



NOROFERT GROUP

# INVESTMENT PRESENTATION

*July 2019*



*We are the leading producer of organic inputs in Romania, having currently estimated 30% of the local market.*

*We have almost 20 years of experience in farming in agriculture and we have been producing our inputs “made in Romania” since 2015. We are an experienced team of young professionals, willing to make our mark in the agro-tech field. Right now, we are in the process of raising capital for further growing our business and by September 2019, we plan to float on the AeRO market of the Bucharest Stock Exchange. Thank you for your interest in Norofert’s shares and we hope you will find our business interesting.*

*Vlad Popescu, President & CEO*

# Table of contents

1.	Business overview	4
2.	Products	10
3.	Growth prospects	18
4.	Financial data	24
5.	Contact details	28

A background image showing a close-up of a hand holding a stream of small, white, spherical fertilizer granules. To the left of the hand, a small green seedling with two leaves is growing out of a dark, rich layer of soil. The overall scene is brightly lit, suggesting a sunny day in a garden or field.

# BUSINESS OVERVIEW

# ABOUT NOROFERT GROUP

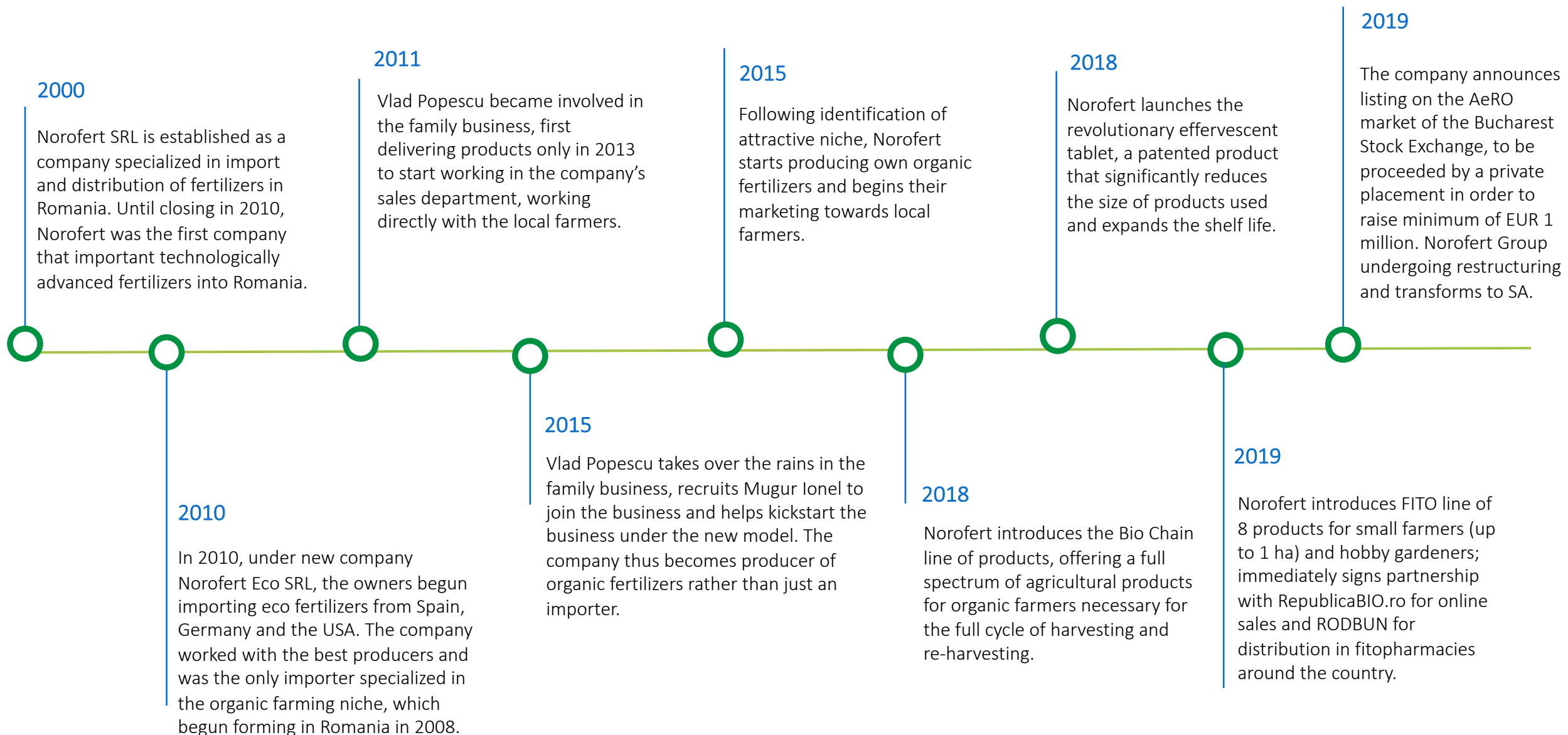
Norofert Group is a leading Romanian producer of organic agricultural products and an experienced player on the local organic farming market. Established in 2000 as a family business, in the past two years the company has undergone rapid growth after developing a proprietary technology, called Bio Chain, which only uses raw vegetal, animal, bacterial materials and microorganism as ingredients of its products. Apart from bio fertilizers, the company also produces organic phytosanitary products such as insecticides and fungicides as well as seed and foliar treatments.

