



Business Plan

TRIANON SPICES

Competitive, scalable, sustainable



Pictured: clove and cinnamon agroforestry

• **CONFIDENTIAL DOCUMENT** •

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Pictured: spice sourcing village near our factory (black pepper agroforestry)

Executive Summary

Mission

Trianon strives to become a world leader in regenerative spice production, placing the Tanzanian mainland among other top reputed global spice producing regions. Trianon strives to increase small farmer livelihood and resilience and to implement agriculture practices that are better for the soil and the environment.

Company Description

Trianon sources, processes and exports cardamom, cinnamon, black pepper and clove purchased from 1,000 to 1,500 small farmers on Tanzania mainland. Spices are processed and packed at the company's factory in Muheza District and exported largely to wholesale clients – largely European, although some sales to South Asia. Trianon plans to expand its customer base to include other regions and higher margin buyers closer to the end consumer. In 2022, Trianon exported over 250,000 kilograms of spices and had €798,000 of revenue.

Trianon brings together three core strengths in a strategic partnership. These include: 1) local leadership with strong operational management in Tanzania, 2) longstanding experience in and knowledge of the global spice market with sales based in the Netherlands, and 3) regenerative agriculture and farmer impact experience from across Sub-Saharan Africa.

Spices in the lower Eastern Arc Mountains of Tanzania are grown organically by default and are of intrinsic high quality. Trianon's unique mix of experience positions the business to capture the yet untapped full potential value and impact of the Tanzanian spice industry. The global spice market is seeking new sourcing regions for organic, high-quality spices and Trianon is uniquely poised to deliver.

High Impact Potential

As non-perishable, perennial, high value cash crops, spices hold immense potential to improve small farmer livelihoods. Their high value, non-perishable and perennial nature makes them better suited to increasing farmer income, food security and general resilience relative to other agriculture alternatives. Spices are also uniquely suited to growing in layered agroforestry systems that are more agroecologically suitable and impactful, as they are either tree crops, climbing vines or shade loving plants. These systems offer the opportunity to better preserve biodiversity relative to alternatives in an ecologically critical area of the world.

Company Goals & Opportunities

- ❖ *Significant Opportunity to Scale Volumes*
 - › Increase spice sourcing from existing small farmer spice production via new and current farmer relationships
 - › Expand processing and storage capacity with investment into factory expansion and processing equipment
 - › Establish own regenerative spice farm to de-risk outgrowing sourcing and supplement with additional supply (long term)

- ❖ *Improve Quality to Advanced Grades*
 - › Train farmers on higher quality spice production, including harvest and post-harvest handling
 - › Invest into advanced factory processing capabilities
 - › Train staff on advanced factory quality ISO methods

- ❖ *Sales Expansion Opportunity*
 - › Expand sales to higher-end European buyers with 50% to 100% margins versus conventional as quality improvements described above are implemented
 - › Expand sales to other regions, including the Middle East, South Africa and the United States
 - › Develop premium direct niche sales channels at margins multiples greater than existing conventional margins

- ❖ *Impact*
 - › Stimulate widespread adoption of regenerative and sustainable agroforestry spice production
 - › Increase farmer resilience and improve livelihoods through higher incomes from higher quality (prices), aggregate yields and improved spice system sustainability



Pictured: organic farmer on her spice farm with our former program manager



Company Background

Company History

Trianon's history starts in 2019 when the two original founders met on an International Trade Center sponsored trip in Tanzania focused on the cinnamon supply chain. After the trip, Dutch spice expert Mr. Paul de Rooij of BAPA Trading and Mr. Edward Rukaka, the Chairman of the Tanzanian Spice Association, decided to start Trianon Spices. Mr. de Rooij and Mr. Rukaka decided to strategically locate Trianon's headquarters and processing facility in Lusanga, Muheza near smallholder spice farms of the lower Eastern Arc Mountains in the Tanga and Morogoro regions, five hours from the major export port of Dar es Salaam and just forty five minutes from the small but growing port of Tanga.

Shortly after Trianon started operations in 2020, team members from Grounded International, a Dutch owned and South African based Sub-Saharan Africa regenerative agriculture company, met Mr. de Rooij. Seeing the economic and impact potential of the business Grounded decided to make an investment into Trianon, supplementing the founders international spice trade knowledge and Tanzanian operational experience with a focus on regenerative agriculture, developing small farmer relationships and impact, as well as business development activities.

