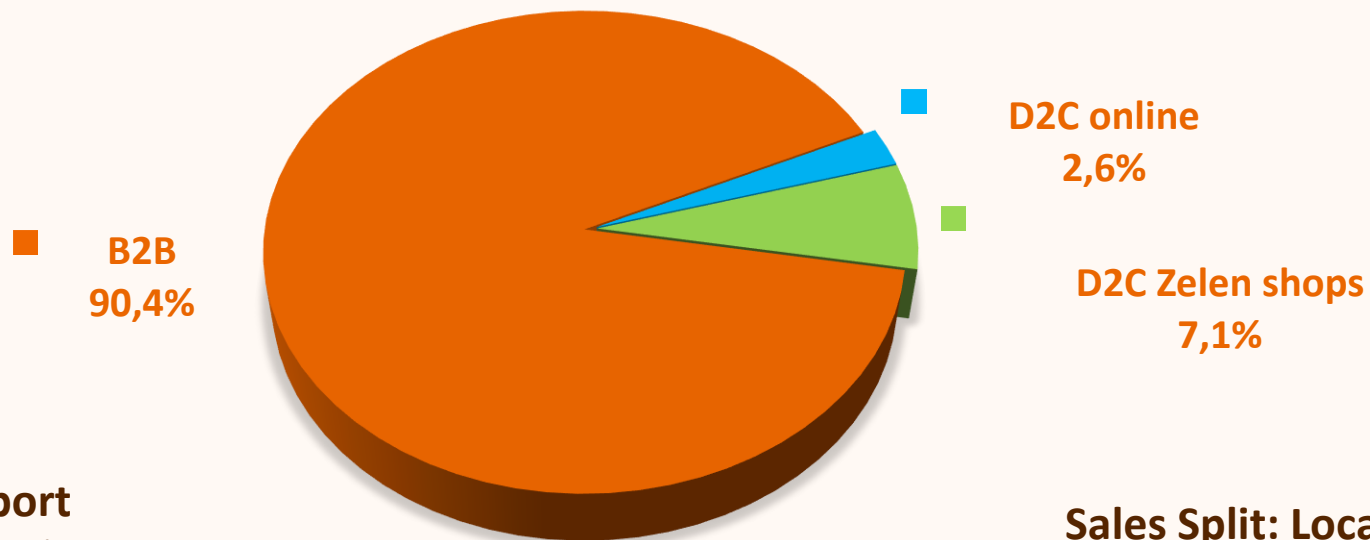
Sales Split of Branded Products



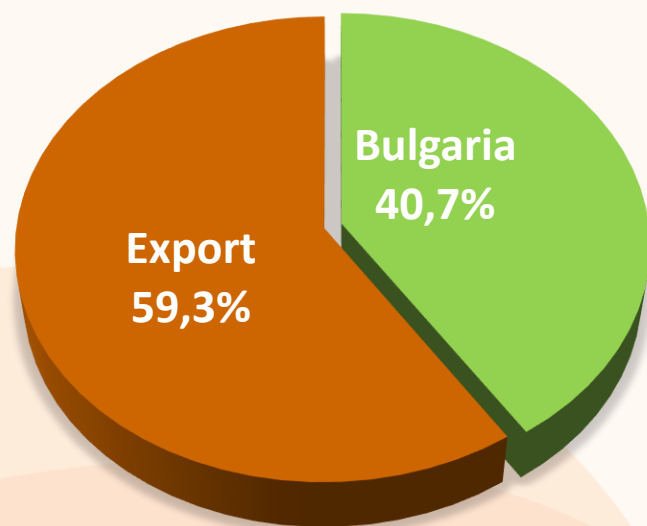
Accounting period:

01.01.2021-23.09.2021

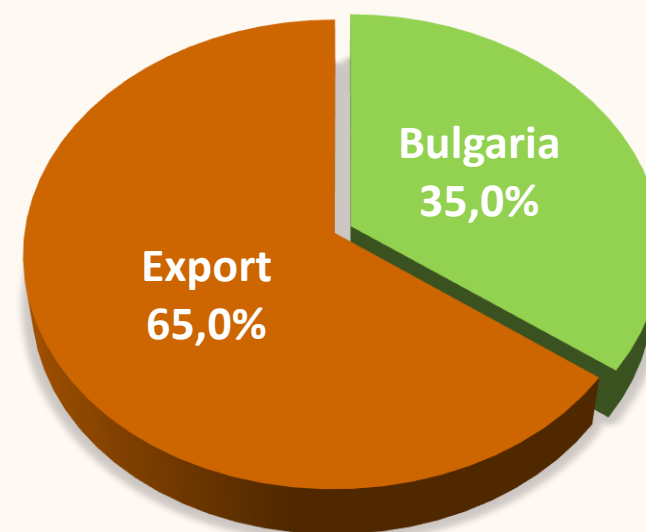
Sales Split by Channel



Sales Split: Local vs Export
(before German acquisition)

