

BUSINESS PLAN KUMI TUNA TANZANIA LIMITED



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1. LETTER TO THE TANZANIAN STAKEHOLDERS

Dear Esteemed Executives,

It is with great pride and anticipation that we unveil the vision for "KUMI TUNA TANZANIA LIMITED" the hallmark of Group Albacora forward-reaching expansion into Africa. This future fish processing facility symbolizes an opportunity to show our commitment to innovation, growth, and sustainable business practices.

A Gateway to New Markets:

"KUMI TUNA TANZANIA LIMITED" is not merely a facility; it is an embodiment of our dedication to unlocking new opportunities in the African market. This state-of-the-art fish factory heralds a new era for Group Albacora, positioning us as pioneers in the thriving industry of Tanzania. As we set sail into uncharted waters, we do so with the confidence that this venture will not only bolster our presence in Africa but also contribute significantly to the economic landscape of Tanzania.

New Products and Services:

Our foray into Tanzania opens the introduction of a new type of product format for Albacora which will include a wide variety of tuna species and other fish species. Apart from that, KUMI TUNA TANZANIA LIMITED could also offer services to local fishermen or small fish processors who require frozen chamber storage or fast blast freezing with our brand-new equipment.

A Beacon of Economic Growth:

This strategic move is not just a business expansion; it is a commitment to fostering economic development in Tanzania. "KUMI TUNA TANZANIA LIMITED" represents a substantial investment that transcends profit margins; it is a catalyst for job creation, skill development, and the upliftment of the local community. By engaging with local community and resources, we aim to become an integral part of Tanzania's socio-economic fabric.

Elevating the Industry Standard:

As we venture into Tanzania, our objective extends beyond corporate success. We aspire to elevate the standards of the fisheries and canning industry in the region. Through best practices, sustainability initiatives, and technological advancements, we envision "KUMI TUNA TANZANIA LIMITED" as a beacon that inspires positive change and sets a benchmark for responsible industrial growth.

In conclusion, "KUMI TUNA TANZANIA LIMITED" is not just a business venture; it is a manifestation of Group Albacora commitment to global leadership, sustainable practices, and socio-economic impact. We invite each of you to join us in this exciting journey, as we embark on a voyage that transcends boundaries and defines the future of our esteemed company.

Sincerely,

Group Albacora

2. BUSINESS MODEL

Group Albacora, a leading Spanish fishing and canning company, has recently finalized strategic agreements with the fisheries authorities in Tanzania, which have paved the way for the internationalization of our fish processing business unit to the African countries.

Albacora future fish processing plant in the city of Tanga (Tanzania), called “KUMI TUNA TANZANIA LIMITED” will be our business branch dedicated on the sale of frozen -18°C small pelagic fish in the region and in African countries. All the fish supply will come from Albacora vessels, which is a guarantee of quality and freshness for the final product.

3. BRIEF PROFILE

The name of the Company is KUMI TUNA TANZANIA LIMITED, will be situated in the United Republic of Tanzania and will be mainly processing small pelagic fish (in general below 2kg) of the following species:

- Skipjack tuna
- Bigeye tuna
- Yellowfin tuna
- Melva (frigate Mackerel)
- Dourade
- Mackerel

The final product will keep the cold chain (-18°C) from its harvesting and freezing in the boat, storage, transportation to KUMI TUNA TANZANIA LIMITED plant, fish processing, storage and dispatch to the final clients.

4. PRODUCT AND PROCESS DESCRIPTION

Regarding the fish processing, it is widely known that fish coming from vessels have a relatively “poor external appearance” (blood, surface brine, etc.). In KUMI TUNA TANZANIA LIMITED, we will rinse the fish in a dedicated processing line, group it by species and sizes, group in different format sizes (mainly 5kg, 10kg and 20kg), put it into a protection plastic bad and finally inside cardboard boxes.

The production process flow is the following:

1. Raw fish (-18°C) is sent in reefer containers from Seychelles to Tanga port
2. Raw fish is transported by trucks from Tanga port to the factory
3. Raw fish (-18°C) unloading from trucks
4. Raw fish storage inside Frozen Chamber (-18°C)
5. Fish dispatch to the fish Processing Line
 - a. Fish rinsing with ice cold water
 - b. Fish manual inspection and sorting
 - c. Fish drying inside air tunnel
 - d. Manual boxing of the product
 - i. Manual weighting of fish
 - ii. Wrapping of the appropriate number of fish inside plastic bags
 - iii. Packing inside cardboard boxes
 - iv. Box strapping
 - e. Palletizing and pallet wrapping
6. Storage of pallet inside Frozen Chamber
7. Dispatch of finished product



FISHING



Classified fish by size
and species (skipjack
tuna, melva, etc.)

