

## BULGARIAN LAVENDER OIL FROM THE DOBRICH REGION

### RISKS AND OPPORTUNITIES FROM THE PERSPECTIVE OF BULGARIAN LAVENDER LTD. AND HOW WE ARE FACING THEM

Within the last several years the Bulgarian Dobrich region, traditionally known for its wheat, sunflower and maize production, has experienced a significant shift from growing grain to catering to the aromatherapy industry by cultivating lavender. The tremendous attractiveness of essential oil supply was largely driven by high sales margins and unspecified quality requirements on the demand side persisting for a long period of time. Gradually, the market saturated and conditions harshened, with 2019 being the turning year. On the verge of 2020 crop campaign in the realm of a pandemic Bulgarian Lavender Ltd., our trading company dedicated to exporting lavender oil from the Dobrich region, is revisiting some critical points to outline near future and what we can do to keep operations intact.

#### General Trends

##### PAST CAMPAIGN 2019

- \* Increased number of market agents
- \* Supply greatly surpassing demand
- \* Decreased price of production
- \* Decreased quality of production
- \* Significant production carryover
- \* Improper storage of unsold production resulting in product decay

##### UPCOMING CAMPAIGN 2020

- \* Worsened overall macroconditions due to world pandemic and lockdown
- \* Abundancy of out-of-standard lavender oil due to last year carryover
- \* Unstable weather conditions
- \* Reduced amount of contract-based production

## Where does Bulgarian Lavender Ltd. stand

Bulgarian Lavender Ltd. and its affiliates have sold all 2019 production and we thereby have a clean start of 2020. Buy-ins are scrutinized and offered to counterparties based on sample approval only. Our strong belief is that even with tightened anti-pandemic measures, production, quality assurance and timely logistics of lavender oil are still possible and our experience so far proves us right.

Our clients remain our priority and we stay dedicated to our business. This is how we see our 2020 campaign checkpoints.

### FACING THE CHALLENGES

- \* Bulgarian Lavender Ltd. proceeds with cultivation despite lockdown
- \* Our supply chain has remained intact and outstanding orders have been successfully fulfilled even under current circumstances
- \* Bulgarian Lavender Ltd. is now working on multiple options for planning logistics with a variety of carriers to ensure shipment in the months to come, regardless of possible restrictions
- \* Traceability to original manufacturer and distillation unit is guaranteed
- \* Full set of documentation, including analytical certificates and technical specification data is available for every batch

### LOOKING FOR OPPORTUNITIES

- \* Bulgarian Lavender Ltd. has been working online from the get-go and has cumulated experience in operating and communicating long-distance, which under current circumstances remains vital
- \* Bulgarian Lavender Ltd. has a well-defined target group that we only approach by sending out samples. Client profile and requirements are considered and corresponding product is offered based on a case-by-case approach
- \* To counter last year carryover increased price differentiation is already applicable for buy-ins
- \* There is no limitation on land and premise accessibility due to lockdown – business justification is still valid reason for free movement of goods and people

Let's stay together and continue growing!

*Sincerely Yours,*  
Ivan Ivanov, Company Owner