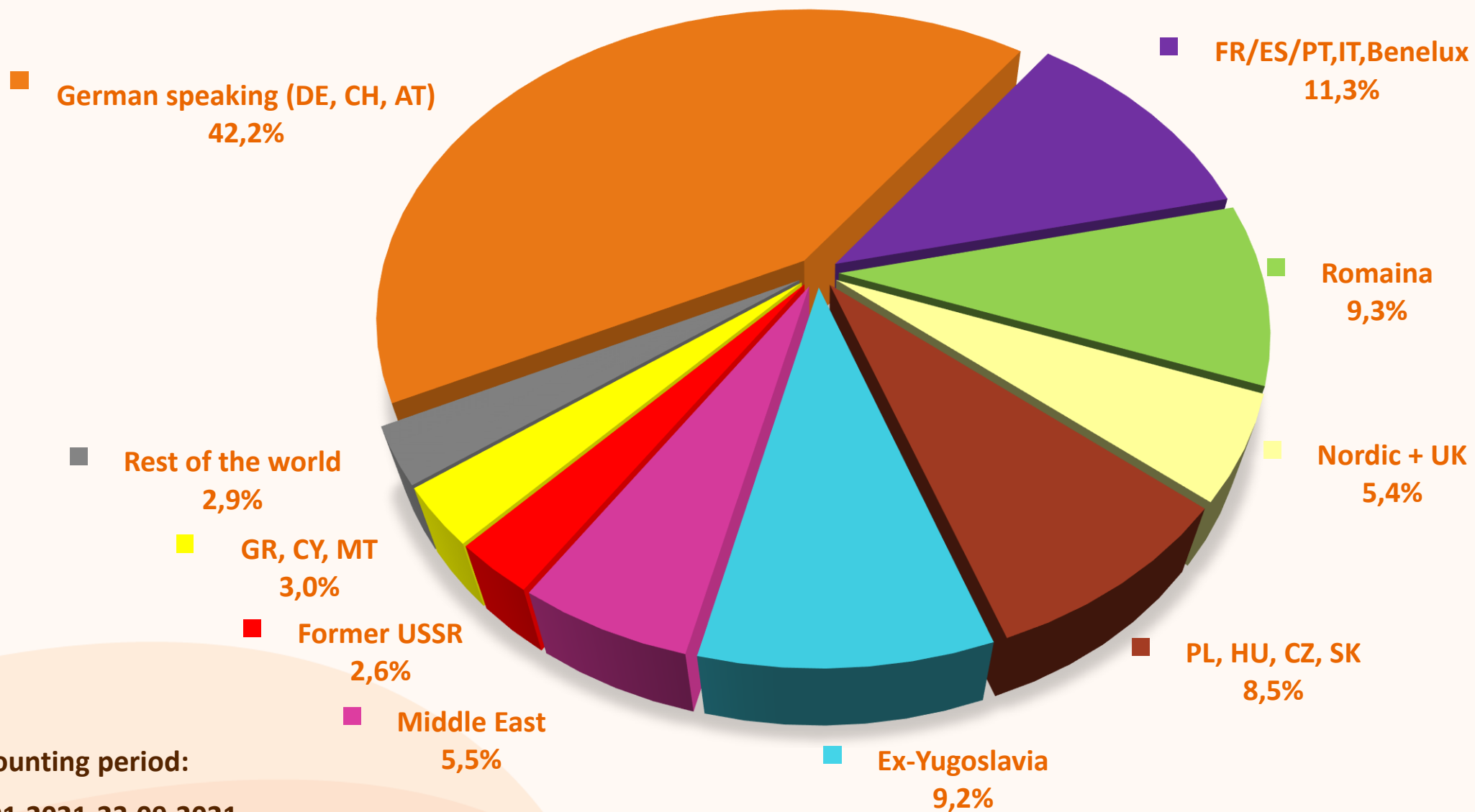


Sales Split: Local vs Export
(after German acquisition)