Rinsed fish inside
plastic bags (5kg,
10kg, and other bag
sizes)



Final product
inside cardboard
box

Figure 4-1 KUMI TUNA TANZANIA LIMITED - from the vessel to the finished product

The following diagram illustrates the full process:

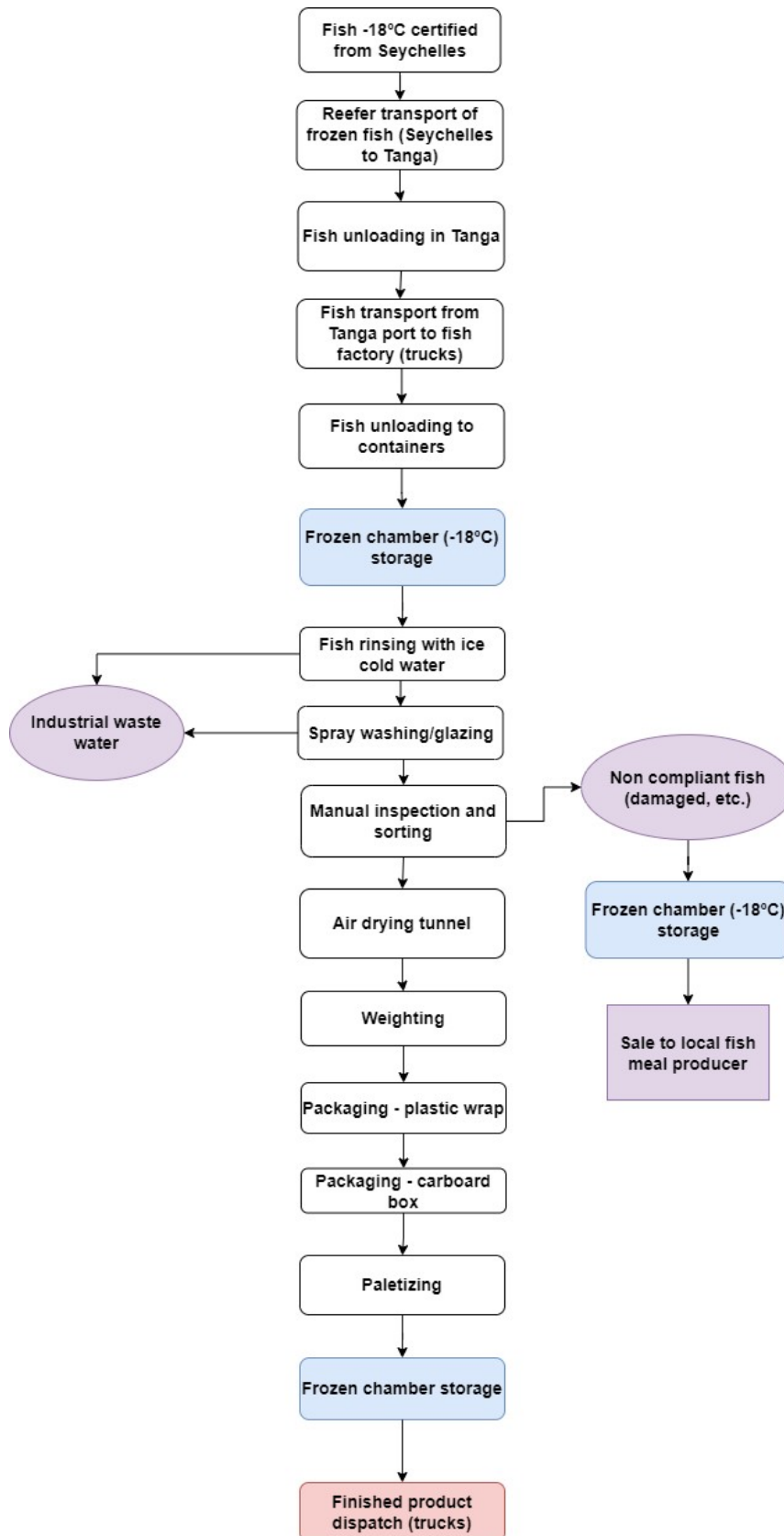


Figure 4-2 Production process flow diagram

5. FACTORY DESIGN DESCRIPTION

5.1. Construction site and landownership

We have recently reached an agreement to buy the industrial-classified land of previous landowner “Jambo Freight Ltd” of two plots (plots 7 & 9) with a total surface area of 13,620m².



Figure 5-1 KUMI TUNA TANZANIA LIMITED location

Currently, the property purchase agreement has already been signed by both Kumi Tuna Tanzania Limited and the landowners. The full operation should be finalized by December 2023.

5.2. Overall layout

The following figures show a general view of the factory inside the plot and general view of the preliminary layout for the factory.

The factory will mainly consist on the following areas:

1. PROCESSING AREA
2. LOAD-UNLOAD AREA
3. FROZEN CHAMBER
4. ANTEROOM
5. BLAST FREEZER
6. ENGINE ROOM
7. MAINTENANCE ROOM
8. OFFICE, LOCKERS AND DINING ROOM
9. PACKAGING STORE