In August 2018, Norofert Organics launched a premiere on the Romanian market by introducing all its products in the form of an effervescent tablet. By replacing classic liquid or powder products used in agriculture with the tablet, Norofert removed completely the risk of fermentation at high temperatures, extended the product's shelf-life to between 5-10 years as well as significantly reduced storage and space need for transportation thus revolutionizing the local organic agriculture sector.

The company currently has estimated 30% of the Romanian organic farming market. At the end of 2018, the company begun its efforts to expand outside of Romania, having signed the first contracts with distributors from Republic of Moldova and is planning to further expand to Greece, Bulgaria and Croatia later this year.

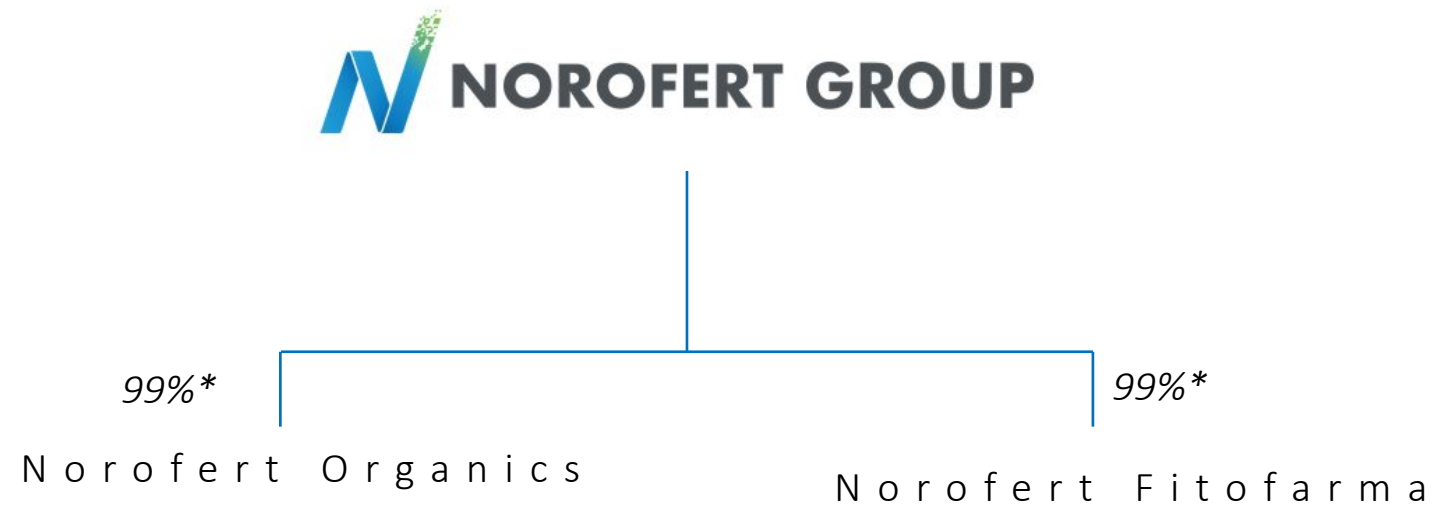


# EVOLUTION TIMELINE



# GROUP STRUCTURE

Prior to beginning the private placement procedures, Norofert underwent corporate restructuring in order to prepare the company for listing on AeRO. NNDKP law firm assisted Norofert in transforming the business into a Group Structure where Norofert SA (formerly known as Norofert Eco SRL) holds 99% of Norofert Organics SRL and Norofert Fitofarma SRL.



