ZAWADIBU VINTAGES COMPANY LIMITED

Elevating Tanzanian Wine to the International Stage

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EXECUTIVE SUMMARY

“Zawadibu” is a combination of the Swahili words “zawadi” meaning gift and “zabibu” meaning grape. The word perfectly captures our mission: to make critically acclaimed wines that capture the essence of Tanzanian culture and history.

YOUR OPPORTUNITY

Zawadibu Vintages is raising $0.7M USD in equity from investors and $0.7M in senior debt financing to build a new winery in Dodoma, Tanzania. We have already raised $0.5M. **The remaining opportunity is $0.2M with a minimum investment threshold of $0.1M. Based on our financial forecasts we expect our initial equity holders to gain a 14.5x return on investment or a 31% compound annual growth ratio (CAGR) in the first 10 years.**

WHY TANZANIA?

Agricultural investment in Tanzania has driven an annualized GDP growth rate of 5.5% for the last 10 years – twice the rate of GDP growth in the United States and in the top 10% of GDP growth rates worldwide[i]. Grape farming has been identified as a key strategic agriculture opportunity by the Tanzanian government. Subsidized investments have funded the development of hundreds of acres of wine-quality grape vineyards in the Dodoma region. This development has resulted in production of over 16,000 tons of grapes annually, for which there is currently no reliable market. Today, there are only 2 major Tanzanian wineries – Alko vintages and Cetawiko. Alko vintages is classified as a “medium size” winery based on industry standard, and Cetawiko is classified as “small.” For comparison, the annual output of wine from the Napa Valley region of California is about 18 times higher than that of Dodoma, even though Napa Valley is about 100 times smaller. The market for wine in Tanzania is expected to grow by 7.2% annually between 2023 and 2027 to a total annual demand of 6.8M liters. The current capacity of Tanzanian wineries is only about 2M liters. This shortage forces domestic distributors (restaurants, hotels, and retailers) to import 70% of their wine from South Africa and Europe and incur serious tariff barriers of about $1USD per liter plus 18% Value Added Tax (VAT). The global market for wine is forecasted to grow by 5.5% annually through 2027, yet South African wine export volume is on a downward trend. These factors combined – the strong domestic supply of wine-quality grapes, and weak supply of quality wine – results in an incredible opportunity to put Tanzania on the map as a major player in the wine industry. The remainder of this report will give you further insight into the industry and market, and what we intend to pursue as the differentiating strategy of Zawadibu Vintages.

INDUSTRY AND MARKET ANALYSIS

CUSTOMER SEGMENTS

We have segmented the customer base into three categories because these segments are reached through distinct distribution and marketing channels. The first category is international tourists, who are reached through hotels, airports, guided tours and tourist- accessible shopping areas. We estimate this to be a $11.8M USD total addressable market with an 8% CAGR. The second is the domestic Tanzanian market, which is addressed through restaurants and bars, event centers and grocery and liquor retailers. We estimate this to be a $48.6M USD total addressable market with a 7% CAGR. The third and final segment is the international market which can be addressed in many ways unique to each export destination. We have focused our analysis on Kenya and Burundi which we estimate to be a combined $90M USD addressable market with a 6% CAGR. As you will see in the financial projections, we are forecasting a $2.2M USD revenue target for FY 2034, meaning we only need to capture 0.7% of these three segments by 2034 in order to meet the target.

INTERNATIONAL TOURISTS

Tourism is a key industry in Tanzania which has seen rapid growth since the decline of the COVID-19 pandemic, due to the relative peace, safety and political stability of Tanzania as compared to other Sub-Saharan African nations as well as the variety of unique natural and cultural attractions. Tourism is expected to make up 20% of the country's GDP by 2025. Wine is currently offered to tourists through all-inclusive hotels and tour packages and restaurants. Most of this wine is imported due to reliability issues (both volume and quality) with domestic wines. Our research shows that tourists would prefer to consume local wines during their travels for these reasons:

1. Tourists want to experience the local culture. Tourists that we have interviewed are particularly interested in trying local wines that feature distinctive cultural flavors and that have a history that is connected to local tradition.
2. It is generally more environmentally sustainable to consume locally made products. Tourists want to manage their environmental footprint while traveling.
3. Tourists want to support the local economy and local business owners while they travel.

We have also found that service providers would prefer to support the local Tanzanian economy by relying more on domestic goods. Wine served via hospitality service providers is estimated to be a $9.5M USD annual addressable market.

Additionally, our research shows that there is a largely un-exercised distribution channel to offer wine to Tourists through retail. The tourists we interviewed unanimously reported that they regularly purchase wine while traveling to bring home as souvenirs and gifts. None of the top resorts that we investigated sell wine via the resort gift shops. Similarly, none of the main tourist markets that we investigated sell wine, and the shops in the airports only sell imported wines. This is not a regulatory issue because other alcoholic products (beers and spirits) are sold through these channels. We believe that the reason for

Figure 1: Alko Vintages brands – note the lack of distinctive Tanzanian imagery that would attract a tourist. Alko brands are tailored for the budget conscious local consumer.

this gap is that there is currently no domestic brand that is packaged to address this market (see figures 1 & 2). We estimate that this is a $2.3M USD annual addressable market[xvi].