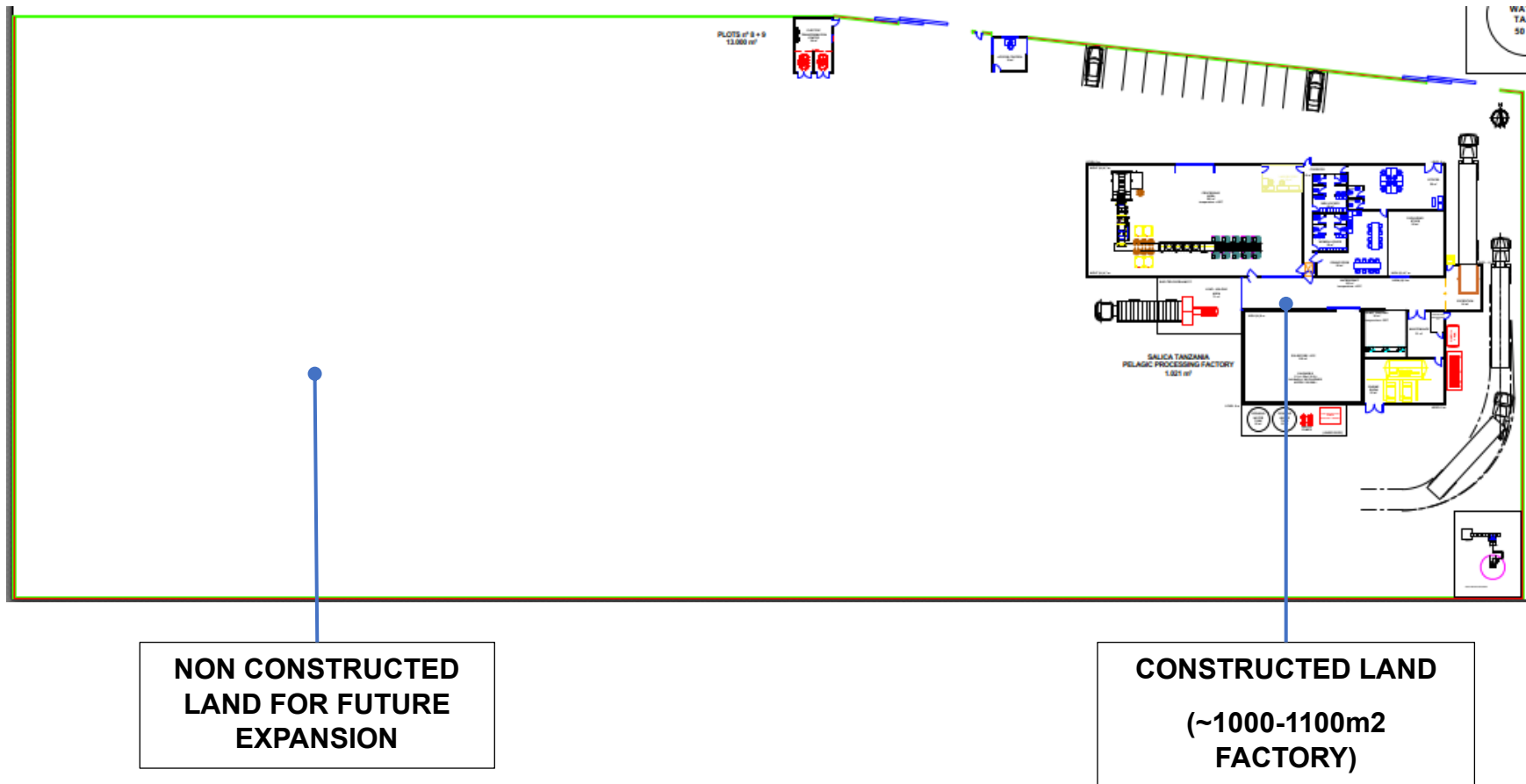


Figure 5-2 KUMI TUNA TANZANIA LIMITED fish factory within the plot

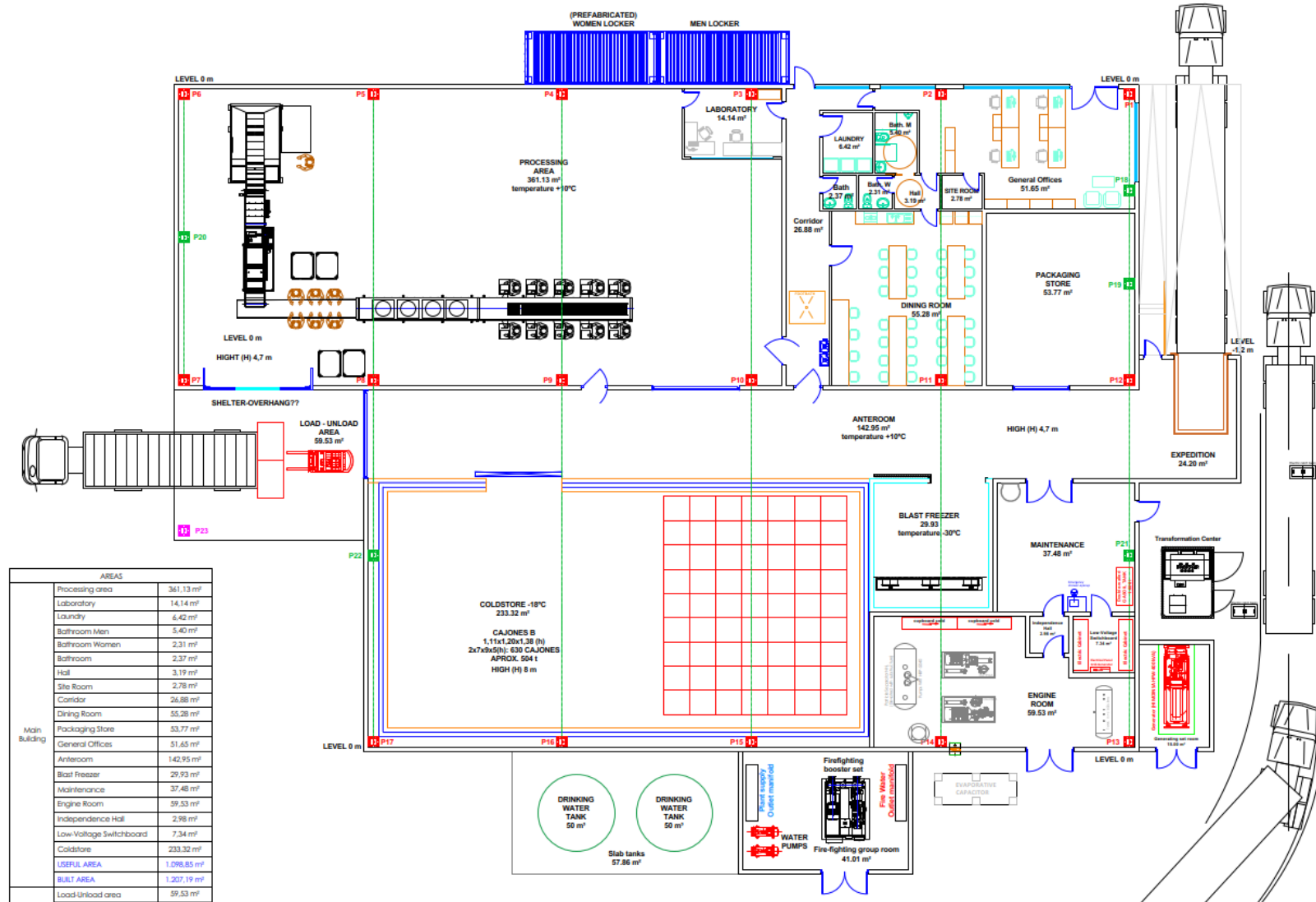


Figure 5-3 Fish processing plant general layout



Figure 5-4 External view

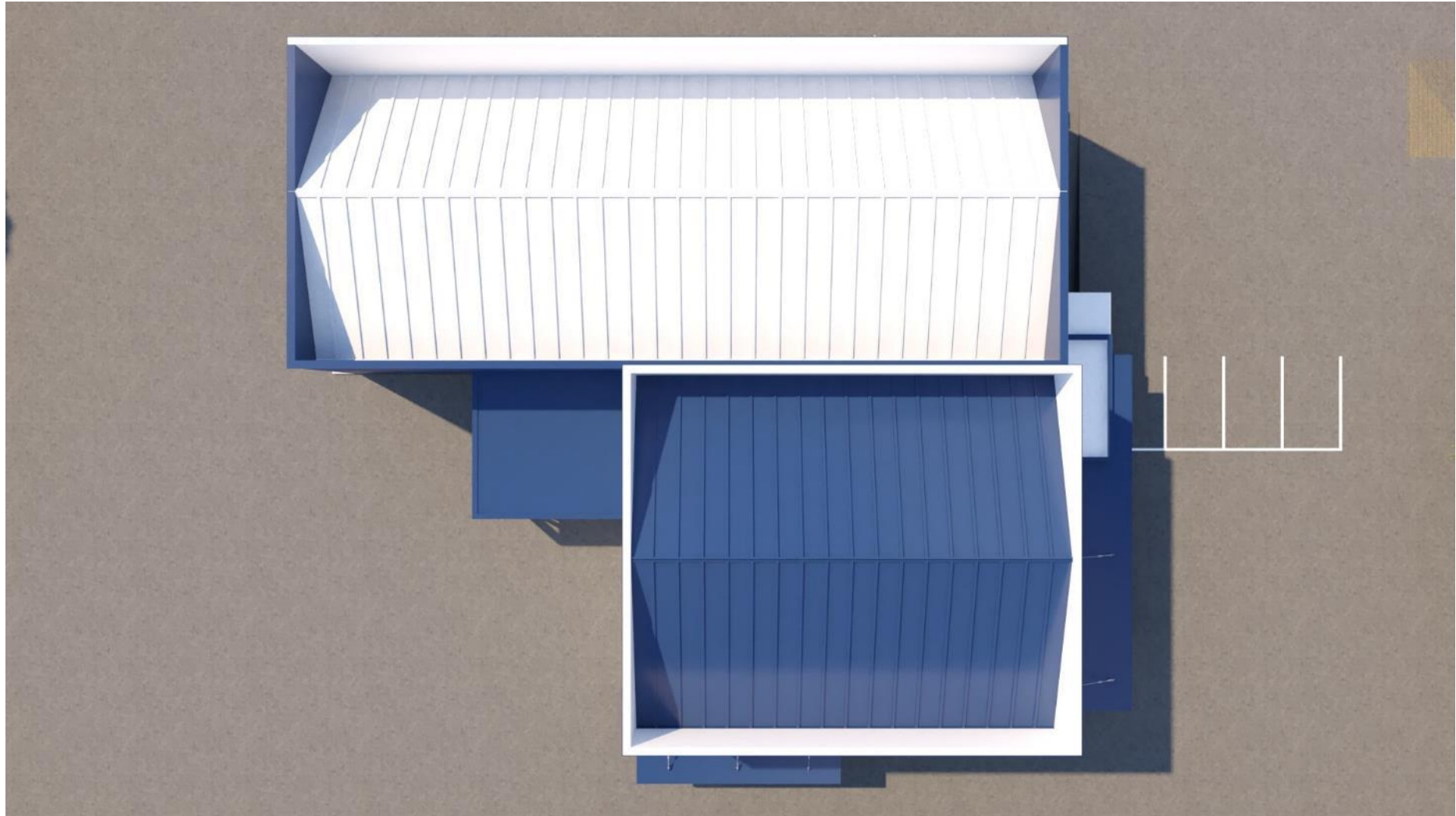


Figure 5-5 Top view

5.3. Machinery and equipment

Here below, it is included an overview of KUMI TUNA TANZANIA LIMITED fish processing plant, which will be able to process 1500TM/year of raw fish with below equipment. In the future, in case the sales are consolidated and product demand is higher than anticipated, KUMI TUNA TANZANIA LIMITED will have capability to expand its facilities inside its 13,620m² plot site and reinforce its production capabilities.

