

# BUSINESS PLAN 2022-24

Matoborwa Co. Ltd.

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## 1. Objective, sector and products

Matoborwa Co. Ltd. is a Dodoma based food manufacture founded in 2014. It was established as a pilot plant for dried sweet potatoes which were meant to be exported to Japan. Recently, the company provides several kinds of dried fruits, confectionaries and dried sweet potatoes. The product has been highly evaluated by Japanese vendors. Through aggressive investment, the company plans to become Tanzania's new Agri-processing export industry.



## 2. Sources of finances

Although Japanese investors have a strong interest in the African market, it is very difficult for a start-up company to raise funds from them because of the high level of risk involved. Despite such circumstances, our company successfully raised funds by crowdfunding in 2021 and raised \$65,000 (the actual amount raised after fees to the management company, taxes, etc.). We call this fundraising as "1<sup>st</sup> Phase" for scaling up our business. In the next 2<sup>nd</sup> phase, we are trying to obtain financing from a government financial institution. We believe that the proven track record of social contribution of our products and business in crowdfunding will make it easier for us to obtain financing.

Table 2. Sources of finances

1st Phase: 2021-22		2nd Phase: 2022-23		3rd Phase: 2023-2024	
Source	Amount	Source	Amount	Source	Amount
Crowdfunding	\$65,000	Loan (Public Finance)	\$89,200	Investment (VC)	\$180,000
				Loan (VC)	\$170,000
Sub Total	\$65,000	Sub Total	\$89,200	Sub Total	\$350,000
<b>Total Finance</b>				<b>\$504,200</b>	

In the 3<sup>rd</sup> phase, the company plans to apply VC (venture capitalists) to invest in the company by appealing its sales performance in Japan and the social contribution of its business.

### 3. Job creation

In terms of job creation, we have two contributions: one is the employment of staff at the factory and the other is the contract cultivation of raw materials. Even though our plant does not employ many people, we maintain a higher salary level than the regional average. We also have a high employee retention rate. Moreover, it is worth noting that contract farming with farmers provides them with a new outlet for their sales. We successfully introduced and registered a sweet potato variety from Japan by working with TARI in 2020. This opened gateway for a new industry in Tanzania: processing and exporting sweet potatoes to Japan.

Table 3. Job Creation

1st Phase: 2021-22		2nd Phase: 2022-23		3rd Phase: 2023-2024	
Type	Amount	Type	Amount	Type	Amount
Employee (Male)	3	Employee (Male)	4	Employee (Male)	5
Employee (Female)	5	Employee (Female)	7	Employee (Female)	8
Tempolary Staff	8	Tempolary Staff	10	Tempolary Staff	20
Contract Farmer (Morogoro)	10	Contract Farmer (Morogoro)	20	Contract Farmer (Morogoro)	30
Contract Farmer (Dodoma)	15	Contract Farmer (Dodoma)	30	Contract Farmer (Dodoma)	40
Contract Farmer (Iringa)	1	Contract Farmer (Iringa)	10	Contract Farmer (Iringa)	20
<b>Total Job creation</b>	<b>42</b>	<b>Total Job creation</b>	<b>81</b>	<b>Total Job creation</b>	<b>123</b>

We are promoting the new sweet potato varieties and their cultivation methods to our contract farmers. For raw materials other than sweet potatoes (mangoes, pineapples, etc.) we also buy directly from farmers, since because we need high quality raw materials for export.

## 4. Funds expenditure breakdown

Most of the external funds obtained through fundraising in 1<sup>st</sup> Phase will be used to install production equipment in the plant (food dryers, harvest container, cold room, freezer room, etc.). As for the activities of growing and distributing seedlings of new sweet potato varieties, the company is using the money raised from fundraising as a source of funds, since the revenue from the existing business alone is not enough to cover the cost of this matter.

Table 4. Funds expenditure breakdown

1st Phase: 2021-22			2nd Phase: 2022-23			3rd Phase: 2023-2024		
Item	Qty	Amount	Item	Qty	Amount	Item	Qty	Amount
Food dryer	1	\$37,500	Food dryer	1	\$37,500			
Harvest Container	400	\$4,200	Harvest Container	800	\$8,400	Factory	1	\$250,000
Cold room	1	\$6,300	Cold room	1	\$6,300	Nursery	1	\$100,000
Freezer room	1	\$12,000	Freezer room	1	\$12,000			
			Truck	1	\$20,000			
Agricultural extension work		\$5,000	Agricultural extension work		\$5,000			
Sub Total		\$65,000	Sub Total		\$89,200	Sub Total		\$350,000
<b>Total Investment Cost</b>						<b>\$504,200</b>		

2<sup>nd</sup> Phase will require the same expansion of production facilities as 1st Phase, as well as vehicle to transport raw materials. In 3rd Phase, a new factory building and nursery will be constructed.