Figure 2: Cetawico brands – only “Mon Ami” and “Mon Tresor” feature distinctive Tanzanian imagery. These are less appealing to tourists because of the sweetness and are very limited in production. They are only available in local markets near Dodoma and Dar es Salaam which are not accessible to tourists. Cetawico brands are tailored for the premium local consumer.

TANZANIAN MARKET

Dar es Salaam is the second fastest growing city in the world. The urbanization of Tanzania is driving a growth in music events (9% CAGR), sporting events (8% CAGR) and nightlife (lounges, bars and nightclubs). This growth in the entertainment industry is a primary driver of the projected 7.2% annual (CAGR) growth in the Tanzanian wine market. As mentioned previously, more than 70% of wine consumed in Tanzania is imported, however the Tanzanians we interviewed would prefer to drink domestic wine because of the following factors:

1. They trust that Tanzanian brands are more natural and have fewer chemical additives. They find that more natural wines are healthier and result in less negative side effects like headaches, digestive issues, and weight gain.
2. They want to support local businesses and celebrate locally made goods.

The most widely available Tanzanian wine at restaurants, events and retailers is Dompo, which is a sweet, red, fortified wine retailing for around than $6 USD per bottle. Occasionally at higher end retail stores a red and white premium wine is available from Cetawico for around $20 USD per bottle. The Tanzanians we interviewed who purchase wine at retailers would prefer to have a better selection of dry, natural, low alcohol content, domestic wines in the $10-$15 USD price range, especially for gift giving. The addressable market for wine sold to Tanzanians through service and retail combined is estimated to be $48.6M USD. We estimate that Alko vintages and Cetawico are currently capturing only $14.6M of the market while the rest is supplied by imports.

EXPORT MARKET

Tanzania exported only $0.25M USD in wine in 2022 while South Africa exported $694M. The primary export markets for both countries are pictured in Figure 3. Notably, Tanzanian exports are concentrated to African and Middle Eastern countries with a negligible level of export to China. Conversely, South African wine is exported mainly to Europe and the US. Alko vintages of Tanzania has committed resources to developing the Chinese market, which is now expected to grow to the largest export destination for Tanzanian wine. The rise of the middle class throughout Africa and the Middle East will drive a 3.32% annual growth in the wine market which has a current addressable market of $37.2B USD. If South African brands continue to focus on Europe and Americas, and the major Tanzanian players focus on Asia, there is a big opportunity to capture market share in Africa and the Middle East. African and Middle Eastern tourism to Tanzania is common due to the relative political stability of Tanzania and the increased availability of transportation between African nations. In 2022 tourism from African nations alone made up over 50% of the entire Tanzanian tourism market. Of this segment, Kenya and Burundi together make up 50%. Like Tanzania, these countries currently import most of their wines from South Africa and Europe. The Kenya and Burundi markets alone are worth over $90M USD today. We believe we can penetrate this market by targeting tourists to establish brand recognition.

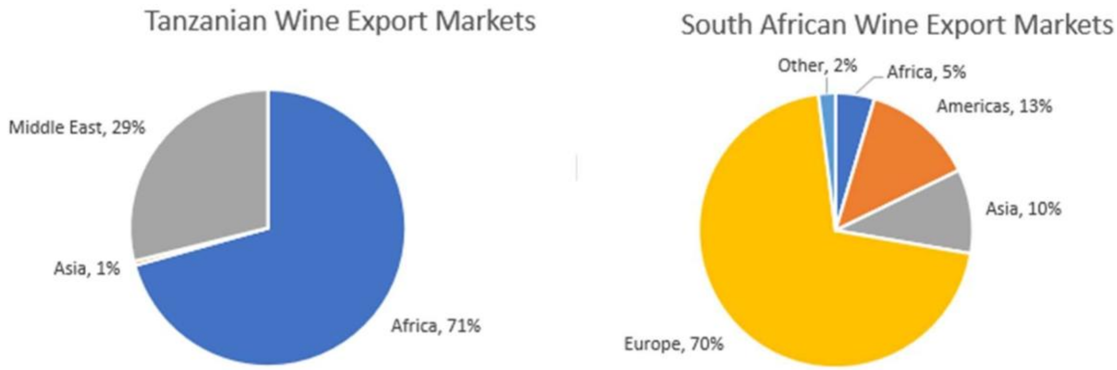

Figure 3: Tanzanian and South African Wine Export Markets.

INVESTMENT DETAILS

This project involves various dimensions of investment such as project name, activity/objectives, capacity of the project, employment opportunities expected to be generated from this project, and financing of the project. Below is the table showing the investment dimensions of the project