The main machinery and equipment of the factory are the following:

- Fish processing line
- Frozen Chamber
- Blast freezer
- Machine room for cold system

The fish processing line will include the following elements:

- UNLOADING HOPPER+ ACCUMULATING CONVEYOR: The fish is dumped directly into a hopper with a forklift. Frozen fish (-18°C) will be transported with conveyor belts all along the line.
- INSPECTION AREA: Area around line for up to 6 people to inspect and manually separate fish into different containers/tubs (classification by size and species). Discards and fish that are not processed immediately should not be thawed, so there will often be a person collecting these containers/tubs and taking them to the frozen chamber.
- FLAKE ICE MACHINE MAKER: Machine separate from the line. It is used to cool the water that will be used to clean the fish.
- WATER-AIR WASH TANK: the idea is to rinse the fish (without thawing) to clean the external dirt (blood, etc.) and surface brine that it brings from the boat and gives the product a bad appearance.
- SPRAY WASHING/GLAZING MACHINE: Washing with tap water cooled with ice.
- AIR DRYING TUNNEL: tunnel to air-dry the fish with fans.
- BOXING STATION: workstations for up to 10 people to weight fish, put fish into plastic bags, into cardboard boxes and strapping.
- BOX OUTPUT ROLLERBELT: boxes are transported thanks to rollerbelts (by gravity) to the end of the line, where a worker will palletize the boxes.