In 2020, and impressively after only just one year of operations, Trianon processed and exported over 150 metric tons of spices sourced from 1,000 to 1,500 small farmers. This resulted in €360,000 of revenue, but significant loss, not unexpected for a startup business. In 2021, Trianon realized even more impressive spice volume growth of almost 100% and after many quality learnings in 2020, improved gross profit margins to positive territory of 6%. Realizing gross profit margins are still way too thin to become a sustainable business, in 2022 management focused on putting in place better governance and administrative procedures to guide future strategic decisions and open up the door for external capital. During the year, volumes slightly increased, but gross profit margins again suffered to just 1%. With a vast improvement in governance and administration in 2022, management has obtained better insight for the decisions necessary to improve quality and gross margins in 2023. Thus 2023 is a year of operational adjustments to improve quality control and to develop higher end organic clients to improve margins.

Small Farmer Support Program

Trianon started its small farmer regenerative support program in early 2021. The initial phases included desktop research, a baseline study, more in-depth farmers interviews and farmer organic training and certification for ~180 farmers. The desktop research was on optimal spice agroforestry systems, spice pest and disease threats and general best growing conditions. The baseline study was on agriculture practices, socio-economics, skills knowledge and potential impact (in other words ensuring spice support is the best path to impact). Trianon followed this broad study with several more in-depth farmer interviews to better learn about farmer challenges and to learn from the farmers.

At the same time Trianon conducted these studies, it registered farmers organic. These farmers, which now total 260, are the basis for the company's more advanced regenerative agriculture support program. Trianon hopes to keep these farmers motivated with quality improvements and yield improvements that should result in additional income or subsistence crops, as well as access to capital via offtake guarantees (see cooperative improvement area of impact below). In February 2023, Trianon

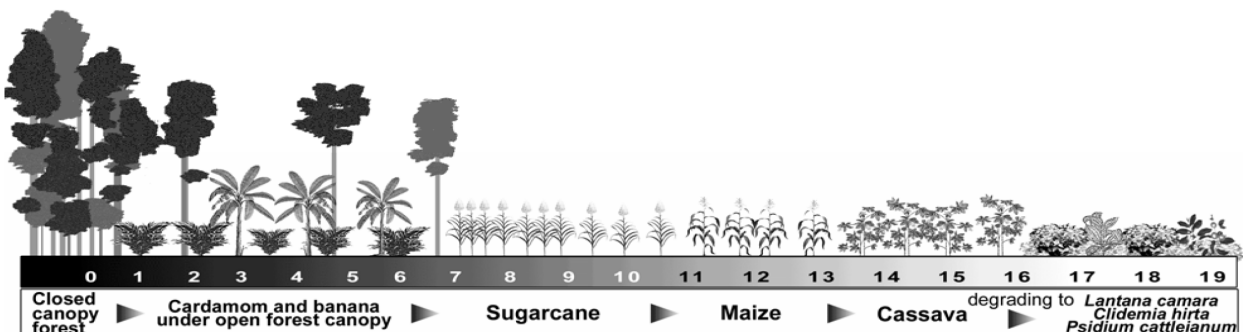
hired Senior Agronomist, Omary, to start rolling out more advanced regenerative support on the ground via a train the trainer program, which has commenced with a 15 lead farmer orientation.

Intrinsically High Quality Product

The lower Eastern Arc region where Trianon sources black pepper, cinnamon, clove and cardamom is competitively advantageous with high intrinsic quality due to optimal agro-climatic conditions, including relatively high humidity, abundant rainfall and slightly acidic soils. Furthermore, production is organic by default with practically no farmers using synthetic pesticides, herbicides or fertilizers. Many households have generations of farming experience, while spice crops have been grown in the area for several decades, although the full potential has yet to be realized with low investment into logistical challenges, infrastructure and processing.