<table>
<tr><th>DETAILS</th><th>DESCRIPTION</th></tr>
<tr><td>Project Name</td><td>Zawadibu Vintages Company Limited</td></tr>
<tr><td>Project Objectives</td><td>To establish a wine manufacturing project in Dodoma</td></tr>
<tr><td>Capacity of the project</td><td>The project will produce an average of 150,000 Litres of wines per year</td></tr>
<tr><td>Employment opportunities</td><td>This project is expected to employ 23 employees, all of whom are locals
<table>
<tr><td rowspan="2">LOCAL EMPLOYEES (A)</td><td>Men</td><td>Women</td><td>Total</td></tr>
<tr><td>15</td><td>8</td><td>23</td></tr>
<tr><td rowspan="2">FOREIGN EMPLOYEES (B)</td><td>Men</td><td>Women</td><td></td></tr>
<tr><td>0</td><td>0</td><td>0</td></tr>
<tr><td>TOTAL (A+B)</td><td>15</td><td>8</td><td>23</td></tr>
</table></td></tr>
<tr><td>Financing</td><td>This project will have a value of US$1,400,000 divided into US$700,000 as equity from local and foreign shareholders and US$ 700,000 as loans from foreign banks. This can be summarized in per table below.
<table>
<tr><td></td><td>Equity (USD)</td><td>Loan</td></tr>
<tr><td>LOCAL</td><td>14,000</td><td>-</td></tr>
<tr><td>FOREIGN</td><td>686,000</td><td>700,000</td></tr>
<tr><td>TOTAL</td><td>700,000</td><td>7000</td></tr>
</table></td></tr>
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DISTRIBUTION CHANNELS

The two categories of distribution channels that will help us reach our customer segments are Hospitality and Retail. Because the tourist market is a key component of our strategy, we anticipate having the most success by focusing on the Hospitality distribution channels in the early years. Specifically, we have identified that the guided tour and tourist shopping center distribution channels are undeveloped and unconsolidated, making these excellent opportunities in the short term. Hotels and restaurants will be more difficult to penetrate due to the reputational hurdle with Tanzanian wine quality today, but after achieving success with tours and tourist shopping centers, these channels should be easier to break into. We do not intend to focus on the retail channels in the short term. More details on each of these channels are provided in the rest of this section.

HOSPITALITY AND TOURISM

HOTELS AND ACCOMMODATIONS

The style of hotel and accommodation varies significantly from city to city. In Zanzibar the most popular accommodations are all inclusive. Several Zanzibar hotel managers we interviewed told us that they offer budget imported wines as part of the all-inclusive package, such as Barefoot. They also have more premium imported wines which guests can purchase by the bottle for $18 to $25 USD and up. These are also 100% imported. None of the major Zanzibar hotels offer local wines, but every manager reported that tourists regularly ask about local wines. They also reported that they prefer to work with local brands when possible. The reasons that Zanzibar hotel managers cited for why they do not offer local wines are:

1. The local wines that are of the required quality caliber for the all-inclusive offerings are many times more expensive than imported versions.
2. Historically when they tried to offer local wines on the premium menus, there were reliability issues with logistics, price and quality.

The Zanzibar hotel managers we interviewed suggested that we could overcome these challenges by offering wine tastings and educational sessions about the local wine industry to guests. They also suggested that selling locally made wine in the resort gift shops and convenience stores is a possible channel to get locally made wines in the major resorts in Zanzibar.

There are many other popular tourist destinations in Tanzania outside of Zanzibar. Two of the most popular ones are Arusha (the hub for visiting Serengeti and Ngorongoro) and Kilimanjaro. Here, all-inclusive style resorts are much less common, however hotels with on-site restaurants and bars are common. In these types of accommodations, it is possible but rare to find hotels that serve Tanzanian wine. When Tanzanian wine is offered it is most commonly Dompo. Managers at these sites report that tourists do not enjoy Dompo and will typically choose an imported wine instead. Some of these locations also have on-site convenience stores which sell local and imported wines. We expect this to be one of the easiest markets to penetrate due to the lower volume and lower risk for the business.

In Arusha, Kilimanjaro and other cities there is a growing market trend of “studio hotels” or “apartment hotels” which are much cheaper than the traditional hotels. They have fewer amenities and do not have restaurants, bars or convenience stores on site. Where there are concentrations of these types of accommodations, we can reach tourists via corner stores and nearby bars and restaurants.

AIRPORTS

We have studied the three international airports of Tanzania – DAR (Dar es Salaam), JRO (Kilimanjaro) and ZNZ (Zanzibar). Each has standard amenities such as lounges and restaurants which serve alcoholic beverages, and souvenir and duty-free shops. Alko vintages has a specially packaged line of their Image brand for Air Tanzania which is served in flight, however it is not served at the airport restaurants and lounges, nor is it sold at airport stores. We interviewed a store clerk from the duty-free shop at ZNZ who reported that customers regularly ask for Tanzanian wine. We believe there is a good opportunity to distribute through this channel but we will need to dig deeper into potential regulatory hurdles.

GUIDED TOURS

We interviewed several tour consultants and tour guides from major Safari tour companies and found that it is common for Safari tours to include one or more meals which are typically catered by a local restaurant. Some guides told us that they exclusively offer Tanzanian wines during these meals and that they always have a few extra bottles on hand because it is common for guests to request to purchase one or two bottles as souvenirs. Surprisingly, these guides told us that they source the wine directly from supermarkets and then mark up the price on top of the supermarket retail price. Other guides told us that they leave the wine offering up to the restaurant they partner with, in which case the offerings are typically imported wines. We think there is a huge opportunity to streamline the distribution of Tanzanian wine via guided tours such that we can reduce the markup the tourist pays while increasing our own margins.