*\*The remaining 1% is held by Vlad Popescu.*

# EXECUTIVE TEAM



**VLAD POPESCU**  
CEO & Majority Shareholder

Founder of the company, also President of the Board of Directors.



**MUGUR IONEL**  
Executive Director

Responsible for the research and development as well as business development.



**IULIA GRADINARU**  
Sales & Marketing Director

Responsible for managing all the sales activities as well as managing directly the relationship with the clients.

# BOARD OF DIRECTORS

The Board of Advisors of Norofert SA consists of 3 members. The current board members were appointed on June 27th, 2019 for the period of 2 years.



**VLAD POPESCU**  
President of the Board

Vlad Popescu became involved in agriculture in 2011, when he started working at Norofert, which was his family business. Being a fresh graduate, he begun by delivering products to the farmers, getting acquainted with the agri-business. In 2013, he took over the sales position for the company and has overlooked all the sales processes in Norofert. In 2015, he took over the business from his father and decided to restructure it as well as opened the production facility and hired the team of researchers in order to be able to locally produce organic fertilizers of the highest quality. Under Vlad's management, Norofert successfully shifted its business model, introduced a rich line of organic products as well as launched the revolutionary product on the European market, the effervescent tablet, which helped the company reach revenues of RON 9 million, and a 34% profitability margin in 2018.



**CRISTIAN LOGOFATU**  
Independent Board Member

Cristian Logofatu is the co-founder and CFO of the first IT company listed on the Bucharest Stock Exchange, Bittnet Group. In a little over 4 years since listing on BVB's AeRO market, Bittnet grew from 7,5 million lei in market capitalisation to 140 million lei in market cap. In the same period, Bittnet managed to attract 10 million euro of capital through different capital markets financing mechanisms, money that was directed into an M&A activity. Today, Bittnet Group encompasses the following brands: Bittnet Training, Dendrio, ELIAN Solutions and Equatorial. Since listing on BVB, Bittnet has received multiple awards for implementing the highest corporate governance and investor relations standards.



**ZUZANNA KUREK**  
Independent Board Member

Zuzanna Kurek is the co-founder and Partner at Cornerstone Communications, the first pan-European investor relations and financial communication firm, with offices in Bucharest, Romania and Warsaw, Poland. Lawyer by education, Zuzanna has 6+ years of experience in working in Romanian capital markets and has assisted local entrepreneurs as well as listed companies in many aspects related to implementing highest investor relations and communications standards. Prior to starting Cornerstone Communications, she held the position of Business Development & Marketing Director at the Bucharest Stock Exchange (2016-2018), where she was entrusted with projects intended to promote Romanian capital markets to entrepreneurs as well as improving corporate governance and IR standards within listed companies.

A close-up photograph of a hand holding a stream of small, white, spherical fertilizer granules. To the left of the hand, a small green seedling with two leaves and a central stem is visible. The background is a soft-focus green field. The bottom portion of the image is overlaid with a solid green rectangle containing the word 'PRODUCTS' in white capital letters.

# PRODUCTS

# BUSINESS LINES



**Produced since:** July 2019

**Products:** fully organic line for hobby gardeners and small farmers (up to 1HA land), cultivating vegetables, fruits and flowers.

**Line:** 8 products sold in 100ml and 250ml bottles.

**Sales:** online through RepublicaBio.com and directly in 200+ fitopharmacies around the country, through partnership with distributors (such as: Rodbun).



