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# MELLIFERA AD

Investment teaser

December 2022

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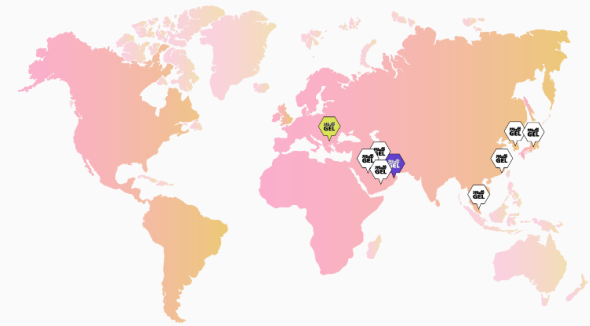


# THE COMPANY

- **Mellifera** is a rapidly growing Bulgarian company that develops specialized food with functional benefits. The focus of the company is the innovative application of organic Bulgarian honey in combination with other superfoods and plant extracts with powerful medicinal properties. Given the current trends in healthy eating, combined with the global focus on immune health, **Mellifera's** products appear at the right time.
- Its flagship product **MelliGEL** ([www.melligel.com](http://www.melligel.com)) is a bio energy gel for athletes, designed for endurance and concentration during prolonged exercise. Since its launch, it has been recognized by a variety of consumers as a healthy alternative to popular energy boosters. **MelliGEL** has won several landmark awards for innovative biological product and best sports food. Following its certification by Informed Sport, it is attracting the interest of the global professional sports community as well.
- **Mellifera** plans to increase its capacity by expanding existing production facilities and include more innovative foods to its portfolio whose recipes are already done.

## Potential

- Constantly increasing global market of functional foods by \*CAGR of 9.5% for the period 2021 to 2028 and amounting up to USD 529 billion.
- **Mellifera** production is aimed mainly for export. New contracts with distributor for the GCC region and with BDV (vending machines union of Germany) are in pipeline for 2023.
- Setup of Japan rep office is in process and the company is in negotiations with distributors in several EU countries.



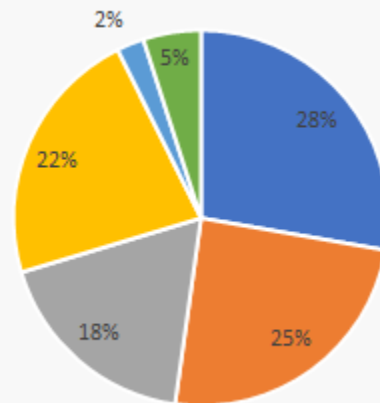
\* <https://www.fortunebusinessinsights.com>

## IPO Mellifera AD

Capital increase distribution

Total: BGN 2 million

- Marketing, sales&distribution
- Production site capacity increase - reconstruction of building
- R&D, Personnel and working capital
- Increase of the production capacity - new machines
- Vehicles
- Intangible assets - trade marks and patents



<https://beam.bse-sofia.bg/en/mellifera>

## Achievements

- MellIGEL won both **“Fitness and Sports Nutrition Product of the Year”** and **“Innovative Natural and Organic Product of the Year”**, 2021 <https://foodmatterslive.com/award/2021/shortlist/melligel-mellifera-ltd/>
- MellIGEL Spirulina got a star from **Great Taste** in 2021.
- MellIGEL was one of the **innovative startups** in ClimAccelerator Black Sea (Bulgaria) a program by Innovation Starter <https://accelerator.bg/>
- MellIGEL is amongst the finalists in ESSNAwards twice: Highly Commended **“Newcomer of the Year”** in 2021, and finalist in **„Best Free-from Product of the Year”** in 2022 <https://www.essnawards.com/>
- Mellifera 's products are awarded by the Food Producers Union in Bulgaria with a **Diploma for New Products and Technologies** in 2022.
- Mellifera is **awarded company** by <http://Innovation.bg> in 2022.