TOURIST SHOPPING CENTERS

There are many open-air markets and shopping districts in Tanzania that cater to tourists in and around the major national parks and in Arusha. Most of these shops sell handmade arts and crafts in traditional Tanzanian style. Crafts made by the Masai people are particularly popular. We expect that collaborations and partnerships with local craftspeople will be excellent opportunities to reach tourists. The tourists we interviewed have indicated that they like to purchase wine as souvenirs and gifts during travels, especially if the packaging reflects the local culture. However, they do not like to purchase wine that they haven’t tasted. This will be a potential hurdle for us in tourists shopping districts unless we can achieve sufficient penetration in restaurants and hotels.

RESTAURANTS AND BARS

Restaurants and bars currently source wine via international suppliers such as MMI – a wine and spirit provider operating out of Dubai. However, beer is primarily sourced locally and not via MMI, so we believe there is a way to penetrate this market if we can provide reliable delivery, stable quality supply and stable pricing. Unfortunately, the issues experienced with Tanzanian wine suppliers in the past have created a reputational hurdle that will need to be overcome. Our strategy to handle this issue is to use social media marketing to show restaurant managers the demand from tourists and locals for Tanzanian wines, and then to offer the restaurants low-to-no risk purchasing options. We plan to focus initially on restaurants in Arusha and Kilimanjaro that are frequented by tourists, to align with our strategy to penetrate the tourist market.

ENTERTAINMENT VENUES

Music and sports events are growing rapidly in popularity, and these events are large markets for alcohol sales. Sponsorship or endorsement by popular musicians and athletes is one of the best ways to reach large segments of the 20 – 30-year-old demographic in Tanzania according to multiple Tanzanian beverage marketing consultants who advised us. We will be keeping our eye on this opportunity, however we do not believe this to be our key strategic market in the initial 5 years of operating due to the costs. Social media marketing and partnerships with hotels, tour guides and craftspeople are more cost-effective channels in the initial phase.

RETAIL

GROCERY AND CONVENIENCE

Tanzanians we spoke with have indicated that they prefer to purchase alcohol from liquor stores rather than supermarkets and convenience stores because liquor stores have better quality and selection. For this reason, we do not plan to pursue distribution via grocery and convenience stores in the first 5 years of operation.

LIQUOR STORES

The liquor store market is very fragmented in Tanzania. MMI has one retail location in each of the major cities. Otherwise, most of the stores are mom-and-pop outfits. In alignment with our focus on the tourist market, we may seek to distribute via mom-and-pop liquor stores near “apartment hotel” style accommodations in Arusha and Kilimanjaro. It was recommended by our beverage marketing consultant to utilize brand ambassadors in these stores to improve customer reach. This will not be our highest priority distribution channel early on, but it may become strategically important in the medium-term.

E-COMMERCE

ONLINE, DIRECT TO CONSUMER DISTRIBUTORS

Online distributors such as “Dry Farm Wines” “Bright Cellars” “Firstleaft” are increasingly popular among wine consumers. Through this channel, consumers can purchase individual cases of wine or subscribe to regularly order wines based on their taste profile. We have been in contact with executives from these distributors (under NDA) and we are confident that we can produce a wine that meets their criteria at a wholesale price that leaves us about a 50% gross margin.

SUPPLY CHAIN

We already have committed suppliers for our needs. Equipment can be reliably imported from Italy and South Africa and raw materials are mostly available domestically.

EQUIPMENT

Wine processing equipment such as crushers, presses, pumps and bottlers are primarily imported from Italy, while storage equipment such as tanks and barrels are imported from South Africa. We have acquired estimates for our equipment and storage needs from Bacchus Equipment which is a well-known and trusted supplier of wine equipment in Tanzania. They can source all required equipment from both Italy and South Africa.

RAW MATERIALS

Most raw materials such as chemicals, natural additives, cultures, bottles, corks and labels can be sourced domestically or from neighboring countries. The most critical material, grapes, is in abundant supply in Tanzania[xxiv]. In fact, multiple independent studies have found that the largest challenge facing grape farmers in Tanzania today is unreliable demand. Two different grape farmers we interviewed confirmed this challenge. The four main varieties of grape that are grown in the Dodoma region are Chenin Blanc, Syrah, Cabernet Sauvignon and Makutupora. Makutupora is a special variety of dry red grape that is uniquely grown in the Dodoma region. We expect this variety to be key to targeting tourists who are looking for a unique and culturally relevant experience from their wine.

KEY ACTIVITIES

In this section we will explore the key activities that will contribute to growing the business over the next 5-10 years.

