

Nordic Computers Ltd.

Distribution – when the last puzzle counts

Business-plan for TIC registration

1. Clear statement of project objective

Objective is to purchase our own training- and warehouse facility in Dar es Salaam to support the further growth of our company.

Nordic Computers Ltd. has been in operation in Tanzania since 2009, dealing in import and training of ICT and physical security products. We have shown massive growth over the past years.

With more than TZS 7.5 billion in annual sales and 11 consecutive profitable years of doing business, we now seek registration with TIC in order to be able to establish a new office facility to expand our operations and have dedicated training facilities for clients. This will enable us to reach our targets.

Our target for the next 5 years:

19 additional local jobs created	5,500 Number of trained certified clients	48,000 Individual training hours given	16 million kWh of electricity in Tanzania saved by sales of our off- grid solar lights.	31,920 kWh of electricity saved annually in our eco-friendly office	TZS 50 billion Total sales	TZS 1.8 billion Corporate tax to be paid
--	--	--	--	---	--	---

2. Information regarding the investor

Nordic Computers Ltd. was incorporated in Tanzania in March 2009. The shareholders are made up of the following 3 Danish (total 80% equity) and 1 Tanzanian (total 20% equity) individuals.

We started in 2009 with a small ~10m2 office in Kariakoo, with one employee and introduced Transcend to the country, now a hugely popular brand within ext. HDD and USB Flash Drives.

Today we are recognized as one of the main importers and distributors of ICT and Security Products in Tanzania. We value ourselves of being a “value added distributor”, which means that we not just trade, but also ensure technical training and guidance of our clients. Our success highly depends on our capability to bring in new items and technology and train our resellers in being able to sell and install these items.

The shareholders:

Shareholder	DOB	Nationality	Profession/Experience	Residence	Ownership*
Niels-Christian Adler Ehnhuus	1988	Danish	Active shareholder: Full time Nordic employee, based in Tanzania. Managing all daily operations. Head of product development and sales.	Tanzania	30%
Simon Vestergaard Olsen	1988	Danish	Active shareholder: Full time Nordic employee, responsible for procurement/logistics/finance.	Tanzania	30%
Churchill Inyomole Katwaza	1956	Tanzanian	Passive shareholder. Owns Bahari Pharmacy Ltd. in Tanzania, one of the largest distributors of pharmaceutical products in Tanzania. Also owns Kampa Health Products Ltd. and Korea Auto Repairs Ltd. Total employees of these companies: ~ 230 Total annual revenue: USD 7.4 million	Tanzania	20%
Harry Adler Ehnhuus	1948	Danish	Passive shareholder. Recently retired Commercial Director of Trelleborg Sealing Solutions in Denmark, managing 300+ employees. Now runs Ehnhuus ApS in Denmark.	Denmark	20%

3. Three year profit/loss record

(Full details in excel attachment)

Year	Revenue (TZS)	Net profit pre-tax	Sales/profit ratio	Corp tax paid, TZS	Local employees	Foreign Empl.
2017	4,639,730,527	116,196,334	2.50%	34,858,900	19	3*
2018	4,827,687,147	127,204,762	2.63%	38,173,788	22	2*
2019	5,431,850,800	374,250,072	6.89%	112,275,022	20	2*
2020**	7,698,114,876	800,000,000	10.39%	240,000,000	21	2*

* Includes 2 full time directors, that are also shareholders. (Simon & Niels-Christian)

** Unaudited. We have already paid provision tax of TZS 800m net profit, we estimate final profit to be **above** this level.

4. Job Generation

At the end of 2020 we had 21 local employees and 2 foreign (directors and shareholders) employed. Our long term plan is to hire an additional 19 local staff over a period of 5 years, one of which will be a General Manager.

STAFF MEMBERS							
	Dec-20	Dec-21	Dec-22	Dec-23	Dec-24	Dec-25	
Finance/admin	2	3	3	4	4	4	
Sales	4	7	7	8	8	9	
Warehouse	2	3	4	4	4	4	
Directors (foreign)	2	1	1	1	1	1	
Technical/training	4	7	8	9	10	10	
Drivers	4	4	4	5	5	5	
Watchmen/garden	3	4	4	4	4	4	
Cook/cleaning	2	2	3	3	3	3	
Local GM	0	0	1	1	1	1	
Total employees	23	31	35	39	40	41	
Local	21	30	34	38	39	40	
Foreign (directors)	2	1	1	1	1	1	

5. Knowledge-transfer and training

Our company started out as doing purely import and whole sale of IT parts and accessories, but our business has since evolved a lot. Our main sales now consist of UPS and power backup solutions (including sales of solar inverters), CCTV equipment, IP Phone systems and Network equipment. Majority of the items we sell are very advanced, and our continuing growth and sales are highly dependent on us guiding and training our network of around 1,000 resellers in Tanzania.

