

TANZANIA INVESTMENT CENTRE DAR ES SALAAM PROGRESS REPORT

1. Planned Activities for the period

DESMI A/S is a Danish company specialized in the development and manufacture of pump solutions for marine and industry both locally and globally. Our product range supplemented with agency products from other leading, world class manufacturers – is completed by related services such as the design and installation of pump plants and after sales service through our network of service centres.

The mission of **DESMI Africa Ltd** is to focus on customers’ needs – to generate further sustainable and viable growth in activity and profit in the group, operating as One Global Company.

Our emphasis for Tanzania was to be able to provide a complete specialized service based on having a detailed knowledge of our clients this could be achieved by having a local company in Tanzania. By capitalizing on our experience, we are now able to provide both advise and direct our clients to the best services they deserve when it comes to pumps and pumping systems for Marine & Industry. We have a fully trained team of Tanzanian experts in place that are comparable to experts in other parts of the world.

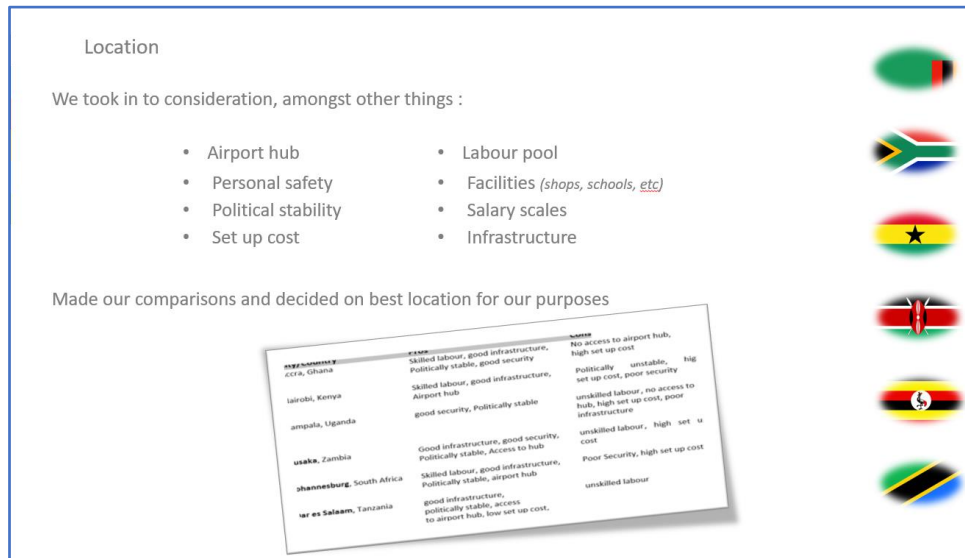
Training facility:	Complete
Training aids imported:	Complete
Technology transfer:	Complete
Local service deliver:	Complete
Autonomous operation from Europe:	Complete
Local content compliance:	Complete

In addition, we now offer a comprehensive range of complementary services to support our Tanzanian clients to ensure sustainability of our relations. These services will be instilled in our aftersales care.

As we are already on the ground in Tanzania, we are now planning to roll out similar activities to other Sub-Sahara African countries. As part of this 4-year strategy Tanzania is now the Head Quarters of our African operations.