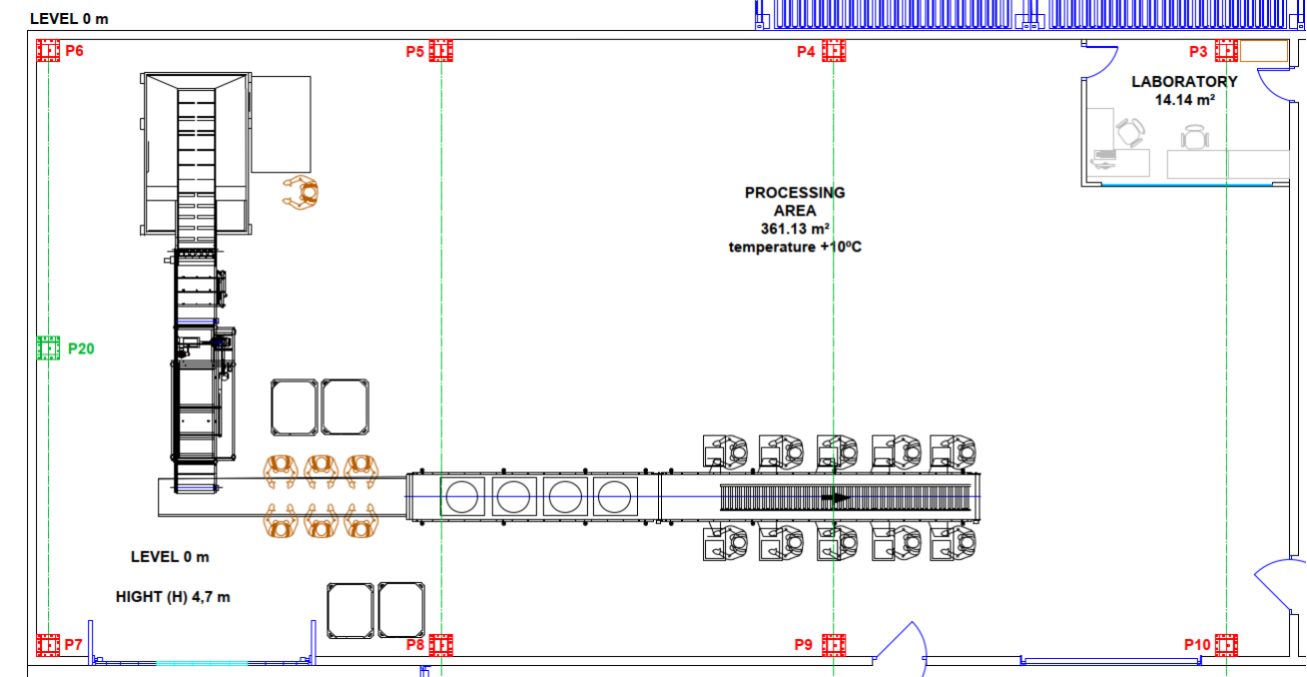


Figure 5-6 Fish processing line

The frozen chamber (-18°C) will have a capacity to store up to around 400TM of fish. Apart from that, a blast freezer (-30°C) could be installed to reinforce the cold equipment capabilities of the factory with an expected capacity of ultra-quick freezing of around 10TM in 4hour cycles.

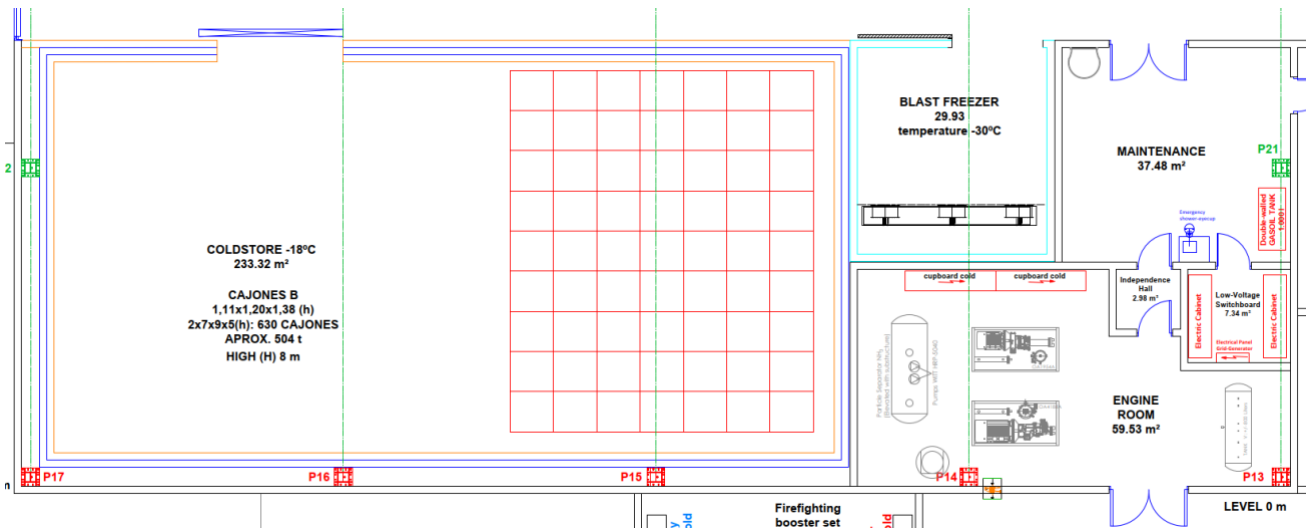


Figure 5-7 Detailed view of the frozen chamber, blast freezer and cold system machine room

5.4. Financing and investment breakdown

Kumi Tuna Tanzania Limited will finance most of the project items through foreign debt from either the parent company or international banks. At the moment, Kumi Tuna Tanzania Limited has secured a commitment from BANCO BILBAO VIZCAYA ARGENTARIA, S.A. to provide up to 500,000 Euros in the next 5 years.

On the other hand, the current projections also indicate that Kumi Tuna Tanzania Limited will utilise foreign loans of up to USD 1,015,013.33 with the following breakdown:

- (a) Working capital is estimated to be USD 100,000.
- (b) Price for land is already agreed at USD 115,013.33.
- (c) The rest of the project items such as construction, etc. are expected to require USD 800,000.

While the details and structures for the above loans have not been finalized at the moment, all foreign loans meeting the requirements will be registered with the Bank of Tanzania pursuant to the prevailing foreign exchange regulations in Tanzania.

Current equity investment, which is purely foreign is TZS 1,000,000. This can be restructured at any time to reflect market or investment requirements. At the moment Indian Tuna Corporation N.V. holds 99.9% of the shares in Kumi Tuna Tanzania Limited and Atlantic Tuna Corporation N.V. holds the remaining 0.1%.

6. PROJECT SCHEDULE

6.1. Overall schedule

Here below, it is included the work breakdown structure of the project, along with the planned schedule. The main milestone to reach will be to finish the construction of the factory within 2023 and perform the first running tests. Early 2025, KUMI TUNA TANZANIA LIMITED should run 100% operational.