**Produced since:** 2015

**Products:** organic inputs for professional farmers of big crops

**Line:** 18 products available both in the form of effervescent tablet as well as liquid fertilizer

**Sales:** direct, through 15 sales people located around the country and through distributors (such as: MW Chim).



**Planned for:** September 2019

**Products:** line for conventional farming (big crops)

**Line:** initially to begin with 6 products and expand it gradually

**Sales:** direct, through 15 sales people located around the country and through distributors.

# NOROFERT ORGANICS

The following types of agricultural inputs are produced under Norofert Organics brand:

- **Fertilizers** – materials, that are applied to agricultural soil or to plant tissues to supply one or more plant nutrients essential to the growth of plants.
- **Insecticides** – substances that are used to kill insects.
- **Fungicides** – organisms used to eliminate parasitic fungi or their spores, protecting the crops from rotting.
- **Seed Treatments** – chemical dressing, typically antimicrobial or fungicidal, in which seeds are treated prior to planting. Environmentally friendly because they allow significantly lowering the amount of pesticides used.
- **Foliar treatments** – process of feeding the plants by applying fertilizer, directly to their leaves, allowing them to absorb essential elements or speed up the decomposition process.
- **Other products** that, for example, help plants synthesize rapidly and eliminate harmful heavy metals.

Additionally, Norofert has capacity to produce custom products, based on specific requests coming from farmers.



# TAILORED FERTILIZERS

Apart from standardized organic formulations, Norofert is also specialized in the area of production and research of organic inputs. Norofert's experts help farmers maximize their production with the help of their customized formulas that take into consideration the specificities of the individual crops as well as the soil components, atmospheric conditions and other factors, including rodents or pests that are endangering the harvest in the given time period and area.

The process of preparing customized fertilizers consists of the following steps and is based on specific requests:

- Soil analysis, collected by Norofert experts and inspected at the company's laboratories;
- Detailed analysis of what the specific plant / crop needs in order to grow and develop;
- Analysis of the atmospheric conditions as well as the local environment;
- Preparation of the unique formulation and its production either in the tablet or liquid form;
- Delivery of the ready to use products to the client, together with application instructions.

Norofert takes care of the whole process, from environmental research to actual product delivery and first application. Additionally, Norofert's experts have the capability to assist the farmers with the organic farming regulations in specific countries, in order to ensure that the fertilizers administered to the crops are fully compliant with all the applicable national regulations on organic farming. All Norofert products are by default compliant with EU regulations on organic farming.

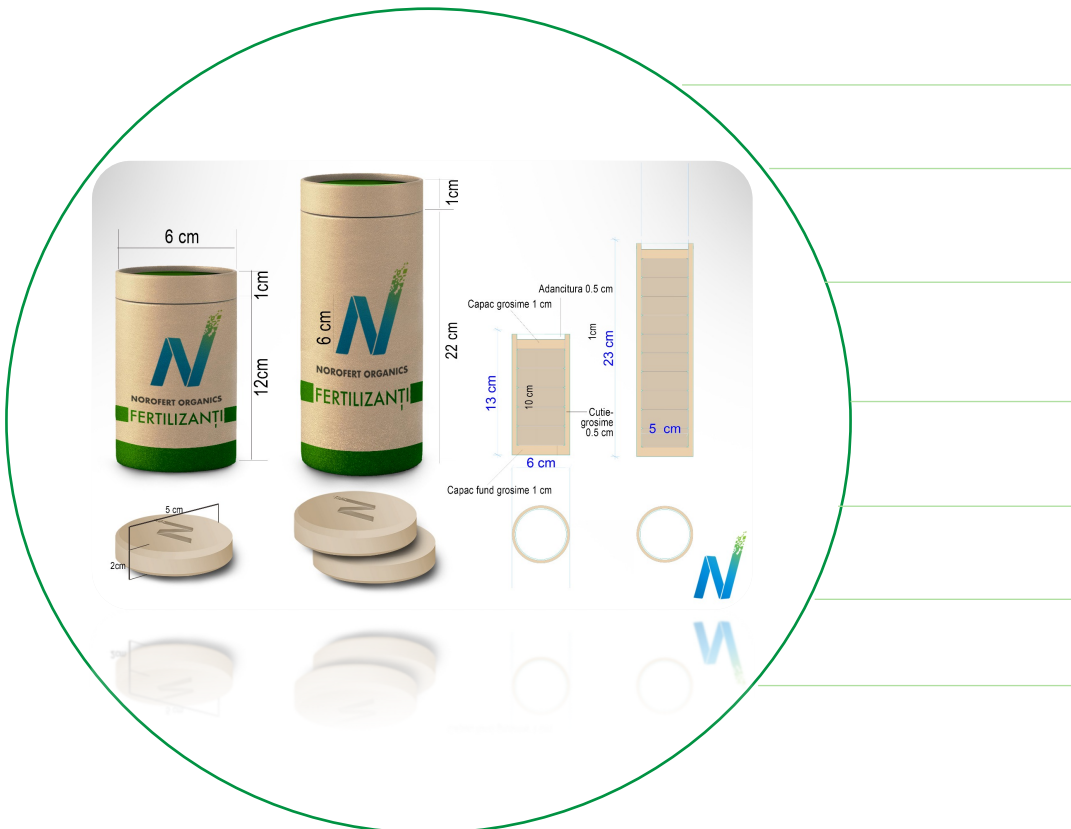
With the introduction of Karisma line, the business line for developing tailored fertilizers will also expand onto conventional farming products.