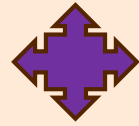
Accounting period:
01.01.2021-23.09.2021

Export Sales Split



Accounting period:

01.01.2021-23.09.2021



High diversification
of clients and products



Inspired team by the cause
of the company



Continuously growing efficiency
(automation of our production processes)



Very strong focus
on **R&D**



High net profit margin
(vertical integration and high value-added of our products)

Competitive Advantage

Potential threats and how we handle them



Raw materials shortage



=> Own direct sourcing



Growing competition



=> Innovation and continuous product improvements



Recall



=> Constant quality control



Labor shortage



=> Automation and employee benefits

New capital allocation

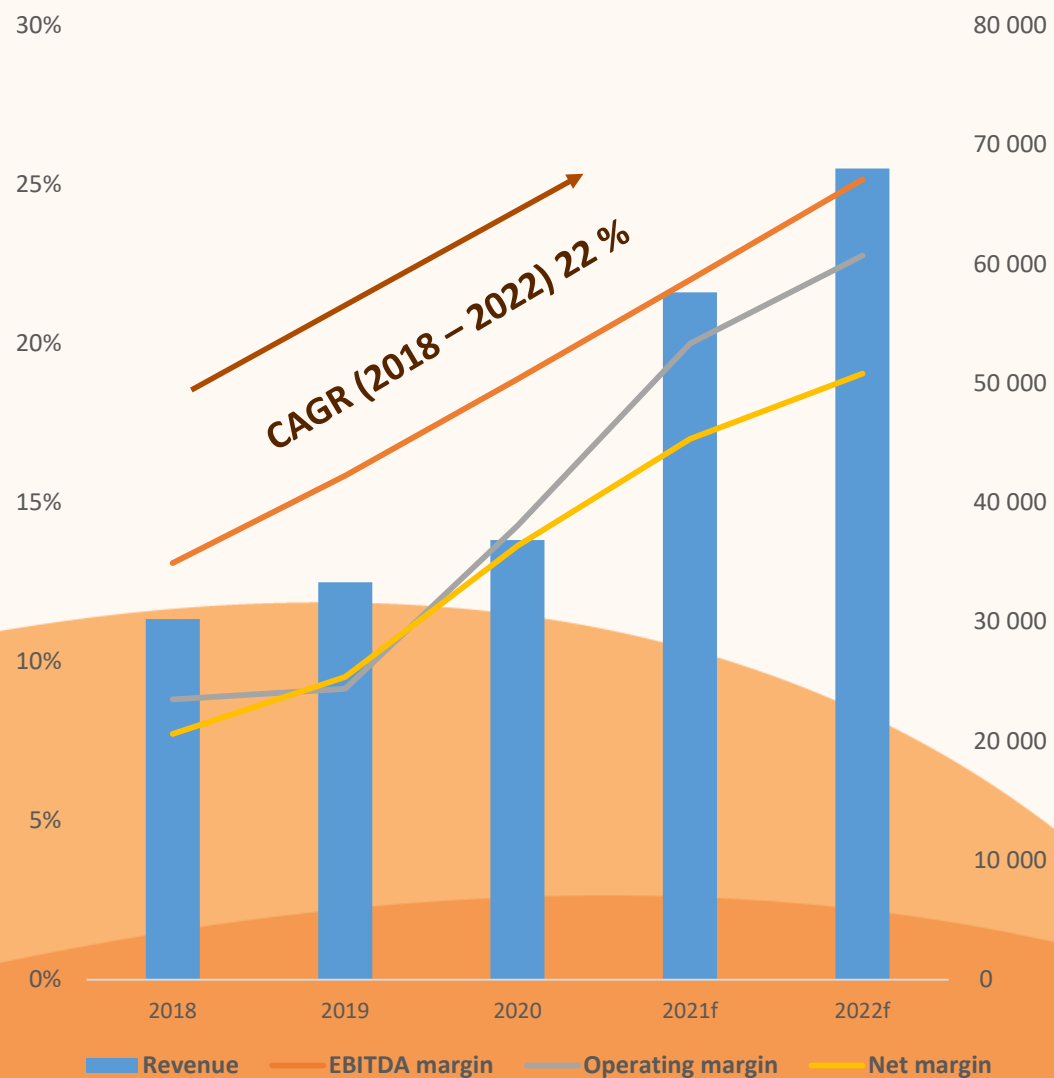
German target acquisition

New production facility

Both investments will be co-financed by debt to ensure higher own capital return.