We have over the years ourselves received a lot of training from foreign suppliers. Below is a list of the most important:

Training of Nordic Staff by foreign manufacturers			
Date	Brand/type	No. of staff	Place
01/06/2012	Certified ZyXEL Network Trainer	1	Netherlands
01/06/2014	ACTI ACE Technical Training in Tanzania	1	Tanzania
16/02/2018	Certified Fiber Optic Technician	1	South Africa
13/04/2018	MikroTik Certified Network Associate (MTCNA)	1	Kenya
2018-2020	Hikvision CCTV (multiple training sessions)	5	Tanzania
2017-2020	Yealink (multiple training sessions)	4	Tanzania
2019-2021	Honeywell Fire (multiple training sessions)	5	Tanzania
01/02/2020	Hikvision Certified Trainer	1	Tanzania
09/11/2020	Yealink W90B & DECT V85 New Product Training	4	Tanzania
02/09/2020	Yealink CIPPE Online Training	2	Tanzania
18/06/2020	Yealink New Desktop IP Phone : T3 Series (Webinar)	2	Tanzania
03/06/2020	Product training - Yealink Microsoft Teams Device Updates _ June 2020	3	Tanzania
27/08/2019	Covidence miniature surveillance training (Hikvision)	3	Tanzania
02/04/2020	HikVision Fever Screening Training	4	Tanzania
29/04/2020	Honeywell Intevio Sales & Estimation Training	3	Tanzania
30/04/2020	Honeywell Advanced Detection Overview	3	Tanzania
12/05/2020	ZKTeco Body Temperature & Mask Detection Product Training	5	Tanzania
21/05/2020	Morley Sales & Estimation Training	4	Tanzania
10/06/2020	VESDA Basic Selection and Design training - Honeywell	3	Tanzania
11/06/2020	Microsoft Teams and Yealink integration training	3	Tanzania
26/06/2020	Hikvision Alarm & Security Inspection Product Introduction and Training	2	Tanzania
21/07/2020	Honeywell PAVA X-618 Sales and Estimation Training	4	Tanzania
06/08/2020	HikVision AcuSense and ColorVu Introduction and training	3	Tanzania
14/10/2020	Yealink New Headset Training online	3	Tanzania
27/10/2020	Yealink P- Series introduction Webinar	4	Tanzania
12/12/2020	Yealink USB Webcam UVC20 Training	4	Tanzania

We aim to pass this knowledge on to our list of clients. Here is a list of training sessions we have facilitated to our resellers in the past:

Training of client staff - PAST			
Date	Brand/type	No. of people	Place
2012-2013	ZyXEL ZCNE Engineer (Multiple training sessions)	10	Nordic Office
2014	Intel Seminar, combined training with INTEL staff from Kenya	35	Holiday Inn Hotel
22/08/2017	Yeastar YSCT Training	18	Nordic Office
06/09/2017	Yeastar YSCT Training	10	Nordic Office
03/10/2017	Yeastar YSCT Training	8	Nordic Office
14/11/2017	Yeastar YSCT Training	6	Nordic Office
16/02/2017	Yeastar YSCT Training	3	Nordic Office
03/03/2017	Yeastar YSCT Training	3	Nordic Office
27/04/2018	Yeastar YSCT Training	10	Nordic Office
18/05/2018	Yeastar YSCT Training	8	Nordic Office
15/06/2018	Yeastar YSCT Training	4	Nordic Office
25/07/2018	Yeastar YSCT Training	17	Nordic Office
15/08/2018	Yeastar YSCT Training	11	Nordic Office
31/08/2018	Yeastar YSCT Training	13	Nordic Office
15/11/2018	Yeastar YSCT Training	5	Nordic Office
15/01/2019	Yeastar YSCT Training	8	Nordic Office
15/08/2016	HIK Vision HCSA Training	40	Nordic Office
03/03/2017	HIK Vision HCSA Training	14	Nordic Office
26/01/2018	HIK Vision HCSA Training	7	Nordic Office
25/05/2018	HIK Vision HCSA Training	10	Nordic Office
29/05/2018	HIK Vision HCSA Training	5	Nordic Office
13/07/2018	HIK Vision HCSA Training	12	Nordic Office
28/11/2019	HIK Vision HCSA Training	22	Nordic Office
04/06/2020	TP-Link Zoom-Training by TP Link China (Full day webinar)	105	Online
15/03/2019	VOIP Seminar (Full day even at Doubletree) by Yealink, Yeastar	120	Doubletree Hotel
20/08/2018	Hikvision New product Sales and Technical training	4	Nordic Office
26/03/2019	Yealink Q1 IP phone training	4	Nordic Office
10/04/2019	Yestar VOIP Solition webinar	4	Online
17/03/2017	Hikvision HCSA Certification	10	Nordic Office
TOTAL		526	