Small Farmer & Environmental Impact Potential

Trianon sources its spices from 1,000 to 1,500 small farmers. The high value, non-perishable, perennial nature of spices relative to other crops provides the potential for increased income, food security and general resilience for these farmers, while stimulating the broader local economies. Furthermore, spices are conducive to growing in agroforestry systems that are more sustainable for the soil, generally have lower input costs, and that help to prevent opportunistic disease, as well as provide the opportunity to intercrop with other cash or subsistence crops. Many farmers grow spices in agroforestry systems in this region, however without integrating intensified, regenerative inputs and management practices, soil health and, correspondingly, production still inevitably decreases over time. As the below graphic shows, this can be a driver of environmental degradation through land clearing for new plots.



Source: Reyes et al. 2006

General pattern of land use change over time for Cardamom farming in the East Usambara Mountains, driven by soil nutrient loss over time.

However, Trianon is equipped and committed for the long-term to researching and supporting farmers in a transition to more sustainable spice farming methods that are better for farmer resilience, the environment and our business.

Product Offerings

Trianon specializes in Black pepper, Cinnamon, Cardamom and Clove, which crop diversification in both supply and sales. On the sales side this provides the company a unique opportunity to smooth fluctuations in international market denominated prices.

Piper Nigrum L. (Black Pepper)

Black pepper is a foundational, high priority spice for Trianon, as Tanzania offers a large and consistent organic supply, standards are very clear, on farm processing by smallholders is relatively simple and the gap between world production and demand is increasing rapidly. There is significant opportunity to increase quality with training on regenerative techniques and harvest timing, as well as investments into processing.

Production and harvest	PrProcessing
<ul style="list-style-type: none"> - Propagated by stem cuttings, with tree or a pole support. - Vines bear fruit 2 to 5 years after planting for up to about 40 years. - After flowering, it takes between 5-8 months until the berries are mature. - Two harvests per year according to the double rain seasons. - Spikes should be individually harvested as soon as some green berries start turning red rather than the entire plant at once. - Time between harvesting and drying: 2-3 days 	<p>On Farm:</p> <ul style="list-style-type: none"> - Organic certified farmers have incorporated washing of berries before drying (not commonly practiced) - Green berries dried on poly-sheets for 2-3 days - Minimal sorting for impurities / extraneous material <p>Factory:</p> <ul style="list-style-type: none"> - Moisture measurement and further drying to 12% - Cleaned through the spiral separator used to separate out damaged / broken berries, extraneous material (stems, pebbles, sticks) and berries lighter than others of the same size - Further sorting using screens to grade berry sizes by density of grams per liter

Quality

Current grades produced:

- Grade I – Whole black pepper 550-570 grams per liter, suitable for retail packing
- Grade II / FAQ – Fair Average Quality, 525-550 grams per liter, rest product of grinding grade

Characteristic	Specification
Size and color	Whole black pepper berries unbroken with wrinkled pericarp. Diameter 2.5-7.0 mm (approx.) Uniform color is desired, brownish to dark brown or blackish without added / artificial color added
Characteristic	Specification
Odor	Sharp, penetrating odor excluding moldy or rancid odor
Flavour	Fresh, hot biting pungent taste, free from foreign flavours
Volatile Oil	Minimum 2.0%. (Grade II<2%, G III<1,8%)
Piperine content	Minimum 3.5% (Grade II<3,5%, G III<3%)
Composition	Foreign matter: Absent

Extraneous matter:	Grade I <1,0%	Grade II <1,5%, G III <2%
Light berries:	Grade I <2,0%	Grade II <5%, G III <10%
Pinheads:	Grade I <3,0%	Grade II <5%, G III <7%
Bulk density:	Grade I > 500 g/l	Grade II >500, G III >450 g/l
Moldy / insect defiled berries:	Grade I : Nil	Grade II <1%, G III <3%

Source: adapted from Commercial specs of Pepper (IPC 2015)

Areas of focus

Productivity issues with pepper have become a regional challenge and need to be addressed by a range of different actors. There are some challenges with harvesting techniques / farmer skill which can be targeted by working more closely with farmers.