STARTUP AND PRODUCT DEVELOPMENT

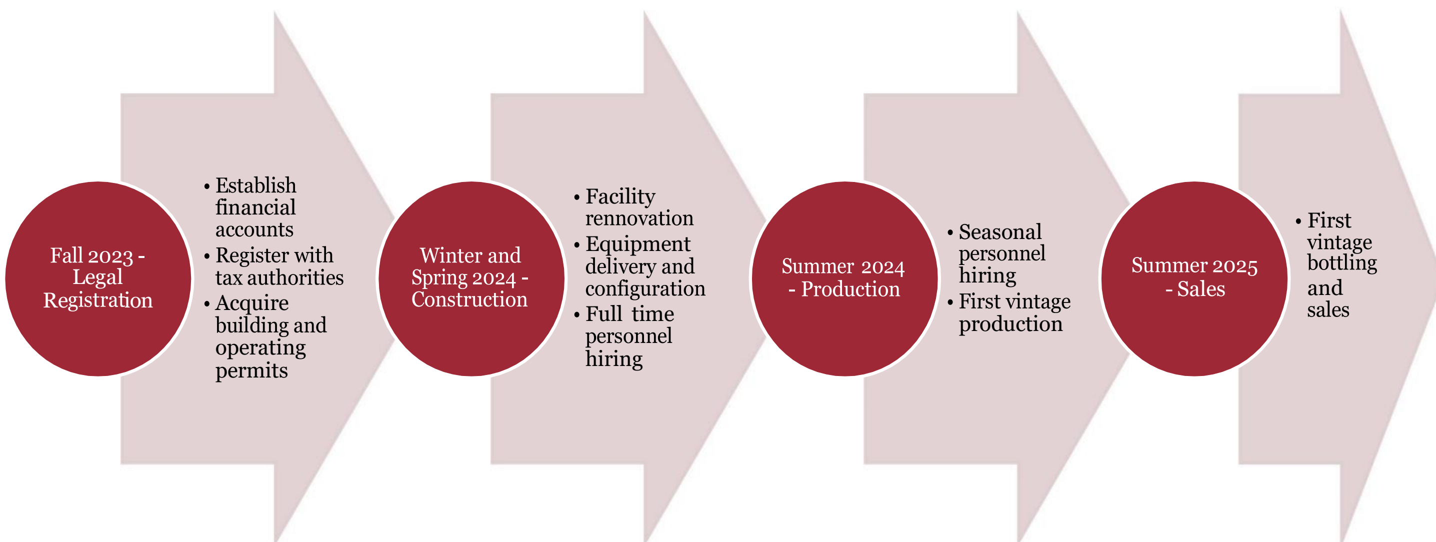

Figure 4: Key activities of the first two years - startup and product development

To begin, we first need to register the business and acquire various permits from regional and federal authorities in Tanzania. This process takes 1-2 months, so to meet our timeline we need to secure funding and start the legal process by early October 2023. By mid-November we need to place our order for approximately $0.45M in wine production, storage and transportation equipment. The equipment will be delivered to a facility that we will rent just a few miles outside of the capital city of Dodoma and situated in the heart of the grape growing region. Minor renovations will need to begin at the facility in March to install a drainage system and insulated ceilings. The facility will be ready for equipment delivery and configuration by April 2024, which will ready us to begin production in July of 2024, during the grape harvest season. The first vintage, approximately 50,000 liters, will be bottled and sold in spring 2025.

SALES AND MARKETING

Throughout calendar year 2024 we will work with our two strategic distribution channels – tour companies and tourist markets to establish the market for the first vintage. We will be executing market research in partnership with Tanzanian marketing consultants to develop brand imaging that resonates with our target customers. The tourist season starts picking up in late summer which will be perfect timing for bottling the first vintage. At this time we will also begin distributing samples to online ecommerce distributors to develop this channel for the 2026 season.

LEGAL AND REGULATORY COMPLIANCE

Tanzania is a highly regulated market. We will need to register and regularly report to various regional and federal authorities. These authorities govern energy usage, working conditions, hiring practices, waste handling and more. We have established communications with a legal firm which will help us to navigate this environment and ensure we remain in strict compliance.

KEY PEOPLE AND PARTNERS

LOU GODMER – CEO AND CFO

Lou Godmer will serve as Chief Executive Officer and Chief Finance Officer. She has a decade of experience in management at Microsoft and has incubated several successful startup projects inside the company. She also has a master's degree in business from Carnegie Mellon University with concentrations in finance and entrepreneurship. Lou will be responsible for continual refinement of the product strategy to drive the growth of the business. She will also be responsible for financial planning and strategy including setting and meeting revenue and earnings targets. Finally, she will be responsible for communications with debt and equity holders.

NOVATUS JOHN KAREBO – COO AND MASTER WINEMAKER

Novatus John Karebo will serve as Chief Operating Officer and Master Winemaker. Novatus has served as winemaker and cellar master for Mission Winery in Dodoma for the last 2 years. During this time, he built the Mission Winery brand and scaled their operations (figure 5) from the vineyard to fermentation, aging, bottling and distribution. Mission Winery currently supplies boutique tourist accommodations that are owned and operated by the Catholic church. The small brand has been received very well due to the natural production process with no added sugars or sulfates. Recently, Novatus's wine was awarded the #1 prize for the best red wine produced in Tanzania. Novatus has a bachelor's degree in agricultural economics and agribusiness from Sokoine University and has interned with agriculture businesses in South Africa, Israel and New York. He will be responsible for the facility construction, supply chain, hiring, production and distribution. He will be assisted by a senior manager (TBH) who will be hired before the summer 2024 production season.

Mission Winery aging facility

Chenin Blanc skins after pressing

Samples drawn for testing and

Monitoring the aging process

Figure 5: Pictures of Novatus's operations at Mission Winery

PARTNERS

The most critical initial partners are our legal representation and our equipment and raw materials suppliers. We have worked to establish relationships in these domains already. Over the coming months we will also need to acquire a reliable architecture and construction partner to build our wine production and aging facility. In calendar year 2024 we will prioritize building partnerships with marketing firm and employment firms as well.

LAW FIRM

We are leveraging the expertise of the lawyers at 4CZ who have helped many foreign owned businesses in Tanzania of different sizes and industries to navigate the regulatory environment. We've been impressed so far with the speed and thoroughness of the partners and associates we have worked with at the firm.