Photos from past training sessions:

Hikvision training by Chinese Hikvision-representatives at Nordic office:



IP Telephony training (Yealink/Yeastar) by Nordic for client's staff. Nordic office, 2020



Hands-on video conferencing training at Nordic Office:



One of the groups of clients' technicians having completed Hikvision HSCA certification, in front of our office:



And more importantly, this is a list of planned training we intend to undertake in the future: It is our goal to have a dedicated training facility for this purpose in our new office location. We always strive to provide this training for **free**. We believe this will automatically result in more sales to our customers. Many of our resellers have evolved from standard sellers of ICT equipment into more specialised fields such as PBX systems, Time & Attendance and battery backup solutions, after completing training facilitated by us. This allows them to diversity into sectors where there is less competition and more room for margins. Since 2013-2014, the IT market in Tanzania has been very difficult to navigate and profit from, especially for small companies with limited capital at their disposal.

TRAINING OF CLIENT STAFF - ONGOING/FUTURE				
Date	Brand/type	Target no. of people/annum	Hours/training	Total annual training hours
Planned start Q2 2021	EVI Certification Program, currently in process of developing training course	500	8	4000
Ongoing	Hikvision Training	200	16	3200
Ongoing	Zkteco Training	200	8	1600
Ongoing	Yealink Online Training	200	4	800
TOTAL		1100		9600

Our model for training is usually based on this:

USUAL TRAINING-TIMELINE	
Step 1:	NORDIC makes contact with manufacturer. Often on trade fairs in China/Taiwan/UAE/EU.
Step 2:	NORDIC makes products available in Tanzania.
Step 3:	Manufacturer trains NORDIC staff. This involves setting up demo-units for testing in our office in DSM
Step 4:	NORDIC facilitates training of our resellers in our office in DSM free of charge. Depending on manufacturer, this will be using one of two following methods, or a combination of both: 1) NORDIC staff will facilitate the full training and final test of participants. Training will be done on equipment in our office. 2) TRAINING will be done physically in our office, but trainer is sitting in a foreign country and teaching our clients via video-conferencing. Our staff will assist participants to physically practice the skills on equipment set up in our office.
Step 5:	Our resellers will now be able to offer these solutions to their clients, mostly corporate clients, NGO's and government offices.

6. Details of investment costs (foreign and local expected capital expenditure)

The aim is to find a property of 2,500-3,500m² within the areas of Mikocheni A, Kawe, Mbezi Beach, SalaSala or nearby these areas. These areas offer easy access to our clients and many properties are near main roads, where there is easy access for trucks to load/offload cargo. We want to avoid Temeke area, since this is very far from our customers, and we have many clients that prefer picking up products from our office in person. Ilala does not offer the kind of properties we wish for, and trucks are not allowed to pass by Ilala/City Centre during daytime with containers.

At our current rented office in Regent Estate, we had to set up 11 units of 20 ft containers in our yard over the past years, in addition to our indoor storage, in order to have sufficient storage space. But even that is now proving to be too small for us. We are also facing shortage on office space, limiting the amount of employees we can hire and amount of training of clients we can facilitate.

We have done a lot of research the past 2 years, and we find that the prices of real estate within the selected areas are generally as per the following for 2,000-3,500m²:

Without buildings on it: TZS 350 – 450 million.