# EFFERVESCENT TABLET

Effervescent tablet is Norofert's innovative product, currently pending patent approval, brought to the European market in 2018. Effervescent tablet replaces the classic liquid or powder products used in agriculture, thus completely removing the risk of fermentation at high temperatures, extending the shelf life as well as reducing the storage and transportation space. The tablet, which can combine between 4 to 6 active substances, dissolves almost instantly (within 60 seconds), without leaving any deposits or residues. All Norofert products (fertilizers, insecticides, etc) can be provided to the Clients in the liquid or tablet form, also the future products from the Karisma line for conventional farming.

The key advantages of Norofert's effervescent tablet:



Similar to Norofert's liquid fertilizers, effervescent tablet applies BioChain technology of Norofert.

The tablet dissolves completely within maximum 60 seconds.

The tablet dissolves completely, without leaving any deposits or residues.

One tablet can contain between 4 to 6 active substances.

The bag or container of 1,2 kilo transforms into a 250 g (0,25kg) tablet, thus significantly reducing storage and transport space.

The tablet does not pose any risk of fermentation at high temperatures.

There is no risk of segregation or alternation of the product or its active ingredients.

The shelf life of the tablet is extended to 5 years.

# NOROFERT FITO

In July 2019, Norofert launched Norofert FITO – a line designed specially for small farmers and hobby gardeners who cultivate vegetables, fruits and flowers in small, non-commercial quantities (up to 1 hectare of land per crop). The line consists of 8 organic products and includes bio fertilizers, insecticides as well as well fungicides that can be followed thorough the whole plant cycle, in order to ensure its full health.

FITO is Norofert's first line of products that is available for purchasing to the general public, in quantities ranging between 100-250 ml per product. Similar to Organics line, all products from the FITO line are produced using raw vegetal, animal, bacterial materials and microorganisms as ingredients and were approved for use in organic farming across the EU in accordance with the applicable regulation. Norofert is the first local producer to attack the hobby gardening niche.

The full line of Norofert Fito products is available, on the website of Republica BIO, [www.RepublicaBIO.ro](http://www.RepublicaBIO.ro), the e-commerce leader on the organic food market in Romania. By the end of 2019, Norofert plans to have the Fito line available in 200 specialized gardening stores across Romania as well as expand to new markets through collaboration with foreign distributors.

**REPUBLICA BIO<sup>®</sup>**  
STORIES FROM ORGANIC ARTISANS



# NOROFERT KARISMA

In September 2019, Norofert will introduce a line of products for conventional farming, under Karisma brand. The line will first consist of 6 products – fertilizers, fungicides, insecticides and pesticides designed using natural sources, in the liquid as well as effervescent tablet form. While organic products remain the priority for the company, for the Romanian market the potential of development market share based on the organic line is limited (approximately only 2% of the lands in Romania are cultivated under the organic model and the conversion rate is slowly increasing). Therefore in the medium-term future, the organic line will be primarily produced for exports while locally, in Romania, the focus will be on marketing and selling the Karisma line.



For fertilizers, the profit margin on the products will remain similar to that from the organic line. For pesticides however, the profit margins are significantly higher for Karisma line than any other product. That is despite setting the price of the product relatively low because of the high competition as well as the fact that in principle, conventional farming products are cheaper than organic. Overall, the profitability of Karisma line has potential to be higher than that of Norofert Organics. Taking into consideration the size of the market and the cultivated land, the bet on conventional farming should pay off already in the first months of activity (Q4 2019) and the revenues from sales of conventional line will, starting from 2020, overpass the revenues generated by the organic lines.