Challenges	Suggested intervention
Disease: phytophthora ¹ outbreaks and other disease have pressure production and quality. Severe disease sometimes results in complete vine death. Persistent disease risks farmers using synthetic treatments that could prevent organic certification and harm the environment or worse lead to removal of spices for less environmentally friendly alternatives.	Trianon has led efforts with the Tanzania Horticultural Association to distribute organic bio fungicides. This is a short term solution and Trianon is therefore researching how to best implement more sustainable longer term solutions.
Early/immature harvesting: farmers often pick all spikes on a vine rather than individual spikes as they mature. This is often due to cash needs, sudden price fluctuations, theft concern or lack of knowledge. This results in lower yield and quality based on berry density and color.	Trianon and the government are working to train farmers to harvest only when berries start turning yellow, although farmers will need price incentive, as this is more time and labour intensive..
Sourcing: prices for pepper are expected to increase, which could impact company cash flow or increase buying competition before local market prices rise.	Building direct, supportive farmer relationships and offering quality and organic premiums will help ensure consistent supply versus competition.

Cinnamomum Zeylanicum (cinnamon)

Tanzania produces the higher value and reputable Ceylon cinnamon, also known as “true cinnamon,” with similar characteristics of cinnamon from Madagascar and Sri Lanka, although has not yet received true recognition for this quality. Due to rising world demand and new plantations in-country, Tanzania is poised to become a major source for this popular spice. This includes one Trianon partner with 16,000 cinnamon trees are coming into production in 2022. There is significant opportunity to increase quality with training on proper harvest timing and techniques, such as quilling.

¹ Phytophthora is a damaging plant pathogen in the Oomycete division, it is a water mold and not a true fungus. Piper nigrum is especially sensitive to attack from Phytophthora Capsici.

Production and harvest	Processing
<ul style="list-style-type: none"> - Cultivated as low trees/bushes (about 2-3m tall) to make harvesting easier. Bushes grow well in shaded places in tropical climates. - A bush has eight or ten side branches and should be pruned for easier processing as the tree ages. - Harvest bark after about three years for optimal taste and oil content. - Cinnamon can be harvested year round, although drying is easier outside the rainy season and harvesting is preferred after the rainy season when humidity makes the bark peel more easily - Side stems are removed to generate coppicing / new growth for the following harvest - Harvested stems should be 1.5-3 cm 	<p>On Farm:</p> <ul style="list-style-type: none"> - Bark is sliced off the stems using a machete - This is not optimal as some wood is likely to be brought off with the bark - Peeling of the bark is preferable but not currently widely practiced - The quality of cinnamon depends on how well the bark is removed from the stems - Dried in the sun on poly sheets to around 15% moisture level <p>Factory:</p> <ul style="list-style-type: none"> - Moisture measurement and further drying to 7-11% - Sorting involves removing cinnamon chips/pieces with too much inner bark / wood - Higher wood/bark ratio will decrease oil level will drop below threshold

Quality

Current grades produced:

- Chenga Grade – dried, unpeeled bark of cinnamon stems, branches and trimmings inclusive of the outer bark, which has been obtained by chipping or scraping
- CZ4 – small amounts, scrapped, intended for milling

Characteristic	Specification
Color	Pale brown to slightly reddish color. Ground cinnamon: yellowish to reddish brown
Odor	Characteristic fresh aroma
Flavour	Delicate and sweet flavour characteristic to true cinnamon. Free from foreign flavor and free from mustiness
Moisture	No more than 12% (10% is preferred by Trianon to reduce risk of spoilage in case of shipping delays). 15% moisture maximum for quills
Volatile Oil	Minimum 0.7%. 1.0% for quills
Shelf life	Minimum one year

Source: adapted from SLSI²

Areas of focus

Challenges and corresponding interventions in the cinnamon production line lie primarily with care of the trees and harvest/cutting techniques. These need to be addressed by working closely with the farmers to improve on farm processing.

² Sri Lanka Standard Specification for Ceylon Cinnamon – SLS 81: 2010

Challenges	Suggested intervention
Poor farmer processing practices: Pieces of wood or inner bark are often stuck to the cinnamon lowering quality (lower volatile oil). This is because farmers use crude machetes and slice off the bark rather than peeling the bark more gently from branches and stems.	Trianon has trialed training instruction and providing tools to replace machetes where cut stems and branches are rubbed, using a steel or brass rod, and can then be peeled with sharper tools.
Tree age and condition: The majority of cinnamon trees currently harvested are over mature resulting in stems of 10–15 cm diameter. This thick bark is not suitable for quill production, which is a premium product. Furthermore, difficulty in cutting coppice side stems from the main stem risks damaging the root base.	Trianon plans to provide training on harvest timing and pruning. A 1.5–5 cm stem diameter should be targeted, with 4 cm best for higher value quills. The tree should be pruned in the second year and harvested from the third year. Harvest/Cutting and production becomes easier with thinner stems.