## 5. Source of supply of inputs

The crowdfunding for 1<sup>st</sup> Phase was managed by Ready for Inc. which is a major company for the fundraising of social business in Japan.

Table 5. Source of supply of inputs

1st phase: 2021-22	2nd Phase: 2022-23	3rd phase: 2023-2024
READYFOR, Inc. Sumitomo Bld. 1-8, Ichibancho, Chiyodaku Tokyo, JAPAN <a href="https://readyfor.jp/">https://readyfor.jp/</a>	Japan Finance Corporation (JFC) Otemachi Financial City North Tower 1-9-4, Otemachi, Chiyoda-ku Tokyo, JAPAN <a href="https://www.jfc.go.jp/">https://www.jfc.go.jp/</a>	Currently under negotiation with... ·Cool Japan Fund Inc. ·AAIC Holdings Pte.Ltd. ·Kepple Africa Ventures

For the 2<sup>nd</sup> Phase financing, we are negotiating with Japan finance corporation (JFC), a government-affiliated financial institution that provides loans to small and medium-sized enterprises in Japan. For the 3rd Phase, we intend to pick up a few VCs and funds with a track record of investment in Africa and ask them to invest in us.

## 6. Marketing plan

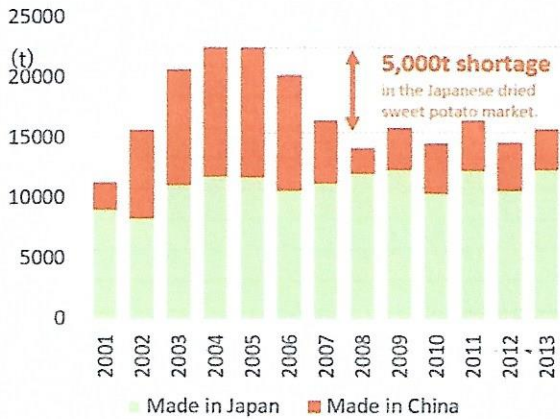
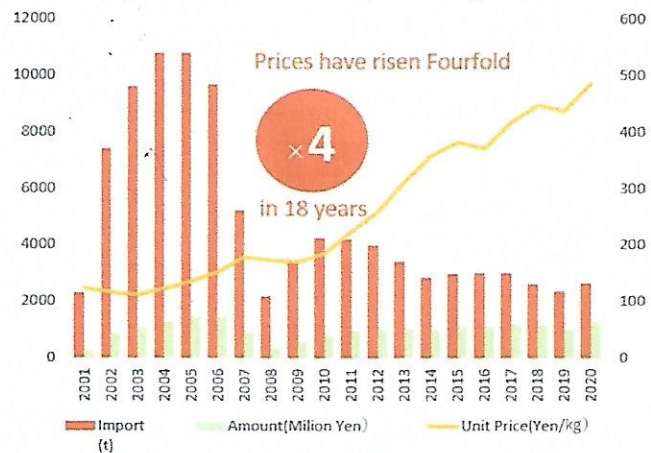


Figure 6. Trading amount of Dried sweetpotato in Japan

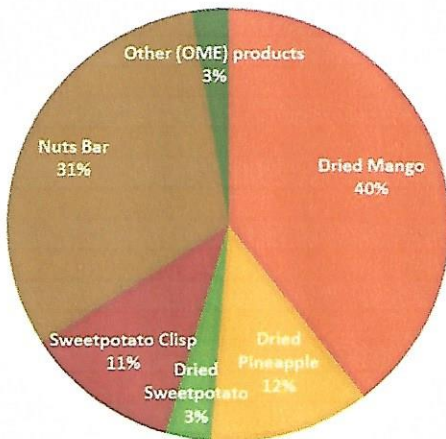
Our target is Japanese dried sweet potato market, which size is about 32 billion yen. More than 20,000 tons of dried potatoes were traded in this market until 2006. In that period, about 10,000 tons were made in Japan and the remaining 10,000 tons were made in China. However, after 2017, the amount of Chinese dried potatoes exported to Japan has been drastically decreasing.

Recently, only 2,000 to 3,000 tons are imported from China. On the other hand, the wholesale price of Chinese dried sweet potatoes has been rising every year. The prices have risen fourfold (x4) in 18 years. In the meantime, the demand of dried sweet potatoes has become more and more large, due to the growing concern for healthy food.