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# GROWTH

# ORGANIC AGRICULTURE MARKET

The principal goal of organic production is to develop enterprises that are sustainable and harmonious with the environment while providing beneficial, healthy and safe food to the people. According to the world renowned federation, IFOAM, organic agriculture can be defined as follows:



*Organic agriculture is an integrated farming system that strives for sustainability, the enhancement of soil fertility and biological diversity whilst, with rare exceptions, prohibiting synthetic pesticides, antibiotics, synthetic fertilizers, genetically modified organisms, and growth hormones.*

In the EU, in order to produce crops that can be considered as organic, the farmers need to comply with the provisions of European Commission Regulation No 889/2008 of 5 September 2008, laying down detailed rules for the implementation of Council Regulation No 834/2007 on organic production and labelling of organic products with regard to organic production, labelling and control. Norofert provides European farmers with bio inputs that comply with all the European as well as national regulations in force on organic farming.

Globally, between 2016 and 2021, the organic food market is projected to grow at a CAGR of over 14% on the account of rising disposable income coupled with growing awareness among consumers about health benefits of consuming organically produced food. Organic farming represents a global shift rather than just a consumer trend and Norofert wishes to assume the role the precursors of this movement in Romania.

In Romania, currently only estimated 1,8% of harvested lands are organic. According to the Eurostat data, only 150.000 hectares of land are cultivated in Romania in organic fashion while in Hungary or in Bulgaria, countries smaller in terms of size as well as population, have respectively 100.000 hectares and 107.000 hectares. Norofert's mission is to promote organic farming in Romania, outlining its benefits for the farmers as well as the consumers.

# BENEFITS OF ORGANIC FARMING

Organic farming has many benefits, not only for the end-consumer, but also for the farmers, who apart from many subventions from the EU, can also benefit from significantly higher returns on their crops.

Global trends suggest that the demand for healthy and organic food will continue growing, together with consumers' education and change of habits.



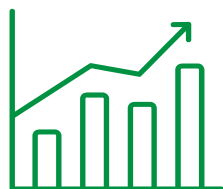
While the food produced under the organic model tastes the same as the non-organic food, it is free of pesticides residue and therefore much **healthier for the consumers**.



When farmers use chemicals (instead of applying organic farming methods), they kill all the beneficial micro-organisms. The only way to keep the soil alive while ensuring that the crops are not destroyed by the pests, is by using **organic products**.



For farmers, organic farming is more profitable as organic products retail for more. Therefore, even though conventional farming generates estimated 10-15% higher crop production, in case of organic farming this loss is compensated with **estimated 30-40% higher returns obtained on the crops**.



Globally, a shift in the consumers preference towards healthier and more organic food, has been observed. Between 2016 and 2021, the organic food market is projected to grow at a **CAGR of over 14%** on the account of rising disposable income coupled with growing awareness among consumers about health benefits of consuming organically produced food.

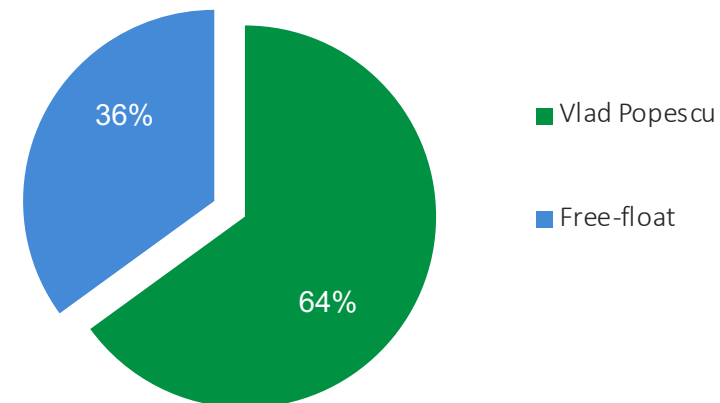
## DETAILS OF INTENDED TRANSACTION

**Type of investment:** Common stock  
**Terms:** Private Placement  
**Market:** AeRO  
**Issue Currency:** RON  
**Intended issue size:** EUR 1,500,000  
**Expected free-float:** 36%  
**Proposed Market Cap:** EUR 4,200,000  
**Start of the placement:** Week of July 15<sup>th</sup>, 2019  
**Capital purpose:** purchasing equipment for the new factory, building a lab to grow own bacteria, purchasing raw materials, increasing the sales team, expanding sales coverage throughout the country and abroad, introducing a new line of conventional farming inputs (Karisma line).