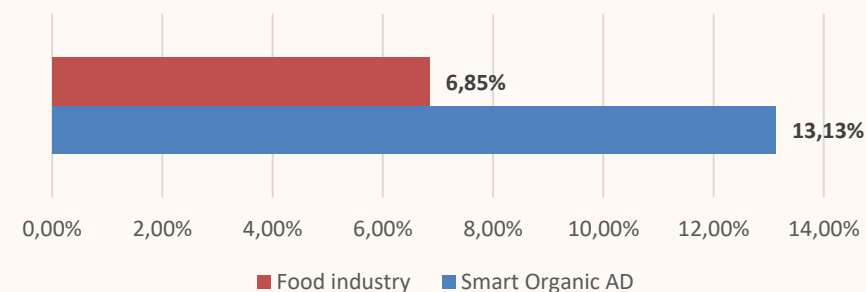


Stable Revenue Growth with high margins (in BGN thousands)

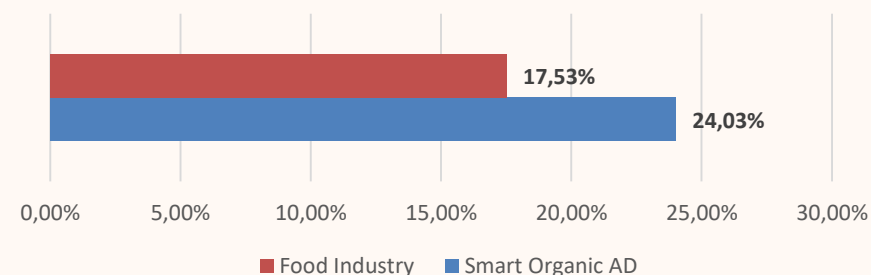


Return on invested capital and growth in revenue compared to the industry globally

Sales growth (5 year CAGR) compared to the industry



Return on invested capital 2020 compared to the industry



Notes:

*Data: Site by prof. Damodaran

*ROIC calculated as $EBIT \times (1 - \text{marginal tax rate}) / (\text{Fixed assets} + \text{NWC})$

Financial forecast

BGN Thousands	2020 (up-to-date)	2021	2022	2023	2024	2025	2026
Revenue	36 864	57 621	67 993	78 191	87 574	94 580	96 945
% growth		56.31%	18.00%	15.00%	12.00%	8.00%	2.50%
COGS	(17 748)	(28 656)	(32 722)	(37 703)	(42 295)	(45 679)	(46 821)
Gross margin	51.90%	50.27%	51.87%	51.78%	51.70%	51.70%	51.70%
Materials	(1 099)	(1 240)	(1 414)	(1 602)	(1 766)	(1 907)	(1 955)
% of revenue	3.00%	2.20%	2.10%	2.00%	2.00%	2.00%	2.02%
Personnel	(6 186)	(7 912)	(8 999)	(10 553)	(12 082)	(13 048)	(13 375)
% of revenue	16.78%	13.73%	13.24%	13.50%	13.80%	13.80%	13.80%
Hired services	(3 940)	(5 845)	(6 618)	(7 408)	(8 467)	(9 145)	(9 373)
% of revenue	10.70%	10.10%	9.70%	9.50%	9.70%	9.70%	9.67%
Other	(930)	(1 117)	(1 131)	(1 335)	(1 535)	(1 658)	(1 700)
% of revenue	2.52%	1.94%	1.66%	1.71%	1.75%	1.75%	1.75%
EBITDA	6 961	12 851	17 108	19 591	21 429	23 143	23 722
EBITDA margin	18.88%	22.30%	25.16%	25.06%	24.47%	24.47%	24.47%
Depreciation and amortization	(1 699)	(1 244)	(1 627)	(1 906)	(1 761)	(1 741)	(1 785)
Operating profit	5 262	11 607	15 480	17 685	19 668	21 402	21 937
Operating margin	14.27%	20.14%	22.77%	22.62%	22.46%	22.63%	22.63%
Profit from investments							
Financial expenses	5	-	-	-	-	-	-
Financial income	(216)	(185)	(313)	(286)	(248)	(215)	(220)
Other financial income/expenses	58	20	-	-	-	-	-
	(2)	(18)	-	-	-	-	-
Extraordinary income/expenses							
Profit before tax	461	-	-	-	-	-	-
Tax	5 568	11 423	15 167	17 400	19 420	21 187	21 717
Effective tax rate	(541)	(1 728)	(2 230)	(2 490)	(2 738)	(2 988)	(3 062)
Net profit	9.72%	15.13%	14.70%	14.31%	14.10%	14.10%	14.10%
Net profit margin	5 027	9 695	12 938	14 910	16 681	18 200	18 655
	13.64%	16.83%	19.03%	19.07%	19.05%	19.24%	19.24%
Net profit	5 027	9 695	12 938	14 910	16 681	18 200	18 655

