



Organic Cashew Nuts from Tanzania

Company Profile

INQUIRIES

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Executive Summary

Introduction

BIOTAN GROUP LIMITED (BGL) is a Tanzanian-incorporated enterprise primarily involved in cashew nut processing especially from organic production. The company was registered and incorporated under the companies Act, 2002, bearing certificate of incorporation number 129944. The company is registered with the Tanzania Investment Centre and has a cashew nut processing license and a cashew nut export license.

Activities in the cashew nut industry started in 2016 in Dar es Salaam and Mkuranga (Coastal Region). While Tanzania has a huge potential in growing cashew nuts and the country is one of the largest producers of cashew nuts in the world, more than 90% of the value chain from the farmers to the consumers is made outside of Tanzania, mainly by Vietnamese and Indian companies, which buy the raw cashew nuts and ship them to India for further processing.

BIOTAN is facing this challenge and in a first step the company has implemented a brand-new cashew nut processing plant with a capacity of 1,800 tonnes of raw cashew nuts per year which are sold mainly to European buyers.

BIOTAN managed to get the Organic Certification according to European Regulation and North American Standard (NOP) in 2018. Since then, processing volumes were increased from 412 tonnes in 2018/19 to 875 tonnes in 2019/20 and 1,590 tonnes in 2020/21. The corresponding export volumes were increased from 85 tonnes in 2018/19 to 334 in 2020/21 and will reach 337 tonnes of organic cashew nuts in the ongoing season 2021/22 (two thirds of the material have already been processed and exported).

Customers are high-end food processors and trading companies in Europe – mainly in Austria, The Netherlands, Sweden and Denmark. BIOTAN is facing increasing demand for organic cashew nuts in line with demand for organic food in general and will therefore expand its processing capacity and corresponding export volumes. In addition, pilot projects for other products along the cashew nut value chain, e. g. products out of cashew nut apples and cashew nut shells have started.

Sourcing

BIOTAN has contracted 730 farmers for organic cashew nut farming from 7 villages in Mkuranga district since 2018. The farmers' organic certification according to EU and NOP regulations was achieved in November 2018 and is valid until March 2023.

The BIOTAN model on contract farming is based on multi-stakeholder approach including farmers, AMCOS (Agricultural Marketing Cooperative Societies), villages, wards, district, Cashew Nut Board of Tanzania and the Ministry of Agriculture. BIOTAN field officers are living directly in the village and work in close cooperation with farmers to help them with every-day business and they are trying to find solutions wherever problems arise.

BIOTAN was the first company in Tanzania to start organic contract farming since the Cashew nut act of 2009 was introduced. Meanwhile farmers as well as the governmental authorities see BIOTAN as a reliable partner, and our contract farming approach is a role model which has the potential to be extended to other regions. BIOTAN has requests from several cooperatives to join the project and apply for certification.

Management & Team

The founders of BIOTAN, Paul Schreilechner and Johannes Siller, have over 20 years of experience in private equity and started their activities in Tanzania in 2012. Projects included environmental and social impact assessment, sustainable development and community integration. Within BIOTAN they built up a strong team of experts including administration, technicians, supervisors in food production as well as field officers and management of the internal control system for organic certification (ICS).



Internal field inspection, Karole Village, 2021

Benefits for the farmers are:

- Existing market with high demand in Europe. One of BIOTAN's shareholders is a market leader for organic nuts and dried fruits in Germany and Austria and imports more than 600 tonnes of processed cashew nuts per year.
- BIOTAN pays a premium for organic cashews
- BIOTAN pays for certification and provides training
- BIOTAN offers a model of working with banks to support loan requests for farming inputs

BIOTAN operates its own warehouse and collects the organic cashews at the local AMCOS collections centers from the individual farmers including sophisticated quality control and logistics (labeling and documentation).

The amounts purchased from the farmers are increasing continuously from 412 tonnes of RCN in 2018/19 season to 1,607 tonnes in the current season 2021/22.

Company Overview

BIOTAN GROUP LIMITED (BGL) is a Tanzanian-incorporated enterprise primarily involved in cashew nut processing especially from organic production.

The company was registered 2016 and incorporated under the companies Act, 2002, bearing certificate of incorporation number 129944. The company is registered with the Tanzania Investment Centre and has a cashew nut processing license and a cashew nut export license.

The company was founded by long-term business partners Johannes Siller and Paul Schreilechner together with two local Tanzanian partners.