Elettaria cardamomum (cardamom)

The exceptionally high value of green cardamom holds great potential, however farming training, research into processing and investments in appropriate, eco-friendly heat pumps for producing green pods are needed. Outside green cardamom, sundried cardamom is of fair quality with potential for improvements, especially with training into harvest timing and contamination free drying. Sundried cardamom export prices and demand are relatively steady offering a stable product as Trianon fine tunes green cardamom production.

Production and harvest	Processing
<ul style="list-style-type: none"> - Plants produce flowers from the age of 2 or 3 years. The first crop of seed capsules (pods) is harvested in the third year after planting. - Flowering in April/May and continues until July/August. Pods are harvested at 30 to 40 day intervals. - Harvesting at the correct stage of maturity is essential to produce high quality cardamom pods. The fruits should only be harvested once they are fully ripe and mature. 	<p>On Farm:</p> <ul style="list-style-type: none"> - The pods are dried in the open sun on (poly sheets). - Drying by flue curing to produce green cardamom is not widely practiced in Tanzania and the small amounts green cardamom produced this way far exceeds ash contamination maximums . - Farmers dry to 15% moisture level on average <p>Factory:</p> <ul style="list-style-type: none"> - Moisture measurement and further drying to 10% - Pods are processed through a polishing machine to remove dust & impurities - Sorting using screens to grade and remove extraneous matter. - Occasionally pods are graded by size 6,7,8 mm if requested through a specific order <p>*the factory is equipped with a heat pump for green cardamom production and is testing green</p>

	cardamom production, although obtaining fresh cardamom within 18 hours after harvest is challenging
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Quality

Current grades produced:

- Mixed Yellow Quality (MYQ) – sundried, grinding grade

Cardamom is graded by colour and size. The deeper the green colour and the larger the pod size, the higher the grade. Green cardamom and Cardamom produced for seeds are usually top quality.

Characteristic	Specification
Size and color	Pods should be well formed and with cardamom seeds inside. Thrip marks alone on pods should not lead to the conclusion that the pods have been infested with insects.
Odor	Fresh and characteristic of cardamom. The products shall be free from foreign odours and taste, including those of rancidity and mustiness.
Volatile Oil	Minimum 3.5%% East African standard; 4.0% EU standard

Source: adapted from East African Standards (EAS) Clove Specification

Areas of focus

Challenges and corresponding interventions for cardamom lie with immature harvesting and poor drying practices. For sundried cardamom these challenges negatively impact quality and yield, while for green cardamom immature harvesting is prohibitive, as weight loss and quality loss are too high for profit. Trianon is also focused on process improvement to maintain green color for green cardamom.

Challenges	Suggested intervention
Immature / early harvesting: stripping of all pods on a stalk instead of selective picking of mature pods compromises on yield and quality: <ul style="list-style-type: none"> - Immature cardamom pods have a higher water content and fewer seeds so the dried yield drops considerably: mature cloves yield ~15% of wet weight versus about 5% for immature - A mixture of mature and immature pods, dry unevenly and are more prone to spoil - Overall, aroma and volatile oil content of the whole batch are affected This is a constraint for production of green cardamom, immature pods turn yellow in the heat pump. 	Trianon plans additional training and price incentives for proper harvest timing. Selective harvesting will greatly improve quality and yield for farmers and Trianon. Pods should be harvested over 2-3 weeks for any one plant. To evaluate maturity, pods should be easily removed from the flower panicles of the plant without too much force. Pods that do not fall off easily should be left on the plant to ripen.
Fungal disease: cardamom in the Muheza district has been affected. Possibly the same pathogen that is attacking pepper (Phytophthora). Pods need to be sorted to take out those affected (currently approximately 30%).	As with pepper, Trianon has been collaborating with Tanzania Horticultural Association to develop a treatment plan.