Sources:

* prof. Damodaran

*Data OECD

*Yahoo, Reuters,
Bloomberg



Smart Organic compared to peers

Company Name	Country	Industry	EV/REV (fwd)	EV/EBITDA (fwd)	P/E (fwd)	CAGR 5yr	CAGR 4yr(n-1)	D/E	EBIT margin	GPM	CR	ITO	APR	ATO	SALES BGN	SALES PER EMPLOYEE	PPE/SALES	GOODWILL/ASSETS
Midsona	Sweden	Household products	1,50	14,01	21,00	25,87%	20,89%	76,91%	6,07%	30,60%	1,32	4,56	12,79	0,75	715 371	920,20	14,78%	36,67%
Hain Celestial	USA	Food processing	2,33	16,00	27,52	-3,81%	-4,30%	15,17%	3,17%	21,87%	1,99	5,54	11,42	0,90	3 317 132	899,96	20,54%	39,49%
Raisio	Finland	Food processing	2,06	16,72	27,90	-14,83%	-11,12%	3,75%	11,32%	28,69%	3,88	4,52	8,01	0,75	456 882	1 382,40	31,29%	14,59%
Kerry Group	Ireland	Food processing	3,13	20,99	31,30	2,64%	5,71%	55,64%	10,44%	45,79%	1,53	3,76	7,23	0,73	13 599 668	521,97	28,62%	28,00%
Bio Planet	Poland	Food processing	na	na	na	18,26%	11,45%	70,39%	1,87%	27,55%	0,97	11,40	10,57	3,43	86 976	370,11	14,54%	0,44%
Nestle	Switzerland	Food processing	4,16	19,36	25,90	-1,02%	1,14%	87,42%	15,19%	49,11%	0,86	4,42	9,63	0,67	152 892 489	542,29	30,64%	22,27%
Kellogg Company	USA	Food processing	2,17	12,99	15,01	0,36%	1,55%	240,20%	11,60%	33,74%	0,66	7,20	10,77	0,77	23 185 605	748,04	31,74%	32,22%
Danone	France	Food processing	2,15	11,67	18,30	1,06%	4,84%	98,95%	12,78%	47,75%	1,03	6,50	8,57	0,54	46 196 705	452,11	27,82%	39,78%
Mondelez	USA	Food processing	3,56	16,99	20,35	-2,15%	0,00%	72,69%	12,49%	40,44%	0,66	6,21	11,79	0,40	44 761 994	563,09	36,36%	32,29%
MEDIAN			2,25	16,36	23,45	0,36%	1,55%	72,69%	11,32%	33,74%	1,03	5,54	10,57	0,75	13 599 668	563,09	28,62%	32,25%
Smart organic	Bulgaria	Food processing				13,13%	15,13%	50,50%	13,97%	52,08%	3,79	2,63	10,93	1,51	36 864	143,44	25,77%	approx. 34%

Sources:

***Yahoo, Reuters, Bloomberg**

***all data, except the last column, is before the acquisition**

Smart Organic EPS as of end-2021

0.97 BGN

Valuation compared to peers

Minimum price per share at IPO

Maximum price per share at IPO

P/E ratio

23.4

15.7

19.5

Fair value per Smart Organic share

22.75 BGN

15.25 BGN

18.90 BGN



Smart Organic IPO Details

Date: **11.11.2021**

Segment: **BEAM on the Bulgarian Stock Exchange**

Price: **15.25 – 18.90 BGN per share**

Investment intermediary: **Karoll**

Investment Steps

- 1** Turn to **your investment broker**. If you do not have one, you can check the site of our investment intermediary Karoll. (Open an account at **<https://karollbroker.bg/en/>**)
- 2** Download a trading platform and transfer the amount needed to invest in shares.
- 3** Push the buy button and enjoy your delicious investment



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