## VALUATION AND RATIOS

Projected Income statement	2023	2024	2025	2026	2027
/BGN' 000/					
Revenue from sale of production	1,053	6,478	7,742	9,059	10,428
Raw materials used in production	-444	-2,661	-3,105	-3,548	-3,992
<b>Gross profit</b>	<b>610</b>	<b>3,817</b>	<b>4,638</b>	<b>5,511</b>	<b>6,437</b>
Operating expenses	(1,072)	(1,769)	(2,038)	(2,296)	(2,562)
<b>EBITDA</b>	<b>(462)</b>	<b>2,048</b>	<b>2,599</b>	<b>3,215</b>	<b>3,875</b>
Depreciation & amortisation	(79)	(185)	(185)	(185)	(185)
<b>Profit before taxes</b>	<b>(541)</b>	<b>1,863</b>	<b>2,414</b>	<b>3,030</b>	<b>3,690</b>
Tax expense	0	0	(121)	(303)	(369)
<b>Net profit/ (loss)</b>	<b>(541)</b>	<b>1,863</b>	<b>2,294</b>	<b>2,727</b>	<b>3,321</b>
Projected Balance sheet	31.12.2023	31.12.2024	31.12.2025	31.12.2026	31.12.2027
/BGN' 000/					
Non-current assets	1,522	1,357	1,192	1,057	922
Inventory	444	1,331	1,552	1,774	1,996
Trade receivables and advances paid	69	270	323	377	435
Cash and cash equivalents	167	1,229	3,442	6,057	9,264
<b>Total assets</b>	<b>2,202</b>	<b>4,186</b>	<b>6,509</b>	<b>9,265</b>	<b>12,616</b>
<b>Total liabilities</b>	<b>63</b>	<b>185</b>	<b>214</b>	<b>243</b>	<b>273</b>
Paid-in-capital	1,100	1,100	1,100	1,100	1,100
Reserves and accumulated profit	1,038	2,901	5,195	7,922	11,243
<b>Total equity</b>	<b>2,202</b>	<b>4,186</b>	<b>6,509</b>	<b>9,265</b>	<b>12,616</b>
Ratios	2023	2024	2025	2026	2027
Utilised production capacity	10.0%	60.0%	70.0%	80.0%	90.0%
Gross margin	57.9%	58.9%	59.9%	60.8%	61.7%
EBITDA margin	-43.9%	31.6%	33.6%	35.5%	37.2%
Marketing and distribution expenses/Revenue	52.9%	10.0%	10.0%	10.0%	10.0%
Operating expenses/Revenue	101.7%	27.3%	26.3%	25.3%	24.6%
FCFe per share	-1.71	0.96	2.01	2.38	2.92
EPS, earnings per share	-0.49	1.69	2.09	2.48	3.02
BVPS, book value per share	2.00	3.81	5.92	8.42	11.47
Forecasted dividend per share (DPO min 50%)	0.00	0.85	1.04	1.24	1.51

DCF Valuation Mellifera AD/ Sensitivity analysis						
(BGN' 000)						
Discount rate - Ke*	15.74%	16.74%	17.74%	18.74%	19.74%	
NPV of FCFe	3,600	3,450	3,306	3,169	3,038	
Terminal Value (TV)	g**	15.74%	16.74%	17.74%	18.74%	19.74%
1.6%	9,585	8,502	7,577	6,782	6,094	
1.8%	9,742	8,633	7,687	6,876	6,174	
2.0%	9,903	8,767	7,800	6,972	6,256	
2.2%	10,069	8,905	7,916	7,070	6,339	
Company valuation	15.74%	16.74%	17.74%	18.74%	19.74%	
1.6%	13,186	11,952	10,884	9,951	9,132	
1.8%	13,342	12,083	10,994	10,045	9,212	
2.0%	13,504	12,217	11,107	10,141	9,294	
2.2%	13,670	12,355	11,223	10,239	9,377	
TV share in valuation	72.7%	71.1%	69.6%	68.2%	66.7%	
	73.0%	71.4%	69.9%	68.5%	67.0%	
	73.3%	71.8%	70.2%	68.7%	67.3%	
	73.7%	72.1%	70.5%	69.0%	67.6%	
Price per share (BGN)	15.74%	16.74%	17.74%	18.74%	19.74%	
1.6%	11.99	10.87	9.89	9.05	8.30	
1.8%	12.13	10.98	9.99	9.13	8.37	
2.0%	12.28	11.11	10.10	9.22	8.45	
2.2%	12.43	11.23	10.20	9.31	8.52	
* Cost of equity (Ke), CAPM model = Risk-Free Rate + Beta × Equity Risk Premium Bulgaria + Company risk (10%)						
** g - long term growth rate						
* Source: Bloomberg, <a href="https://pages.stern.nyu.edu/~adamodar/">https://pages.stern.nyu.edu/~adamodar/</a>						

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