EQUIPMENT SUPPLIER

As previously mentioned, our wine production equipment supplier will be Bacchus Equipment. We have already received quotes and lead time estimates for our initial equipment needs. Novatus has worked with this supplier before and attests to their reliability.

GRAPE SUPPLIERS

There are many grape suppliers in the Hombolo area who are eager for reliable local demand. Figure 6 contains some pictures from Novatus's recent visit to one of these farms where he verified the quality of the grapes meets the standard for a critically acclaimed international standard wine. This farm alone can easily supply 500 tons every season. We plan to purchase around 80 tons in the first season and ramp up to around 500 tons per year over the first 10 years of operation.

Figure 6: Pictures from a Hombolo grape farm.

STRATEGYAND COMPETITIVE ADVANTAGE

Our initial strategy is to win the hearts and minds of Tanzanian tourists through quality wines that reflect the culture and history of Tanzania. Our research shows that this is the best opportunity to differentiate our wines relative to our competition. Our brand, marketing and packaging will tell the story of Tanzania, from the unique natural environment to the history and culture of its people. After we establish the brand through the tourist market in the first 2-5 years, we will start to develop brand recognition with Tanzanian people who are fiercely proud and protective of their homeland. Finally, we will branch out to the larger African and Middle Eastern markets, leveraging the established brand reputation. In parallel, we will develop the distribution channel through international online distributors who sell direct to consumer.

PLAN FOR 5X GROWTH IN 10 YEARS

We plan to start production at a modest 50K liters in the first year. Most of the initial volume will be aged for just one year, enabling early cash flows in FY25 to fund growth. As we grow our production volume, we will establish a premium line of wines which are barrel-aged for three to five years. This strategy allows us to acclimate to our full-scale equipment and production processes during year 1, while reducing risk of overproducing while we are refining the product niche. In year 2 we expect to double the production to 100K liters, making us the third largest wine company in Tanzania. We have modeled our volume growth over the following 8 years at 10% year over year. This model allows us to ramp up to the full capacity of the square footage of the production and storage facility. Our target volume amounts to only 4% of the total Tanzanian wine market – meaning we may be able to grow much faster depending on the behavior of the market.

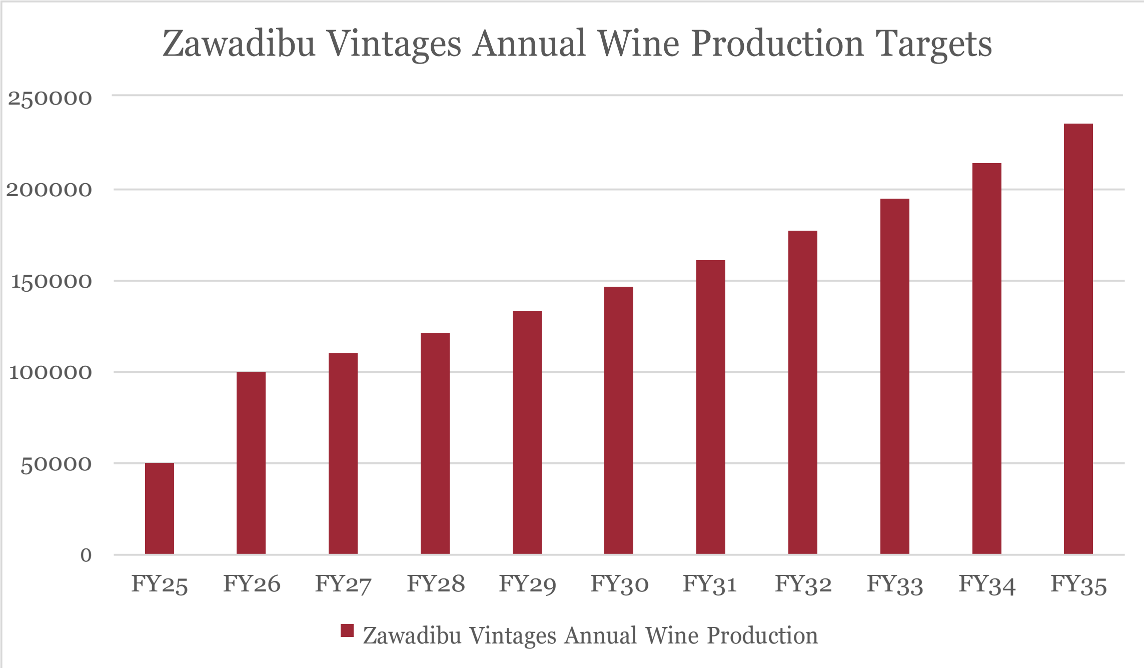

Figure 7: Our annual wine production targets. We will target 50% growth in year 2 followed by sustained 10% YoY growth.

DETAILED EQUITY INVESTMENT TERMS

We are raising a total of $1.4M USD. $0.7M in equity, of which we have already raised $0.5M, and $0.7M in debt financing. The investors will hold a total of 94% ownership stake in the business, with an additional 4% stake reserved for the CEO and a 2% stake for the COO. The minimum investment threshold is $0.1M USD. A $0.1M USD investment purchases 13.4% ownership equity in the business.