Figure6-2. Chinese Dried sweet potao Trading in Japan



SALES COMPOSITION BY PRODUCT (2021)



In our 2021 sales, the percentage of dried fruits accounted for 52%, snacks for the African market is 31%, and sweet potatoes product are only 14%. However, from 2022, we would like to increase the dried sweet potatoes products for this growing demand for Japanese market. We would like to steadfastly maintain Tanzania's position as a supplier of dried potatoes for the Japanese market. As well as, supplier of Non sugar (and no preservatives) dried mango, pineapple and banana.

## 7. Implementation schedule

Currently, our two main sources of revenue are dried mango and nut bars. We plan to add dried sweet potatoes for export to these products.

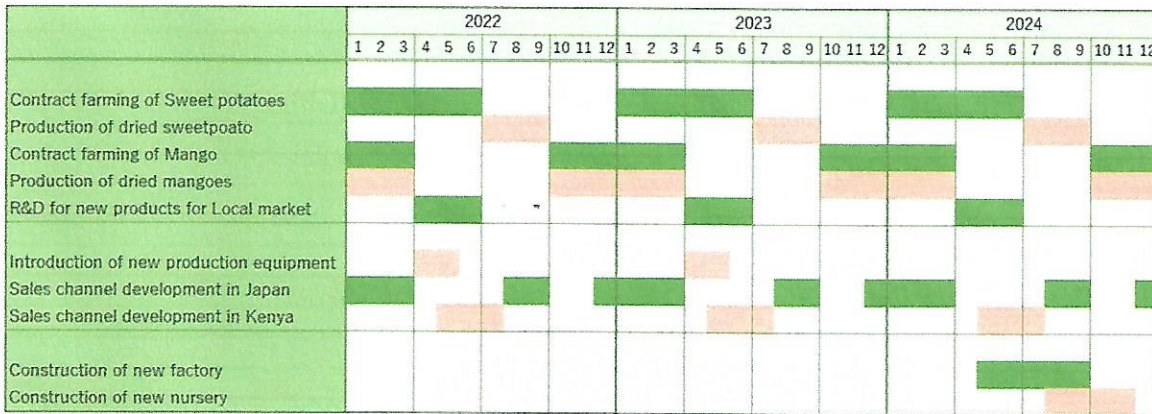


Figure7. Implementation schedule

We plan to renovate the factory and install new production equipment in a timely manner, avoiding the season for processing sweet potatoes and the season for processing mangoes. Site selection for the new factory building began in 2021, and the construction is planned in 2024.

## 8. Financial projection



The company has been unable to expand its production facilities because it was a test plant and has been engaged in activities that do not generate short-term profits, such as research and development of dried sweet potato production methods and registration of varieties.

On top of that, in 2020–21, due to COVID 19, there was a significant decrease in sales, resulting in a loss; from 2022 onward, facilities for production will be expanded with two capital investments to increase sales and profits.

		2022	2023	2024
PL	Revenue/Sales	180,000	240,000	300,000
	Cost of Production	54,000	72,000	90,000
	<b>Gross Profit</b>	<b>126,000</b>	<b>168,000</b>	<b>210,000</b>
	Operating Expenses	93,230	131,885	174,500
	<b>Operating Profit Before Tax</b>	<b>38,170</b>	<b>36,115</b>	<b>35,500</b>
	Income Tax	11,451	10,835	10,650
	<b>Profit(Loss) for the Year</b>	<b>26,719</b>	<b>25,281</b>	<b>24,850</b>

Figure9. Income statement (Profit or Loss Statement)

		2022	2023	2024	
BS	Assets	<b>Current assets</b>			
		Cash and bank balances	34,859	58,921	93,250
		Trade and other receivables	12,600	16,800	21,000
		Inventories	48,391	26,805	42,590
		<b>Non-current Assets</b>			
	Property and Equipment	87,300	158,850	315,000	
	<b>Total Assets</b>	<b>183,150</b>	<b>261,375</b>	<b>471,840</b>	
	Liabilities	<b>Current liability</b>			
		Trade and other payables	0	0	0
		Accrued Tax (Income tax)	11,451	10,835	10,650
		Accrued Tax (withholding tax)	3,240	4,320	5,400
		<b>Long term liability</b>			
	Loan	70,000	149,200	309,200	
	Equity	<b>Equity</b>			
		Capital investment	71,740	71,740	121,740
		Other reserve	0	0	0
		<b>Retained earnings</b>	<b>26,719</b>	<b>25,281</b>	<b>24,850</b>
<b>Total Equity and Liabilities</b>		<b>183,150</b>	<b>261,375</b>	<b>471,840</b>	