In 2017 BIOTAN Austria was founded together with strategic partner and client Bio-Nahrungsmittel GmbH. BIOTAN Austria holds the shares of BIOTAN GROUP LIMITED and is responsible for import of the organic products to Europe.

Activities in the cashew nut industry started in 2016 in Dar es Salaam and Mkuranga (Coastal Region) with pilot projects and an entire feasibility study was made.

In 2017 BIOTAN started to build up an Organic Grower Group for cashew nuts in Mkuranga District/Coastal Region on the basis of contract farming which achieved the organic certification in November 2018.

In 2018 a cashew nut processing factory was established, and operations and export started.

Meanwhile BIOTAN is in full operation and the volume of organic raw cashew nuts is 1,607 tonnes with an outturn of 337 tonnes of organic cashew kernels for export. The raw cashew nuts are sourced from around 730 contract farmers in Mkuranga district.

The majority of the volume of processed organic cashew nuts is exported to European clients mainly in Austria, The Netherlands and Denmark. Even within the existing customer base the demand is higher than the current production and BIOTAN receives requests from many clients worldwide.

Further business expansion plans are based on promising facts:

- The strong demand for organic cashew nuts in Europe and the global market even during the COVID-19 pandemic
- Well established business operations with a strong team
- Growing trust from farmers and demand from many cooperatives to join the BIOTAN Organic Grower Group
- The BIOTAN model of contract farming and processing in the country is meanwhile seen as a role model by the government of Tanzania and the Cashew Nut Board of Tanzania (CBT). The development of a cashew nut processing industry is a keystone in the governmental strategy for industrialisation and creating of jobs.

Ownership and Corporate Structure

The structure of the BIOTAN companies and shareholders is shown in Diagram 1:

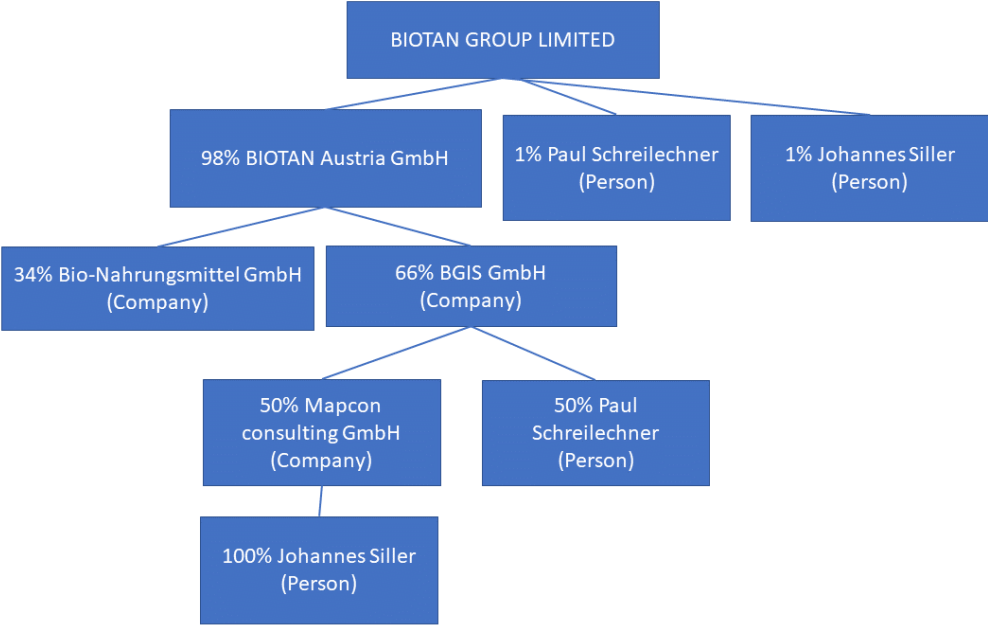


Diagram 1

BIOTAN Austria GmbH

BIOTAN Austria was founded in 2017 by two shareholders BGIS GmbH (66%) and Bio-Nahrungsmittel GmbH (34%). The long-term strategy of the company is to be one of the leading importers of organic cashew nuts with African origin to Europe.

Currently the company is focused on import of organic cashew nuts produced by its subsidiary company BIOTAN GROUP LIMITED in Tanzania. The growth of the company within the next years will be based on increase of import volume as well as addition of new products. (e.g., processed cashew apple fruit paste).