Based on our financial modeling, we estimate that equity holders will yield a 14.5x return over a 10-year time horizon, a 31% CAGR. This yield is a combination of $1.9M USD in total dividend payments plus an $8M USD increase in the business valuation (based on an EBITDA valuation with 25% hurdle rate[xxv]).

CAPITAL STRUCTURE AND EXPENSES

Our target is to maintain a Debt/Equity ratio of 50% and we are assuming a 7% interest rate on debt based on some consultation with Tanzanian finance experts. By FY26 we forecast a gross profit margin of 67% and a net profit margin of 19%. A breakdown of the expenses in FY26 is shown in figure 8.

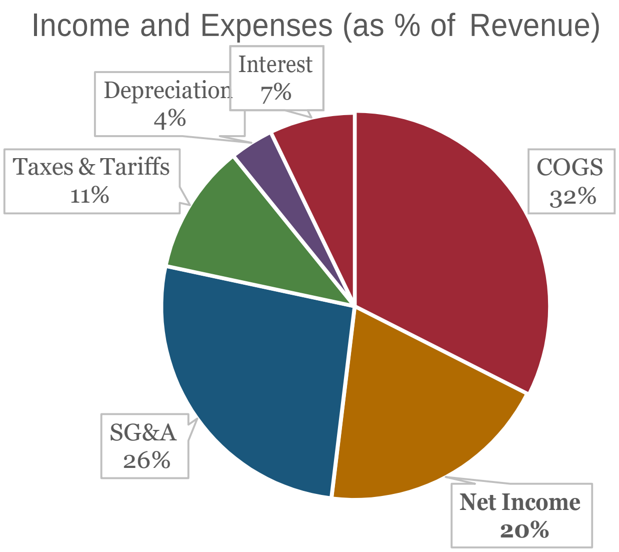

Figure 8: Forecasted breakdown of income vs expenses as % of revenue.

FORECASTED FINANCIAL STATEMENTS AND RETURNS

This section contains 10 years of forecasted Income Statements, Cash Flow Statements and Balance Sheets. All statements are in USD.

Assumptions:

- $5 USD wholesale price per 750ml bottle of 1-year aged wine and $10 per bottle of 3-year aged wine
- Inflation rate of 4% per year impacting COGS and sale price.
- Marketing expense = 15% of revenue
- Annual interest rate of 7%
- Insurance, legal and consulting fees based on interviews with Tanzanian experts
- Tax rate and import/export tariffs based on current rates.
- All assets and COGS values are based on current supply prices in the Tanzanian market. A more detailed breakdown of assets and COGS is available on request.

INCOME STATEMENTS

	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Sales Revenue	**$685,013**	**$1,669,100**	**$1,909,451**	**$1,114,819**	**$1,275,353**
Cost of goods sold	$222,312	$524,344	$599,850	$350,218	$400,650
Gross Margin	**$462,701**	**$1,144,756**	**$1,309,601**	**$764,601**	**$874,703**
OPERATING EXPENSES					
Marketing Expenses	$102,752	$250,365	$286,418	$167,223	$191,303
Interest Expense	$49,000	$49,000	$49,000	$49,000	$49,000
Equipment Depreciation	$25,041	$24,927	$24,293	$24,523	$24,548
Consultants	$10,816	$13,686	$14,233	$12,167	$12,653
Legal	$8,653	$10,949	$11,386	$9,733	$10,123
Insurance	$1,856	$1,938	$1,984	$1,858	$1,876
Other Admin and Misc	$56,922	$72,024	$74,905	$64,029	$66,590
Import Tariffs	$17,125	$41,728	$47,736	$27,870	$31,884
TOTAL OPERATING EXP	**$272,165**	**$464,616**	**$510,957**	**$356,405**	**$387,978**
PRETAX INCOME	$190,535	$680,138	$798,643	$408,195	$486,725
TAXES	$57,160	$204,041	$239,593	$122,458	$146,017
NET INCOME	**$133,374**	**$476,097**	**$599,050**	**$285,736**	**$340,707**

CASH FLOW STATEMENTS

	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Net profits	**($165,053)**	**$10,568**	**$133,374**	**$182,526**	**$237,822**
Equipment Depreciation	$23,724	$25,397	$25,041	$24,774	$24600
Change in Accounts Receivables	$0	$0	$0	$0	$0
Changes in Inventory net of any writedowns	($114,182)	($130,618)	($9,525)	($43,924)	($57,083)
Changes in Trade payables	$0	$0	$0	$0	$0
Changes in Taxes payable	$0	$0	$0	$0	$0
Net cash from operations	**($255,510)**	**($94,651)**	**$148,890**	**$163,377**	**$205,339**
Net cash flow from investing activities (PPE)	**($566,957)**	**($81,824)**	**($20,332)**	**($22,490)**	**($24,859)**
Debt Payments (negative), or New Borrowing (positive)	$700,000	$0	$0	$0	$0
Commons Stock Purchases(negative) or Sales (positive)	$700,000	$0	$0	$0	$0
Dividend payment	$0	$0	($50,000)	($50,000)	($75,000)
Net Cash from Financing Activities	**$1,400,000**	**$0**	**($50,000)**	**($50,000)**	**($75,000)**
NET CHANGE IN CASH	$577,531	($176,493)	$78,558	$90,886	$105,480
BEGINNING CASH BALANCE	$0	$577,531	$401,037	$479,595	$570,482
ENDING CASH BALANCE	**$577,531**	**$401,037**	**$479,595**	**$570,482**	**$675,962**