High moisture for sundried cardamom: results in high weight loss at the factory and higher risk of spoilage.	Trianon plans to train farmers on required moisture level and institute more quality controls with its own staff. Farmers should dry close to 10% versus often only reaching ~15% currently.
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Syzygium aromaticum (clove)

Clove value is high and mainland Tanzania production is expanding rapidly, while farm production and factory processing is relatively simple. Therefore, with targeted, cost effective interventions, clove quality can easily improve significantly.

Production and harvest	Processing
<ul style="list-style-type: none"> - Start producing after 4-7 years and show an increase of production for 20-25 years thereafter. Clove trees should be pruned to keep the density of the branches high and facilitate easy harvesting. Cloves have a high demand for nutrients so organic fertilizers are recommended to boost flowering - Clove buds are harvested 6-8 weeks after the rains, but clove often experiences irregular or alternate bearing - A well-maintained full grown tree under favourable conditions may give 4 to 8 kg of dried buds under favourable conditions. Average yield in Tanzania is 2 kg per tree (dried). - Harvesting of the buds should be prior to flower opening – the correct indicator is when the flower buds start turning purple. This normally means that a few buds will already have opened but most closed buds will produce mature, high quality cloves. - Early harvesting results in small, immature cloves of subpar quality. 	<p>On Farm:</p> <ul style="list-style-type: none"> - Cloves are dried on poly sheets for 3-5 days (sometimes, and preferably in the shade), until reddish brown - Cloves are removed by hand from the clove stem - Farmers dry to 15% moisture level on average <p>Factory:</p> <ul style="list-style-type: none"> - Moisture measurement and further drying to 12% - Sorting using screens to grade and remove extraneous matter.

Quality

Current grades produced:

- CG3 – Standard quality cloves
- FAQ – poorer quality (with high amount of headless and immature cloves) for extraction/grinding

Characteristic	Specification			
Size and color	The whole clove should be fully grown and of a reddish brown to blackish brown colour. Free from moulds, and shall be practically free from insects, insect fragments and rodent contamination			
Odor	Strong aromatic spicy flavour. They shall be free from mustiness.			
Flavour	Characteristic flavour, free from foreign flavours			
Volatile Oil	Minimum 17.0% East African standard; 12.0% EU standard			
Composition (whole cloves)	Headless cloves:	CG1: 2	CG3: 5	FAQ: N/A
	Tendrils, mother cloves:	0.5	4	6
	Khoker cloves:	0.5	3	1
	Extraneous matter:	0.5	1	1

Source: adapted from East African Standards (EAS) Clove Specification

Areas of focus

Challenges and corresponding interventions for cloves lie primarily with harvesting and sorting. Clove quality can only be improved if a better standard is set for harvesting. These needs to be addressed by working closely with the farmers to improve on farm processing.

Challenges	Suggested intervention
Immature / early harvesting: results in immature buds or baby cloves that result in a lower product quality. Furthermore, immature cloves have a higher water content so the percentage yield for the dried product drops much more than for mature cloves (10%–15% versus 20%–25%).	We plan to train farmers and provide payment incentives for proper that during the 6–8 week blossoming period, mature cloves need to be picked selectively, leaving immature buds on the tree, although this is more labor intensive and may present storage / cash flow problems for farmers due to longer holding periods.
Headless cloves / contamination: results in lower quality product. Cloves are often damaged (headless) or contaminated due to handling dry product in large volumes and due to drying in open spaces.	Trianon plans to test buying cloves fresh, sorting by hand and storing at the factory. This would result in fewer headless cloves and less contamination.

Operations

Sourcing

Spices are purchased directly and indirectly from 1,000 to 1,500 small farmers across a number of villages in Muheza, Tanga and Morogoro Rural District, Morogoro. Trianon has certified 260 farmers organic and expects to increase this annually. There is opportunity to increase sourcing from all areas, as Trianon's purchasing volume is currently only 1% to 5% of total spice production across its two main sourcing areas.