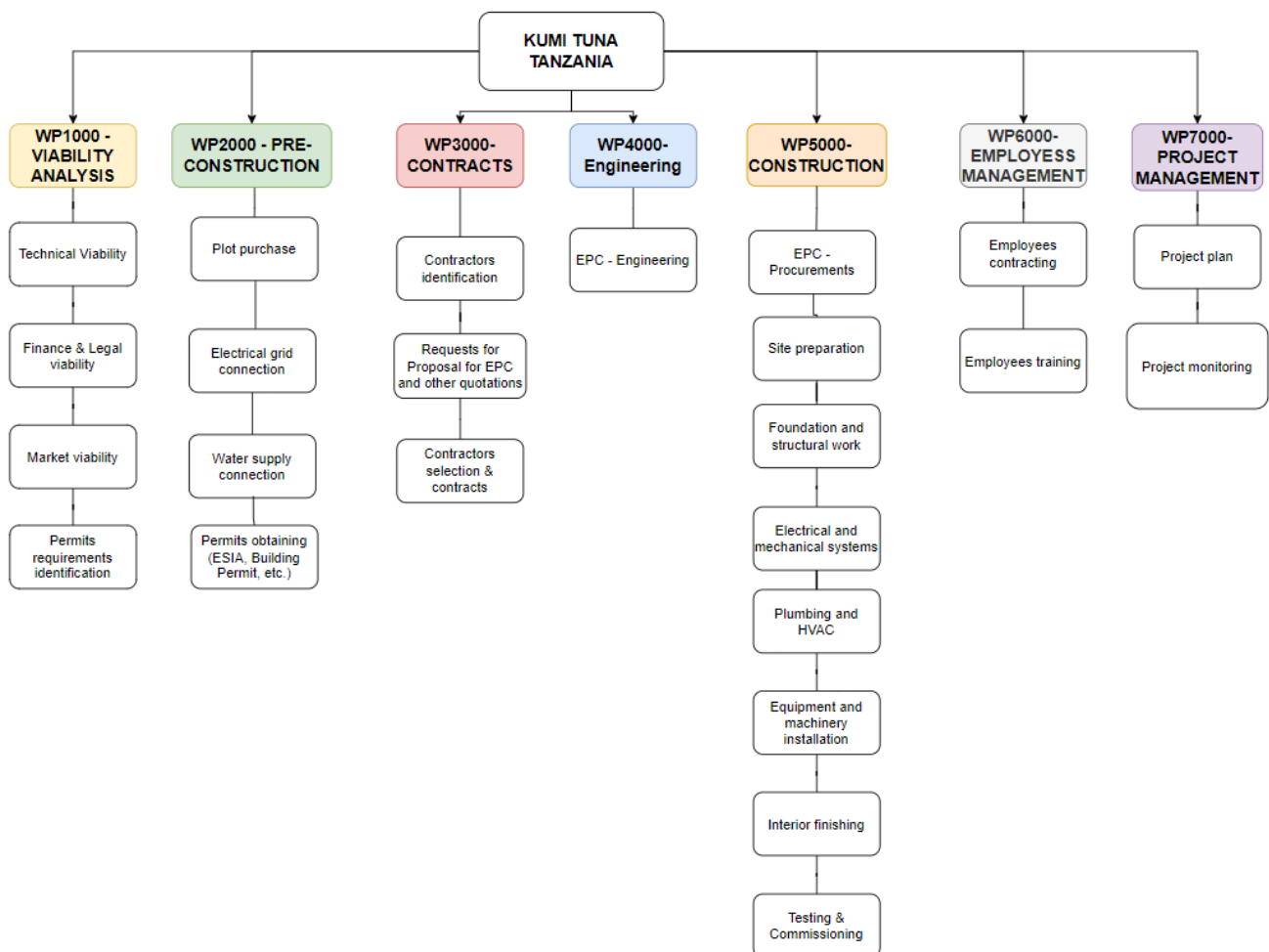


Figure 6-1 Work Breakdown Structure

WORK BREAKDOWN STRUCTURE	2023						2024												2025			
	TO	TO+1	TO+2	TO+3	TO+4	TO+5	TO+6	TO+7	TO+8	TO+9	TO+10	TO+11	TO+12	TO+13	TO+14	TO+15	TO+16	TO+17	TO+18	TO+19	TO+20	
	JUNE	JULY	AUG.	SEPT.	OCT.	NOV.	DEC.	JAN.	FEBR.	MARCH	APRIL	MAY	JUNE	JULY	AUG.	SEPT.	OCT.	NOV.	DEC.	JAN.	FEBR.	
WP1000 - VIABILITY ANALYSIS																						
1100 Technical viability																						
1200 Finance & legal viability																						
1300 Market viability																						
1400 Permits requirements identification																						
WP2000 - PRE-CONSTRUCTION																						
2100 Plot purchase																						
2200 Electrical grid connection (TANESCO)																						
2300 Water supply connection (TANGA UWASA)																						
2400 Permits obtaining (ESIA, building permit, etc.)																						
WP3000 - CONTRACTS																						
3100 Contractors identification																						
3200 Requests for Proposal for EPC and other quotations																						
3300 Contractors selection & contracts																						
W4000 - ENGINEERING																						
4100 EPC - Engineering phase																						
WP5000 - CONSTRUCTION																						
5100 EPC - Procurement phase																						
5200 Site preparation																						
5300 Foundation and structural work																						
5400 Electrical and mechanical systems																						
5500 Plumbing & HVAC																						
5600 Equipment and machinery installation																						
5700 Interior finishing																						
5800 Testing & commissioning																						
WP6000 - EMPLOYEES MANAGEMENT																						
5100 Employees contracting																						
5200 Employees training																						
WP6000 - PROJECT MANAGEMENT																						
6100 Project plan																						
6200 Project monitoring																						

Figure 6-2 KUMI TUNA TANZANIA LIMITED PROJECT SCHEDULE

6.2. Expected revenue and expenditure (5 years)

The preliminary profit and loss projection for the next five years is summarized here below. It is to be noted that this only reflect a projection based on the most recent and available data but is subject to modification such as: consolidation of amortization costs when CAPEX of construction is formalized, consolidation of local suppliers costs, consolidation of clients and logistics costs based on delivery destination of final product, etc.