Since 2021 BIOTAN Austria is 98% shareholder of BIOTAN GROUP LIMITED which is the operational part in the partner company, and which is running the factory for producing Organic Cashew Nuts and organizing the Organic Grower Group of farmers. 1% each of the shares of BIOTAN GROUP LIMITED are hold by the two local directors, Paul Schreilechner and Johannes Siller in trust for BIOTAN Austria GmbH.

The two shareholders of BIOTAN Austria have their background and history in different industrial sectors. While BGIS has its background in environmental IT services, Bio-Nahrungsmittel GmbH is a leading European import and packaging company with focus on organic nuts, dried fruit and seeds.

Bio-Nahrungsmittel

Bio-Nahrungsmittel is the market leader for import and packaging of organic nuts, dried fruit and seeds in Austria. In 2020 the company had its forty-year anniversary. With 240 employees the

company processed and packaged 17,000 tonnes of organic products in 2020 and the turnover increased from 72 to 85 million Euros in 2020. Clients are leading retail companies including Spar, REWE and Hofer. Since 2017 Bio-Nahrungsmittel holds 34% of the shares of BIOTAN Austria GmbH.

BGIS GmbH

The two shareholders of BGIS are Paul Schreilechner on the one hand and MapCon consulting GmbH on the other hand with 50% shares each. Up to 2016 the focus of BGIS was in environmental IT services based on Geographic Information Systems and Remote Sensing technology. BGIS holds also one third of the shares of eoVision GmbH, which is providing services in Satellite Image Processing and which is also well known as a publisher of Atlases and books. Paul Schreilechner is acting as managing director of BGIS and BIOTAN Austria GmbH. He is also a director of eoVision GmbH.

In 2016 the shareholders of BGIS opted for a strategic repositioning of the company based on experiences of pilot projects in the cashew nut industry in Tanzania. Operations are carried out via BIOTAN Austria GmbH which was founded together with Bio-Nahrungsmittel GmbH. BGIS offers management services to BIOTAN Austria and Paul Schreilechner as the managing director is responsible for business operations in Austria and Tanzania.

MapCon consulting GmbH

MapCon is 100% owned by Mag. Johannes Siller, who can refer to over 20 years of experience as an entrepreneur and has been a successful business angel and investor for several years. As such, he is also a member of the European Angels Fund - EAF, part of the European Investment Fund - EIF. He founded his first company eBIT - eBusiness & IT Development GmbH in Linz in 2000. eBIT produces very successfully under the product name agilia customer care software to support sales, marketing and call centers.

BIOTAN Management

BIOTAN GROUP LIMITED

Mag. Paul Schreilechner

Managing Director/BIOTAN GROUP LIMITED

Director/BIOTAN Austria GmbH

Mag. Johannes Siller

Director/BIOTAN GROUP LIMITED

Charity Meckfason

Secretary

BIOTAN Austria GmbH

Stephan Winzer

Director/BIOTAN Austria GmbH

Paul Schreilechner

Director/BIOTAN Austria GmbH

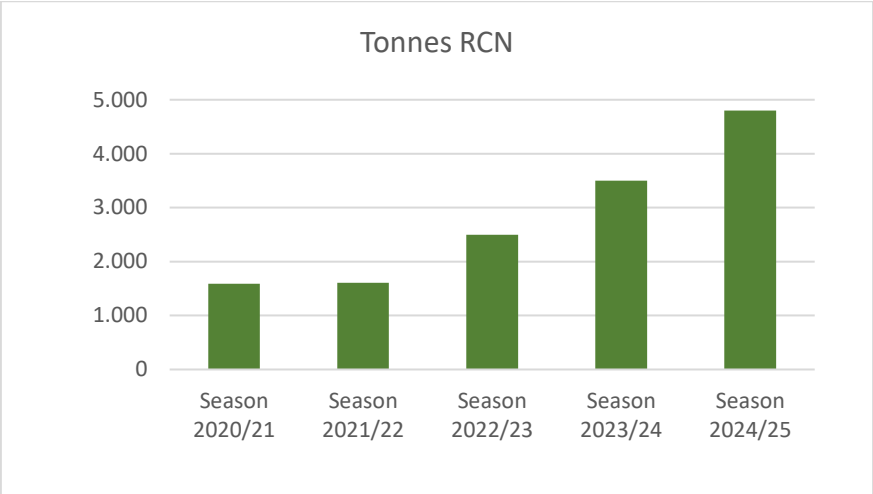
BIOTAN Corporate History

January 2016	Start with research and pilot projects in cashew nut production
September 2016	Foundation of BIOTAN GROUP LIMITED
2016/17	Feasibility study – cashew nut industry of Tanzania and world market analyses
March 2017	First sales of products produced within pilot projects to Austrian client
August 2017	Foundation of BIOTAN Austria GmbH
April to September 2018	Setup of production factory and start of pilot processing
October 2018	Start of operations: collection and purchase of organic raw cashew nuts
January 2019	Start of processing and export activities
2020/21	Buy-out of shares of local shareholders Bahati Mayoma and Moses Shimba (5% each)