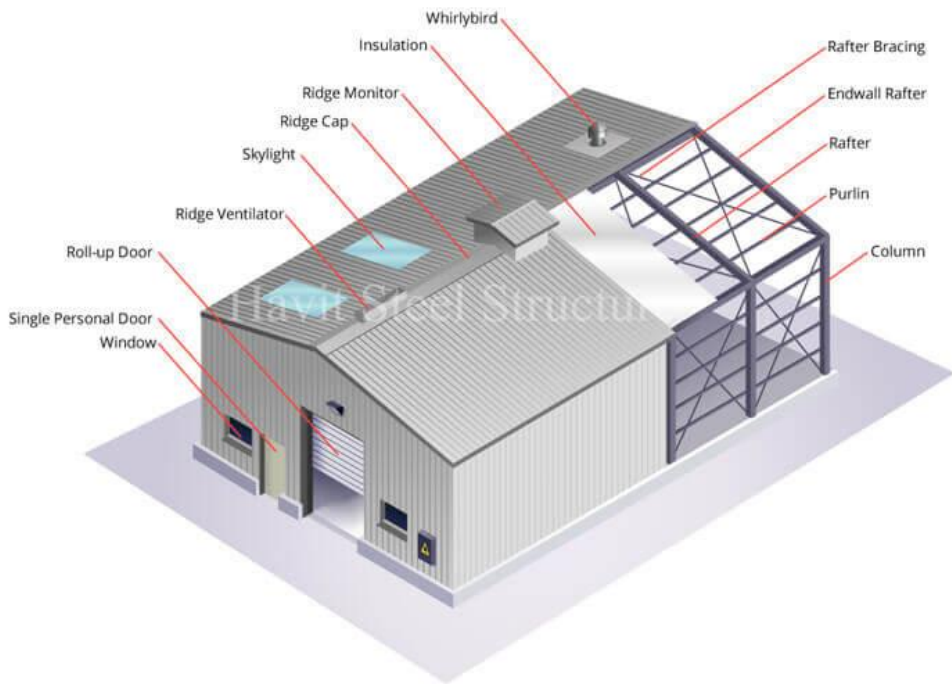
With building(s) on it: TZS 450 – 600 million.

We see two options:

- 1) Buy land without building(s) on it. Then over a period of 12-24 months slowly move our office to this location, by gradually building first a steel warehouse and later also an attached sales/training office.
- 2) Buy land with buildings on it. Many of these properties have residential houses on them. We could with small funds re-build these into a temporary office, while we construct a steel-shed warehouse of international standards on the property. Then later on, we can construct a full-fledged office on the property when cash flow allows this.

We already have more than 300m² of storage space at our current location (including the 11 x 20ft shipping containers). In our new warehouse we will need a minimum of 500m². However using a forklift, we will be able to stack multiple layers of pallets, hence highly increase the amount of CBM we have available for storage.

Here are examples of what such a steel shed warehouse looks like. The quotes we have received are for 8-11m height.



For budget purposes, here is an example of capital expenditure:

Local Capital Expenditure	Year 1	Year 2	Grand total
Purchase of land	450,000,000		
Building steel warehouse 5-600m2		205,000,000	
Building/Rebuilding warehouse and office		250,000,000	
Installing inverter and solar panel.	50,000,000		
TOTAL	500,000,000	455,000,000	955,000,000

Steel Warehouse cost breakdown:	USD	~ In TZS	Comments
Overseas price of all materials*	\$ 55,000.00	128,700,000	
Shipping cost (1 x 40HQ container)	\$ 4,000.00	9,360,000	Estimate
Estimated excise duty on materials	\$ 13,750.00	32,175,000	25% of FOB price
Estimated local labour		20,000,000	
Making local concrete base		15,000,000	
		205,235,000	

*Received multiple quotes between USD 35-50,000, shipped from either SA or EU.

7. Sources of finance

Of the total TZS 955 million, we expect one of our current banks (Habib African Bank/Diamond Trust Bank) to issue us with a USD-denominated loan of USD 175,000 with an annual interest rate of 5-6%. We already had initial conversations with both banks, and both have given us an initial go-ahead, saying they are very willing to provide us with a loan on the following basis:

Purchase of land/property:	USD 250,000
Nordic to pay 30% cash:	USD 75,000 (Less possible, but we don't need that)
Amount to be financed:	USD 175,000

Interest p.a. (USD) ~ 5-6%
 Repayment period: 5-7 years

Here is our calculation of interest at 6%, we have also plotted this into our 5-year financial projection (attached)