TANZANIA INVESTMENT CENTRE DAR ES SALAAM PROGRESS REPORT

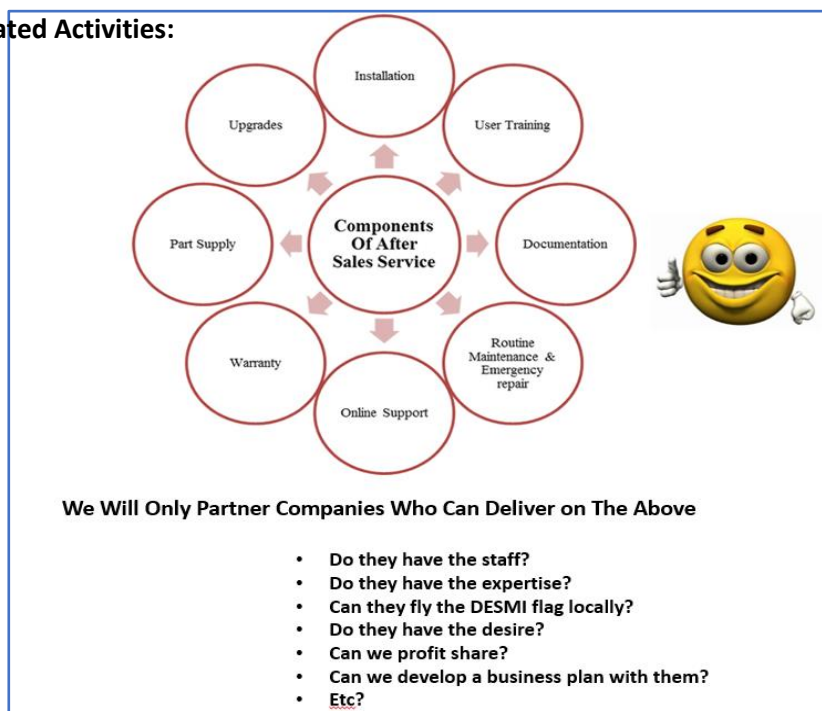
Diagram 1



To achieve the roll out programme to Sub-Saharan countries, DESMI Africa Ltd has commenced on a Partner recruitment process in selected African countries. This initiative is integral to our 5-year strategy plan and has already received the board approvals to proceed. The selection of African partners companies undergoes a comprehensive selection and evaluation process that has clearly defined objectives on a country-by-country basis.

Diagram 2

The Service Related Activities:



TANZANIA INVESTMENT CENTRE DAR ES SALAAM PROGRESS REPORT

Diagram 3



The total amount in USD to finance these activities is as detailed below;

2018 (Jan to Dec)	696,000.00
2019 (Jan to Dec)	696,000.00
2020 (Jan to Dec)	696,000.00
2021 (Jan to Dec)	696,000.00
2022 (Jan to Dec, budgeted)	696,000.00
2023 (Jan to Dec, projected)	696,000.00
2024 (Jan to Dec, projected)	<u>696,000.00</u>
TOTAL Investment	<u>4,872,00.00</u>

TANZANIA INVESTMENT CENTRE DAR ES SALAAM PROGRESS REPORT

2.. Project Financial Expenditures to Date

TZS'000

	Foreign	Local	Total
Land & Buildings	0	0	0
Plant & Machinery	0	34,500	34,500
Vehicles/Aircraft	0	167,697	167,697
Furniture	0	3,429	3,429
Office Equipment	0	5,764	5,764
Insurance Cover	0	16,100	16,100
Pre-Operational Expenses	0	1,296,767	1,296,767
Working Sub-Total Capital	0	<u>274,716</u>	<u>74,716</u>
GRAND TOTAL		<u>1,798,973</u>	<u>1,798,973</u>

In addition, we inform, DESMI Africa Limited was incorporated in Tanzania on January 20th 2017 under the Tanzania companies Act 2002 as a private company limited by shares. In accordance with the Companies, CAP 212 Act No.12 of 2002 financial statements for each financial year are prepared giving a true and fair view of the state of affairs of the Company. It also requires that the Directors ensure the Company keeps proper accounting records that disclose the financial position of the company. These financial statements are prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates in conformity with International Financial reporting Standards (IFRS) and the requirements of the Companies Act, 2002. Below is the DESMI Africa extract of the statement of the Financial Position from the 2020 audited accounts.

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2020

		31 Dec 2020	31 Dec 2019
	Note	TZS'000	TZS'000
ASSETS			
Non-current assets			
Property, plant & equipment	8	67,087	67,087

TANZANIA INVESTMENT CENTRE DAR ES SALAAM

PROGRESS REPORT

The financial statements on pages 11 to 30 were authorised for issue by the Board of Directors and were signed on its behalf by:



LESLIE PETER ANDREWS
DIRECTOR

16 February 2022

DATE

3.. Project Financing

The company's shareholders have confirmed their commitment to continue providing financial support to the company in the form of the free interest unsecured loans, without fixed terms of repayment order to meet the company's financial obligations as they fall due. Accordingly, these financial statements have been prepared on the basis of accounting policies applicable to a going concern.

4.. Problems & Solutions

- Closure of DESMI sales Office (DESMI Ro Clean A/S Tanzania). This took longer than expected due to requirements from the Tanzania Revenue Authority. Luckily, this did not impact on the operation of the newly formed DESMI Africa Limited. The status is RESOLVED.
- Delayed opening if the new Julius Nyerere International Airport had a slight impact on our ability to travel in Africa and abroad. We are heavily reliant on frequent travel to accomplish work and a modern airport with all the facilities is conducive to quick and comfortable air travel. The introduction of Air Tanzania and the opening of the new airport has helped tremendously. The status is now RESOLVED.
- When working in other African countries, we have encountered cultural & language barriers. The solution is to work via local partner companies who guide us on best practice work in the country we are in. this strategy is proving successful and is ongoing.
- As new entrants into the pump sector in Tanzania, we are competing in two key areas;
 - Cheaper products sourced from countries who can manufacture and supply cheaper than prime European brands like DESMI
 - Established brands who control large market share

TANZANIA INVESTMENT CENTRE DAR ES SALAAM PROGRESS REPORT

Our solution was to adopt an aggressive market specific pricing policy together with a high standard of customer service and support. We are continuously evaluating and monitoring this to ensure we are progressing according to plan.