Figure10. Balance Sheet

		2022	2023	2024	
CS	Operating Activities	Cash received from customers	167,400	223,200	279,000
		Cash paid for merchandise	-54,000	-72,000	-90,000
		Cash paid for employees	-29,160	-38,880	-48,600
		Cash paid for other expenses	-43,200	-57,600	-72,000
		Cash paid for interest	-3,500	-8,000	-8,000
		Cash paid for income taxes	-11,451	-10,835	-10,650
		<b>Net Cash from Operating Activities</b>	<b>26,089</b>	<b>35,886</b>	<b>49,750</b>
	Investing Activities	Purchase of Equipment	-67,230	-96,165	-346,500
		<b>Net Cash for Investing Activities</b>	<b>-67,230</b>	<b>-96,165</b>	<b>-346,500</b>
	Financing Activities	Loan	65,000	89,200	170,000
		Loan payment	10,000	10,000	10,000
		Capital fund	0	0	180,000
		<b>Net Cash from Financing Activities</b>	<b>75,000</b>	<b>99,200</b>	<b>360,000</b>
		Net increase in Cash	33,859	38,921	63,250
		Cash balance at 1st January	1,000	20,000	30,000
		<b>Cash balance at 31 December</b>	<b>34,859</b>	<b>58,921</b>	<b>93,250</b>

Figure11. Statement of Cash Flows

## 9. Capacity of the project

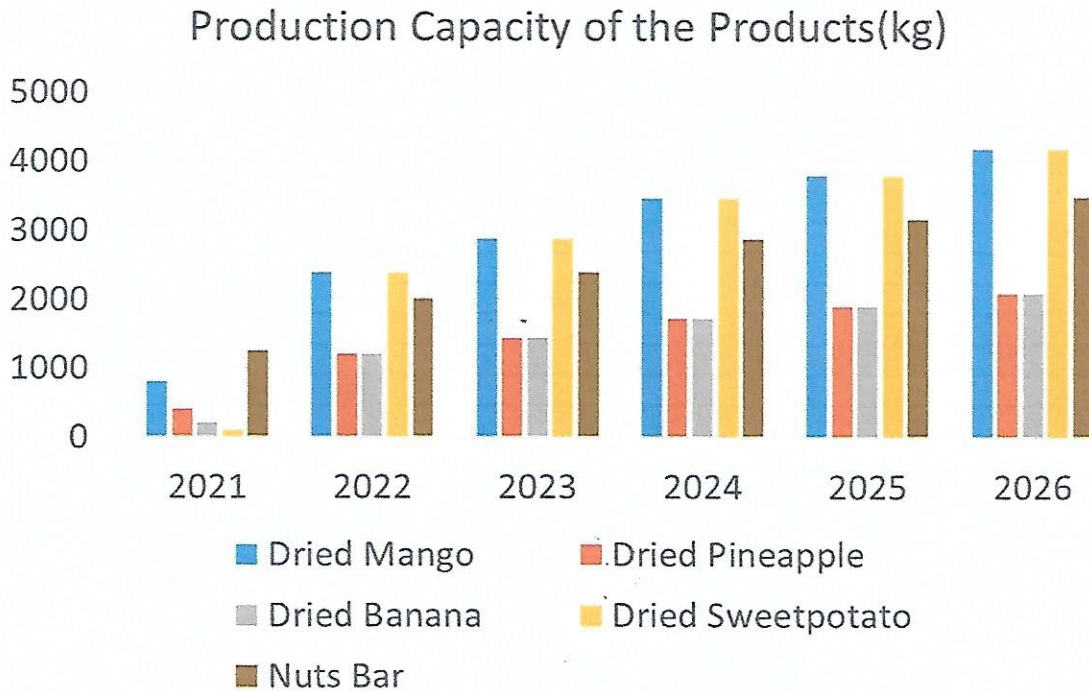


Figure12. Production Capacity of the Products

From 2022 to 2024, the company will invest in food dryers, freezers, and transport vehicles to expand its production capacity of dried potatoes and dried fruits. In addition, the company will provide opportunities for active self-improvement for motivated employees so that they can manage the expanded production volume. Facilities for producing snacks for the local market will be expanded in parallel to lay the foundation for expanding sales channels not only to the local market in Tanzania, but also to neighboring countries such as Kenya.