Year	Outstanding loan amount	Interest paid	Interest in TZS	Repayment amount	Comments
0	\$ 175,000.00				\$ 75,000 30% downpayment
1	\$ 140,000.00	\$ 10,500.00	TZS 25,743,375.00	\$ 35,000.00	
2	\$ 105,000.00	\$ 8,400.00	TZS 21,624,435.00	\$ 35,000.00	
3	\$ 70,000.00	\$ 6,300.00	TZS 17,029,242.56	\$ 35,000.00	
4	\$ 35,000.00	\$ 4,200.00	TZS 11,920,469.79	\$ 35,000.00	
5	\$ -	\$ 2,100.00	TZS 6,258,246.64	\$ 35,000.00	
		\$ 31,500.00			
Loan issued:		\$ 175,000.00		Estimated USD/TZS rates:	
Interest rate:		6.00%		Year 0 (2021)	2,335.00
Cost of loan establishment:		\$ 3,000.00		Year 1	2,451.75
Annual TZS/USD rate change		5.00%		Year 2	2,574.34
				Year 3	2,703.05
				Year 4	2,838.21
				Year 5	2,980.12
				(Based on 10-year stat)	

There is a big likelihood that we may denominate the loan in TZS, but it depends on the interest rate at the time of issuance of the loan.

These are the current means at our disposal. Please note that we have credit approved by Sinosure, which is the Chinese Government credit insurance agency. This means we can obtain credit from almost all Chinese mainland manufacturers. Hikvision alone provides us with a 90 days credit line of USD 300,000.

Sources of finance				
Type	Foreign/Local	USD	TZS (~USD rate 2335)	Comment
Paid up company capital	Foreign and local		TZS 325,000,000	
Retained earnings up to 31st Dec 2019	Local		TZS 705,169,209	
Estimated retained earnings 2020 (after tax)	Local		TZS 560,000,000	*See comment below
Overdraft facility in Habib African Bank Ltd.	Local	\$ 120,000	TZS 280,200,000	Already approved and in use.
Credit lines from foreign suppliers, unsecured	Foreign	\$ 500,000	TZS 1,167,500,000	From Hikvision, Kstar + 3 others. (90 days)
Additional loan to be taken in either DTB or Habib African Bank	Local	\$ 175,000	TZS 408,625,000	Already have banks accept.
Totals means at disposal			TZS 3,446,494,209	

*TZS 800m (pre tax) in minimum estimated net profit before tax for year 2020. We've already paid provision tax of TZS 800 million estimated profit. After 30% tax this will be 560m

Emergency finance:

The shareholders of Nordic Computers Ltd. has internally agreed, that if further finance/funding is needed, they are willing to provide a loan of USD 100,000 on short notice to the company, subject to normal market interest rates. This should be seen as an emergency buffer, as we do not expect this to be necessary.

8. Sources of technology

Our company has direct ties with manufacturers of the products we sell. These provide training courses for our staff. Some of our staff members are "certified trainers" as well. Over the years we have bought directly from more than 60 different foreign manufacturers. In the year 2020 alone, we bought from 21 different foreign manufacturers. Here is an example of some of the manufacturers we buy from:

Manufacturer name	Supplier origin	Items
Hikvision	China	CCTV Equipment
Honeywell	USA	Fire Alarm Systems
KSTAR	China	UPS, Solar Inverter, Batteries (EVI brand)
QNAP Systems	Taiwan	Backup and storage solutions

Zkteco	China	Time & Attendance, Access- and entrance control.
A-Data	Taiwan	DRAM, SSD and other PC/Server components.
Flyin Optronics Co.Limited	China	Fiber Optic products (EVI Brand)
Jindian Light	China	Solar-powered outdoor lamps w/solar panels
Topray	China	Solar panels (EVI Brand)
Yeastar	China	IP PBX and call-center solutions
Yealink	China	IP Office phones and video-conferencing solutions
TP-Link	China	Access Points, Switches, Routers etc.

9. Project financial analysis

Since we already have an established company, our general financial projects and “project financial analysis” is the same.

10. Financial projections for at least five years

See attached.

11. Market study

Since we are already an existing business, we fully know the entire market in Tanzania.

Not much Solar sold in cities. Too expensive or too cheap.

- 1) Project capacity
- 2) Production process, if applicable

12. Environmental impact assessment

Our environmental impact will here be split up into 4 separate sections.