- COVID-19 pandemic effects in Africa:
 - Lockdown in many countries
 - No air travels
 - Economic impact

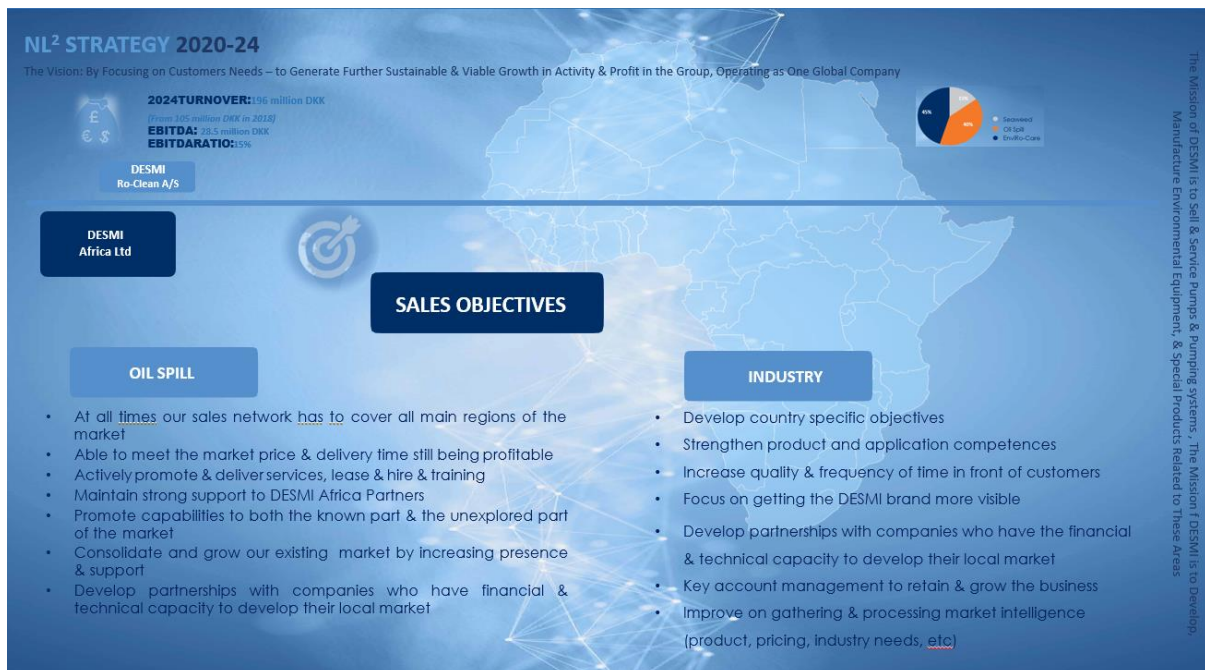
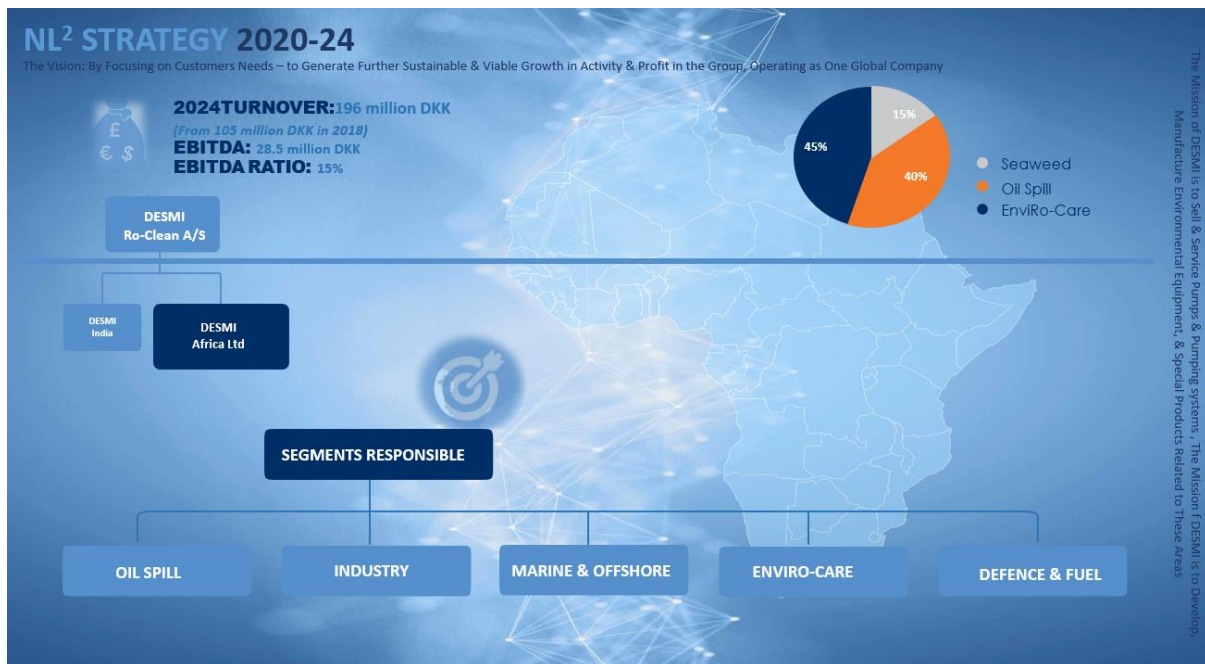
This has affected the development of the DESMI Africa Partnership programme recruitment & training phase. We are now anticipating that this programme, managed from our Africa HQ in Tanzania, will get back on track in January 2021 and we will run it for another 3 years to 2025 before we complete or extend the programme.