BALANCE SHEETS

	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Cash and Securities	$577,531	$401,037	$479,595	$570,482	$675,962
Receivables	$0	$0	$0	$0	$0
Inventories	$114,182	$244,800	$254,325	$298,249	$355,332
Plant and Equip (Net)	$566,957	$623,402	$618,693	$616,410	$616,669
TOTAL ASSETS	**$1,258,671**	**$1,269,240**	**$1,352,614**	**$1,485,141**	**$1,647,963**
Trade Payables	$0	$0	$0	$0	$0
Taxes Payable	$0	$0	$0	$0	$0
Loans and Interest	$700,000	$700,000	$700,000	$700,000	$700,000
Common Stock	$700,000	$700,000	$700,000	$700,000	$700,000
Retained Earnings	($141,328)	($130,759)	($47,385)	$85,141	$247,963
TOTAL LIAB & EQUITY	**$1,258,671**	**$1,269,240**	**$1,352,614**	**$1,485,141**	**$1,647,963**

RISKS AND MITIGATION PLANS

The table below outlines the known risks and mitigation plans for each.

Risk	Mitigation plan
Tanzanian land ownership and use laws - It is difficult for foreign owned entities to purchaseland. - Land that is zoned as tribal cannot be - developed. Land that is zoned as residential must be rezoned ascommercial before	- We have found a facility that we can lease rather than purchasing land and building our own facility.
Tanzania is a highly regulated environment**.** - Regional and federal authorities - Strict environmental and employment regulations - Strict filing requirements	- We intend to hire legal counsel to prepare a memorandum of legal authorities we need to file with. - We intend to use regular legal counsel in the establishment of employment contracts.
Competition - Existing or new entrants copying our strategy.	- We are targeting markets and distribution channels which are currently not strategically aligned with our competitors, so we do not expect direct competition. - We will monitor the market for changes in the competitive landscape and refine our strategy as needed.
Unknowns - No amount of research and preparation can uncoverand plan for every risk.	- We intend to develop new distribution channels which is not a strategy competitors can easily copy. - We are using the lean startup methodology to experiment and learn as quickly and cost effectively as possible. - Our plan is to get a small production run to market quickly so we can learn with less risk and adapt. As we learn we can scale our volume and invest in premium (more costly and more profitable) product lines. - Our operating principles are to remain agile and ready to pivot if the market demands it.

RHYTHM OF BUSINESS

FIRST 12 MONTHS

Calendar year 2023 and 2024 will be the most interesting periods of our development. During this time we want to ensure our investors are informed and confident that the business is on track. To this end, we intend to provide monthly reports of previous month and next month expenses along with photos and videos of the facility being prepared for operations.

STANDARD OPERATIONS

Starting in calendar year 2025 we expect to enter a more standard mode of operations and at this time we will pivot our shareholder communications to a more standard format. We will provide quarterly financial statements and hold optional quarterly shareholder meetings to share news and answer questions.

INVITATION TO VISIT THE FACILITY

We would love for the shareholders to engage with the business in person by visiting Tanzania at any time. We intend to invite all of our shareholders to visit the winery together in the summer of 2025 and enjoy some planned tourist activities to experience the culture that is the lifeblood of Zawadibu Vintages' mission. (Travel expenses will not be paid by Zawadibu Vintages).

ENVIRONMENTAL, SOCIAL AND CORPORATE GOVERNANCE

Zawadibu Vintages has an opportunity to generate a positive impact on the community in which it will operate. We are committed to prioritizing the growth of the business in a manner that respects the local natural environment and provides sustained financial benefits to the local community through ethical business practices.

ENVIRONMENTAL

Our plan to source grapes locally reduces the carbon emissions related to the transport of grapes and grape products. We also intend to leverage Tanzania's advanced glass recycling economy by using locally recycled glass bottles. Finally, our wines will be all natural with no use of harmful chemicals and additives. This not only ensures that our wines have no negative side effects and a natural taste, which is increasingly important to wine consumers, it also eliminates the complexity of proper waste management. All the waste from our production will be organic and compostable.

SOCIAL

We are committed to having a positive impact on the community, primarily through providing a stable source of middle-class income and health benefits for our employees. The people we employ will have an opportunity to learn the technically complex trade of wine making and develop leadership and business management skills. The facility will always be a clean and safe place to work. Within two years we expect to hire seven full-time employees and six seasonal workers for the three-month peak harvest season.

CORPORATE GOVERNANCE

We are committed to operating ethically in partnership with the regional and federal authorities to comply with all regulations and filing requirements fully and transparently.

LONGER-TERM ALTRUISTIC OPPORTUNITY

While Zawadibu Vintages is ultimately a for profit venture, two of our current investors have committed to reinvest their returns into non-profit ventures of their choice. Regardless of how you intend to manage your own returns, by funding this venture you are making their non-profit investments possible. Ellen Millott intends to reinvest her returns into schools in Tanzania that care for people with disabilities. Lou Godmer intends to reinvest her returns to start up a new non-profit firm that supports entrepreneurs in the world's least developed economies. Ellen and Lou would love to tell you more about these ventures upon your request.