- Power consumption saved by modern office/warehouse and using solar
- Power consumption saved by sales of solar units
- General waste/other impact

A. Power consumption saved by modern office/warehouse and using solar

Our current office electricity consumption is around 35,000 KWh annually. This very high number is due to several factors:

- No insulation in the building
- Very poor quality windows and doors, often with cracks
- We still mainly use old air-condition units, not inverter-types.
- Our roof is flat and painted black, meaning our 1st floor is very most of the day
- Building is constructed in a way that allows the sun to directly penetrate the windows
- Use of generator when power cuts, instead of solar power/batteries

We expect our new warehouse and office to be more energy-efficient due to:

- Installation of 20-25KW solar panels and inverter with batteries. After all, we sell these solutions to clients. Would be easy for us to install and use ourselves.
- Only use of proper PVC windows with minimum double-glazed windows for extra insulation.

- Strictly only inverter-type air conditioning units to be installed.
- Generator will not be needed for power cuts
- Building/warehouse will be constructed to

The inverter will still be connected to TANESCO, but we expect (based on experience) that our solar cells and batteries will be able to provide sufficient electricity in 70% of all instances.

Historic usage:		Annual kWh usage
Average 2018-2019 consumption		35,000.00
Future usage, historic usage less:		
Savings by insulation/building design, kWh (~ 10%)	-	3,500.00
Savings by better Windows/doors (~10%)	-	3,500.00
Subtotal after new building design:		28,000.00
Thereafter, technical improvements:		
Savings by using inverter A/C (30% of total)	-	12,600.00
Total power consumption:		15,400.00
Of this, powered by solar: (30%)		12,320.00
TanESCO annual future consumption		3,080.00
Annual savings TOTAL		31,920.00
Savings %		91%

B. Power consumption saved by sales of solar units

In 2019 we started moving into sales of inverters and solar equipment instead of pure network and CCTV equipment. This has not been all easy, as most clients in Tanzania do not have sufficient knowledge about these. Starting from 2021 Q2 we will be selling Solar powered lights branded EVI Power. These either have the solar panel built on top of the lighting unit (left picture) or as a separate unit (right picture). They all have built in batteries to function after dark.

Few examples of what they look like:



Our products will range from 20W to 500W and we expect they will have a minimum life span of 5 years, after which a battery change is needed. It is very important to note that these products do not target rural Tanzania (off-grid). We may tap into this market later on, but currently this market is difficult due to logistical challenges and competitors offering low-cost products.

Hence, our products will solely be sold as substitutes for regular on-grid lighting solutions. This means, for every 200W light we sell, which automatically lights up after dark, the user will use that less Tanesco provided electricity. According to an EWURA report from 2013, Tanesco then-usage of electricity was 70% based on natural gas and diesel, which is environmentally unfriendly. While this may have slightly changed by now (cannot find updated numbers) it is certain to say that using locally installed off-grid solar products is much better for the environment than Tanesco-provided electricity.

We estimate sales of 26,775 units of solar powered outdoor lights over a 5-year period.

When we estimate 11 hours of use a day, 365 days a year (they automatically turn on/off when it is dark outside) this means a total saving of **16,027,880 kWh**.

(See attached spread sheet for full calculations).

C. General waste/other impact

The biggest environmental impact of our operation will be disposal of the clients' lead-acid batteries commonly found in UPS and inverter-installations. Lead-acid batteries are classified as toxic waste, like all other batteries. Luckily for us, lead-acid batteries are the most commonly recycled product in the entire world.

The reason for this being, that lead is fetching very high scrap prices, making it very profitable to recycle this material. There are multiple recycling plants of lead scrap in Tanzania. One of these being Gravita Tanzania Limited located in Kibaha*. They purchase used batteries for recycling.

Our company plans to approach one of these companies and make a strategic partnership to ensure our customers have an easy way to get money in return for their used batteries.

* <http://www.gravitatanzania.com/we-buy/>

13. Proposed project implementation schedule

Start	Deadline	Description	Comment
01-May-21	01-Aug-21	TIC Registration complete	We hope for quicker approval, this is absolute latest date
05-Aug-21	20-Aug-21	Loan application approved by bank.	
15-Aug-21	01-Mar-22	Purchase of land complete	Legal paperwork and finding the right property takes time.
01-Mar-22	01-Dec-22	New office building complete	
01-Dec-22		New training facility being in use	