Aware of all the potential benefits arising from floating company on the stock exchange, the current shareholder decided for a capital increase in order to fuel investments in the company's growth.

The company wishes to raise EUR 1,500,000 from investors, followed by floating the company on Bucharest Stock Exchange's lightly regulated exchange – AeRO. The expected free float is estimated at 35%, subject to the final valuation. By listing on AeRO, Norofert Group wishes not only to raise the capital in 2019 but also have access to fresh capital in the future, when it begins realizing its medium- to long-term goals.

Shareholding Structure



# CAPITAL DESTINATION

Having access to fresh capital will help Norofert boost its growth. By raising up to EUR 1,5 million, we envisage a solid acceleration of our business through modernizing our production line and increasing our delivery and storage capabilities.

The capital raised during the private placement will be spent in the following manner:



**EUR 550,000** for equipping the factory with the modern machinery in order to optimize the production time and space. The new space in Filipești de Pădure (Ploiești region) will allow the company to increase its production and storage space x10 compared to the current capacity. The company decided to rent the space (2,800 m<sup>2</sup> for the factory, plus additional deposit space of 600 m<sup>2</sup>, office space of 300 m<sup>2</sup> and a concrete yard of 1HA).

**EUR 400,000** for increasing the sales team and, as a result thereof, the sales capacities. The goal is to hire 15 new sales representatives in order to build the coverage around the whole Romania and reach new areas, support the distributors in their sales efforts, increase the number of clients amongst the conventional farmers as well as accelerate the growth abroad. The aim is to have at least 3 sales persons per each region of Romania. The company has already recruited the necessary staff and the employment contracts are pending signature (subject to starting private placement and attracting at least part of necessary capital).

**EUR 300,000** for purchasing high quality raw materials for the purpose of producing fertilizers and building own lab that will allow to develop and grow own strains of bacteria necessary for producing bio fertilizers.

**EUR 200,000** for purchasing wheat seeds to provide farmers together with the fertilizers and use it for the crediting purposes.

**EUR 50,000** for homologation of the products.

# INVESTMENT ATTRACTIVENESS

## SECTOR: AGROTECH

- investment sector with great potential and sustainability on the medium- to long- run
- research and innovation driven growth and development
  - „defensive” and „growth” stock
- business model adjusted to changing preference of the end consumer who globally and regionally is becoming more educated and as a result, is consuming more responsibly

## ISSUER: NOROFERT SA

- steep positive trends for all important historical and forecasted economic and financial data
- highly innovative and innovation-oriented
- experienced pioneer and leader on the market
- starting from 2019, exporter on European markets through partnerships with important distributors
- Ambitious development plans, which are not only limited to the organic farming market, thus allowing gaining further and unlimited market share locally and abroad
- professional and skilled management
- potential for growth locally and abroad

A background image showing a close-up of a hand holding a stream of small, white, spherical fertilizer granules. To the left of the hand, a small green seedling with two leaves is growing out of dark, rich soil. The overall scene is brightly lit, suggesting a sunny day.

# FINANCIAL DATA

# KEY FINANCIAL DATA

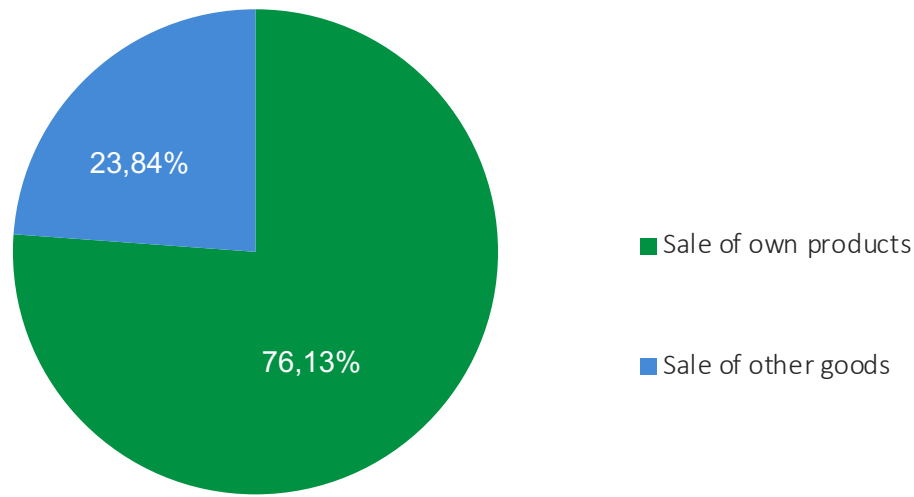
Consolidated financial results for Norofert Group indicate a strong growth for all economical and financial data:

<i>2018 (consolidated)</i>	 <b>NOROFERT GROUP</b>	<i>2018 vs 2016</i>
EUR 1.945.000	REVENUES	+215%
EUR 868 000	EBITDA	+405%
EUR 798 000	NET PROFIT	+510%
41%	NET PROFIT MARGIN	+92,4%
54,1%	DEBT RATIO	

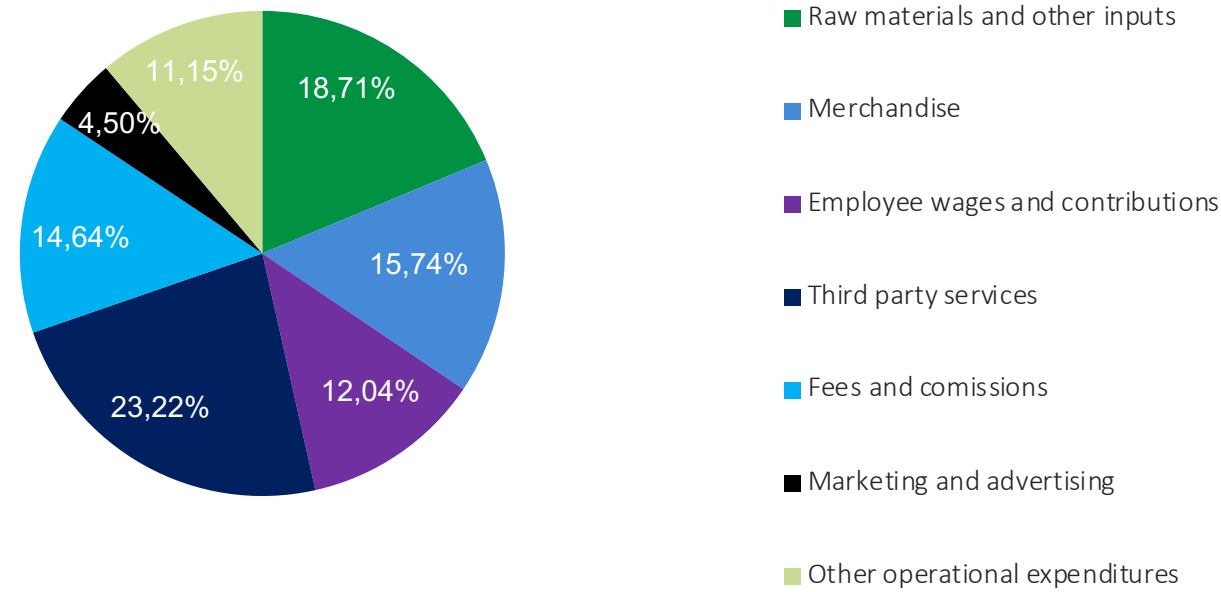
# REVENUES & COST STRUCTURE

The revenue and cost structure, according to 2018 financial data:

## REVENUE STRUCTURE



## COSTS STRUCUTRE



## FORECASTS NOROFERT GROUP

	2019	2020	2021
Revenues (EUR)	3 188 057	6 370 102	8 766 644
Norofert Organics	1 906 780	2 230 517	2 746 507
Norofert FITO	105 260	219 526	421 052
Norofert Karisma	1 176 017	3 920 059	5 600 085
Net profit (EUR)	1 307 103	2 802 844	4 120 322
Net profit margin (%)	41%	44%	47%

**Company contact:**

Vlad Popescu  
CEO

[vlad.popescu@norofert.ro](mailto:vlad.popescu@norofert.ro)  
+40 756 055 574

[www.norofert.ro](http://www.norofert.ro)

**IR Contact:**

Zuzanna Kurek  
Partner Cornerstone Communications

[zuzanna.kurek@cornerstone-comm.ro](mailto:zuzanna.kurek@cornerstone-comm.ro)  
+40 742 431 111