Company History

October 2016	First pilot processing with local farmers in Mtwara district
January 2017	Feasibility study and pilot sales to Austrian company Farm Gold
August 2017	Foundation of BIOTAN Austria
August 2017	Decision for investment in processing factory and build-up of Organic Grower Group
September 2017	Study tour to Vietnam and ordering of machines for processing factory
April 2018	Rent of warehouse for production and storage
May – September 2018	Installation of machines and pilot processing
October 2018	First purchase of organic certified cashew nuts from contract farmers
December 2018	First sales of organic certified cashew nuts to Austria
June 2019	End of first season with 412 tonnes of raw Cashew Nuts
October 2019	Extension of Organic Grower Group to 7 villages and 6 cooperatives
December 2020	Extension of Organic Grower Group to Tanga region
January – April 2021	Buying back shares from local shareholders

Sales & Customers



BIOTAN Export

Export volumes started with 68 tonnes (5 containers) in the 2018/19 and will reach 337 tonnes (21 containers - 15 already shipped) of processed organic cashew kernels in 2021/22.



Volumes depend on production capacity (equipment for processing 1,800 tonnes of RCN currently installed) on the one hand and on availability of organic certified raw material on the other hand.



Container export and inspection through authorities in the port of Dar es Salaam

Demo-Farm

BIOTAN is continuously expanding the Organic Grower Group and in 2021 BIOTAN started to register farmers in Tanga region/Mkinga district. Volumes can be scaled up by increasing the yields of existing contract farmers. This can be achieved by providing training and showing best practice at our demo farm. This includes plantation of new varieties, sophisticated organic farming practices and biological management of pests.



Demo farm, ultra-high-density plantation of new cashew varieties

BIOTAN Cashew Nut Processing Factory

BIOTAN has established a factory for processing organic cashew nuts including storage of the raw material and packing of the high-grade end product. The production capacity of the factory is around 7 tonnes of RCN per day which leads to an output of 1.47 tonnes of cashew nuts ready for shipping per day and around 35 tonnes per month. Export and shipping are done via Dar es Salaam.



BIOTAN Factory and Warehouse, Mbagala Industrial Area



BIOTAN Organic Cashew Nut Factory, Shelling section



BIOTAN Organic Cashew Nut Factory, sorting and grading section



BIOTAN Organic Cashew Nut Factory, sorting and grading section



BIOTAN Organic Cashew Nut Factory, peeling section



BIOTAN Organic Cashew Nut Factory, Grading section

Highlights

- Production of cashew nuts from organic farming as a niche product with very high demand in Europe and worldwide.
- The BIOTAN concept is quality driven. Volumes started at medium sizes and will be increased continually.
- Cooperation with local farmers assures high quality and constant improvement of the product.

Objectives achieved

- Setup of a fully operating company in Tanzania including company registration, administration, staff, quality management, TIC (Tanzania Investment Centre) registration
- Setup of a production facility including building/warehouse, production machines, EIA (Environmental Impact Assessment)
- Setup of a cooperation with local farmers for organic farming based on contract farming, in cooperation with CBT (Cashewnut Board of Tanzania) and district administration
- Organic certification
- Setup of a demo farm for training, research and best practice
- Production of high-quality cashew nuts from organic farming
- Export of EU and NOP organic certified cashew nuts

Statement: From Nature with Love

The stakeholders of BIOTAN are convinced that the concept of organic farming has advantages for nature, farmers and clients. To avoid the usage of pesticides and chemical fertilizers leads not only to a healthier environment but it also has economic advantages. The demand for cashew nuts from organic farming in Europe and worldwide is very high.

BIOTAN will produce high quality organic certified products.

Our principles are based on

- Sustainability
- Fair trade
- Long term thinking



Collection of organic raw cashew nuts and quality assessment through cutting test