



# Sin Cars Industry AD

Public Offering of Common Shares on the Bulgarian Stock Exchange



October 2022

## Public Offering

### Capital Raise Specifics

Instrument	Common shares
Size (BGN)	BGN 15,613,188
Size (EUR)	€ 7,982,896
Shares offered	13,695,779
Price per share	BGN 1.14
Method:	Trading preemptive rights
Rights to stock ratio	3 rights needed to subscribe 2 shares
Public offering date	October 2022
Free float after offering	46%

### Use of Proceeds

- 1) **€2,312,527** for increasing the capacity of its manufacturing facility in Ruse, Bulgaria, where the L City electric commercial vehicles are currently manufactured. After this expansion Sin Cars will be able to manufacture up to 500 EVs per year in Ruse, Bulgaria. Deadline: June 2023;
- 2) **€5,590,000** will be used to start the construction of a new factory for electric vehicles in Romania. Initially, the factory will have the capacity to produce up to 3,000 cars per year. Deadline: December 2026;
- 3) **€80,369** will be used for working capital needs.

### Contacts

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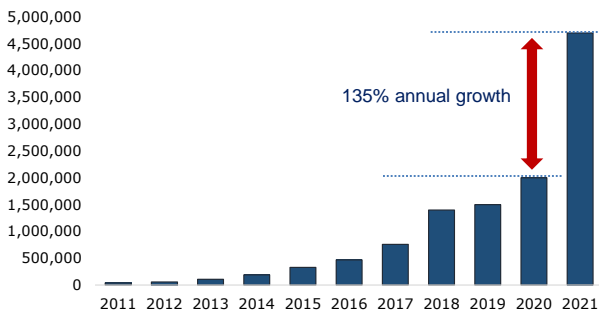
## Company Overview

- Sin Cars Industry is a boutique car company with more than 10 years of experience in building sports cars.
- The development of eclectic vehicles was initiated in 2019 with the L City zero emission light commercial vehicle (LCV).
- The L City vehicle was homologated in Q2 2022. Production of small series officially started in July 2022. So far three vehicles have been delivered to international distributors. Ten more vehicles will be delivered to clients by October 2022.
- In 2023, the company is expected to have capacity to produce 500 vehicles per year.
- The 62.2 kWh heavy duty lithium battery got its separate homologation. Sin Cars produces its own batteries and is certified to produce for third parties.
- In 2021 Sin Cars became a public company on Bulgarian Stock Exchange (ticker: SIN). The IPO was oversubscribed three times.
- The Company was founded by Rosen Daskalov in 2012. Since then, he is acting as CEO and Chairman of the BoD, currently owning 87.81% of the Company.

## Investment Case

- 35 million EVs must be on the streets of the EU by 2030, up from a total of about 2 million in 2021 (EU "Green deal").
- To reach a total of 35 million EVs on the streets of the EU by 2030, more than 4 million new EV's have to hit the market each year between 2023 and 2030. Only 1 million were sold in 2021.
- The market for electric vans in the EU is growing faster (50% YoY) than the overall EV market (28% YoY).
- As last-mile online purchases are delivered by vans, e-commerce is the main driver of demand.
- **Morgan Stanley** expects global e-commerce to reach \$ 5.4 trillion by 2026 (vs \$ 3.3 trillion in 2021). Demand for vans is expected to increase organically along with e-commerce being a separate source of sales from the ones driven by EU's "Green deal".
- EU "Green Deal" grants, reaching up to 100% subsidy for municipalities and 50% subsidy for business owners, will further fuel the demand.
- According to the outlined numbers above and to Transport & Environment today there is not enough supply of EV's to satisfy the growing demand.
- The advantage of traditional car companies lies in their expertise in building complex internal combustion engines. The simplicity of the electric motor is negating this advantage and is allowing new competitors to enter the car market.

## Global battery electric vehicle sales



SOURCE: International Energy Agency

## DCF (BGN)

	2023	2024	2025	2026	2027	2028	2029
<b>Cost of equity</b>	<b>13.65%</b>	<b>13.65%</b>	<b>13.15%</b>	<b>12.65%</b>	<b>12.15%</b>	<b>11.65%</b>	<b>11.65%</b>
<i>Electric vans sold (units)</i>	400	450	500	500	1,400	3,500	3,500
Revenues	14,834,423	29,329,665	57,865,092	58,653,684	166,358,846	418,089,802	423,115,653
COGS	13,821,267	26,623,889	49,981,209	51,064,756	157,221,600	399,476,332	408,996,198
EBITDA	1,013,156	2,705,776	7,883,882	7,588,928	9,137,246	18,613,471	14,119,455
<b>Net income</b>	<b>756,598</b>	<b>2,071,670</b>	<b>6,495,043</b>	<b>6,092,470</b>	<b>7,443,343</b>	<b>15,967,583</b>	<b>11,925,356</b>
Less increase in current assets	3,712,431	4,348,573	8,560,628	236,578	32,311,549	75,519,287	1,507,755
Plus increase in current liabilities	3,335,628	3,956,294	7,836,750	359,298	29,814,781	69,977,668	2,609,302
Add back depreciation	150,800	380,800	643,300	798,300	848,300	855,800	855,800
<b>Equity cash flows</b>	<b>530,594</b>	<b>2,060,192</b>	<b>6,414,465</b>	<b>7,013,491</b>	<b>5,794,876</b>	<b>11,281,763</b>	<b>13,882,703</b>
Capex	3,200,000	6,000,000	4,500,000	1,700,000	300,000	-	-
Debt financing	(34,000)	(34,000)	(34,000)	(34,000)	(34,000)	(34,000)	(34,000)
<b>Equity Free Cash Flows</b>	<b>(2,703,406)</b>	<b>(3,973,808)</b>	<b>1,880,465</b>	<b>5,279,491</b>	<b>5,460,876</b>	<b>11,247,763</b>	<b>13,848,703</b>
NPV of forecasted cash flows	14,374,331	(2,326,867)	(3,009,524)	1,270,752	3,211,870	3,017,792	5,697,331
Constant growth rate	1.0%						
NPV of terminal value	52,838,117						
Total NPV	67,212,448						
<b>NPV per share</b>	<b>1.96</b>						

Source: "Mane Capital" AD

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