P&L SUMMARY	
REVENUE	2.005.950 €
Sales	2.005.950 €
COSTS OF SALES	(1.417.939 €)
Raw materials	(1.417.939 €)
GROSS MARGIN	588.011 €
PERSONAL EXPENSES	(134.232 €)
Wages and salaries	(108.252 €)
Social charges	(25.980 €)
OTHER OPERATING EXPENSES	(348.074 €)
External services	(265.398 €)
Taxes	(82.676 €)
AMORTIZATION	(62.283 €)
OPERATING RESULT	43.422 €
PROFIT BEFORE TAX	43.422 €
Corporate tax	(13.027 €)
NET INCOME	30.395 €

6.3. Employment projections

Kumi Tuna Tanzania Limited expects to employ around 20 to 40 people at the initial stages of the project, with 30 of these being Tanzanian citizens and 10 being foreign expats. There will be equal job opportunities for both men and women and KUMI TUNA commits to avoid any type of gender discrimination. However, it could theoretically occur that not enough women are not interested in working in a factory (as it occurs in other industries) and as a result there are not enough women apply for the job to cover the 50% labor force.

Kumi Tuna Tanzania Limited will also create jobs in the services business for Tanzanian lawyers and advisors, environmental experts and other contractors at different points indicated in *Figure 6-2 (KUMI TUNA TANZANIA LIMITED PROJECT SCHEDULE)*. Additionally, KUMI TUNA will bring business opportunities to local providers such as providers of: carboard boxes, pallets, plastics, factory equipment, etc.

6.4. Current status and next steps

Main milestones reached from Kick-Off meeting (June 2023) until 23rd November 2023

Viability Analysis	<u>Technical</u>	<ul style="list-style-type: none"> ✔ Factory layout design and processes definition ✔ Fish processing line design ✔ Production capacities consolidation, frozen chamber requirements, energy & water demand, materials supply chain, etc. ✔ Plots identification and candidates selection
	<u>Finance & legal</u>	<ul style="list-style-type: none"> ✔ Business plan definition and costs analysis ✔ KUMI TUNA TANZANIA registration in BRELA ✔ Project financing programmes ✔ Tanzanian regulation analysis
	<u>Market</u>	<ul style="list-style-type: none"> ✔ Tanzanian market analysis ✔ Meetings with potential clients
	<u>Permits identification</u>	<ul style="list-style-type: none"> ✔ Building permit and ESIA, mainly. Other permits to be emitted by construction company

Pre-construction	<u>Plot purchase</u>	<ul style="list-style-type: none"> ✔ Purchase agreement with plot landowner in Tanga ✔ Purchase contract agreement under review
	<u>Electrical grid & water connection</u>	<ul style="list-style-type: none"> ✔ Emitted official request to TANESCO and TANGA UWASA to quote and define electrical & water connection to the plot
	<u>Permits obtaining</u>	<ul style="list-style-type: none"> ✔ Meetings with 3 ESIA consultants and request for proposal ✔ Defining waste water management solution compliant with regulation

Contracts	<u>Contractors identification</u>	<ul style="list-style-type: none"> ✔ Contractors identification for construction project
	<u>Requests for proposal for EPC and other quotations</u>	<ul style="list-style-type: none"> ✔ Meetings with local construction companies ✔ ROM (Rough Order Magnitude) cost estimation ✔ Request of basic project definition project to support and be annexed to the EPC contract



Figure 6-3 KUMI TUNA TANZANIA LIMITED BRELA Certificate of Incorporation

Next steps to reach are:

- Consolidate all the costs to refine business model P&L (Profit & Losses)

- Contract ESIA (Environmental, Social Impact Assessment) with local consultant. Needed to define wastewater management system of the processing plant compliant with regulation.
- Request for Proposal (RFP) for full EPC (Engineering, Procurement and Construction) with construction companies
- Draft contract for the EPC
- Registration of Kumi Tuna Tanzania Limited at TIC (needed for land purchase)
- Solicitation of “Certificate of Incentives” to the TIC
- Solicitation of “Comfort Letter” to the TIC to speed up administrative permits. In particular, ESIA is a critical task that could delay the project (ESIA consultants expect this process could take 4-6 months)
- Solve connection to the electrical grid with TANESCO and to the water supply with TANGA UWASA
- Building permit

Apart from that we are currently looking for local companies with the following profiles:

- Packaging materials suppliers (pallets, cardboard boxes, plastic bags, stretch film, straps)
- Logistics & Tanga port company with truck heads to transport 40” reefer containers from Tanga port to KUMI TUNA TANZANIA LIMITED