5.. Future Plans

DESMI Africa Ltd is guided by a 4-year strategy that is approved by both DESMI Africa, and foreign shareholders, boards. This document defines our future plans over the next 4 years and is reviewed quarterly when the board meets. We attach this for your perusal.



TANZANIA INVESTMENT CENTRE DAR ES SALAAM PROGRESS REPORT



TANZANIA INVESTMENT CENTRE DAR ES SALAAM PROGRESS REPORT

NL² STRATEGY 2020-24
The Vision: By Focusing on Customers Needs – to Generate Further Sustainable & Viable Growth in Activity & Profit in the Group, Operating as One Global Company

2024 **TURNOVER:** 196 million DKK
(From 105 million DKK in 2018)
EBITDA: 28.5 million DKK
EBITDARATIO: 15%

DESMI
Ro-Clean A/S

DESMI
Africa Ltd

SALES OBJECTIVES

MARINE & OFFSHORE

- Develop country specific objectives
- Strengthen product and application competences
- Increase quality & frequency of time in front of customers
- Focus on getting the DESMI brand more visible
- Develop partnerships with companies who have the financial & technical capacity to develop their local market
- Key account management to retain & grow the business
- Improve on gathering & processing market intelligence (product, pricing, industry needs, etc)

DEFENCE & FUEL

- Understand the route to market for each country
- Develop country specific objectives
- Focus on getting the DESMI brand more visible
- Develop partnerships with companies who have the financial & technical capacity to develop their local market
- Improve on gathering & processing market intelligence (product, pricing, industry needs, etc)
- Maintain strong support to DESMI Africa Partners

The Mission of DESMI is to Sell & Service Pumps & Pumping Systems. The Mission of DESMI is to Develop, Manufacture Environmental Equipment, & Special Products Related to These Areas

NL² STRATEGY 202-24
The Vision: By Focusing on Customers Needs – to Generate Further Sustainable & Viable Growth in Activity & Profit in the Group, Operating as One Global Company

2024 **TURNOVER:** 196 million DKK
(From 105 million DKK in 2018)
EBITDA: 28.5 million DKK
EBITDARATIO: 15%

DESMI
Ro-Clean A/S

DESMI
Africa Ltd

SALES OBJECTIVES

ENVIRO-CARE

- At all times our sales network has to cover all main regions of the market
- Able to meet the market price & delivery time still being profitable
- Actively promote & deliver services, lease & hire & training
- Maintain strong support to DESMI Africa Partners
- Promote capabilities to both the known part & the unexplored part of the market
- Consolidate and grow our existing market by increasing presence & support
- Develop partnerships with companies who have financial & technical capacity to develop their local market

The Mission of DESMI is to Sell & Service Pumps & Pumping Systems. The Mission of DESMI is to Develop, Manufacture Environmental Equipment, & Special Products Related to These Areas

TANZANIA INVESTMENT CENTRE DAR ES SALAAM PROGRESS REPORT



6.. Recommendations/ Comments

DESMI Africa Ltd has no further comments or recommendations

For & On Behalf of DESMI Africa Limited

Managing Director

Dated: 24th February 2022