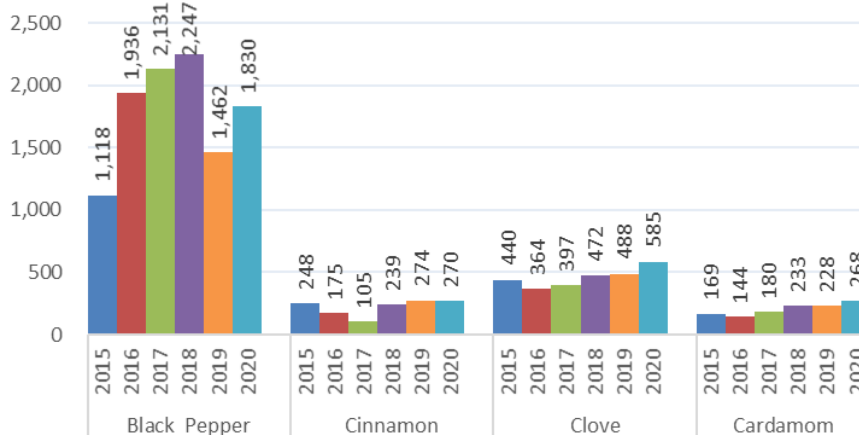
Low Supply Penetration

	Trianon Production	Muheza & Morogoro Supply	Trianon Penetration
<i>Black Pepper</i>	76,206	4,977,000	1.5%
<i>Cinnamon</i>	25,448	4,222,000	0.6%
<i>Clove</i>	22,602	4,041,000	0.6%
<i>Cardamom</i>	16,401	304,000	5.4%

Source: District ag officer (extension officer surveys), running from July 2020 to June 2021.

Spice production in mainland Tanzania has been stable and/or growing, although there has been some pressure on production in some areas due to disease. Increasing farmer support on sustainable and regenerative methods will ensure stable production and quality, as well as prevent clearing of forest for additional spice fields or the transition of spices to annual crops that are more harmful to the soil and environment.

Stable or Growing Spice Production in Muheza District

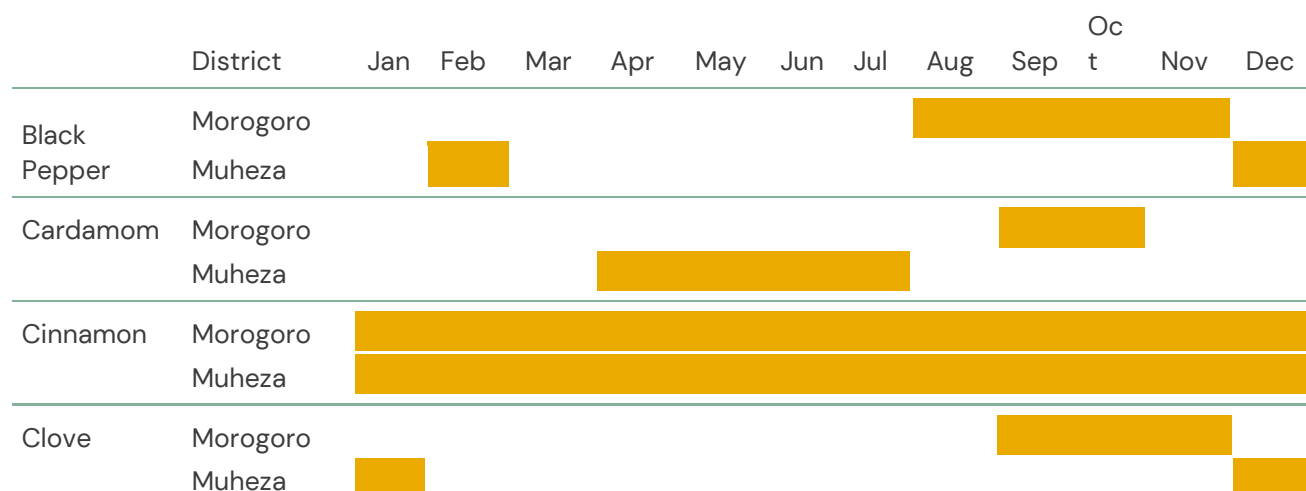


Source: District ag officer (extension officer surveys), running from July 2020 to June 2021.

Trianon is strategically located in Lusanga, Muheza, just 30 minutes to two hours from multiple high quality sourcing villages in the Muheza District. Trianon is also within seven hours of its secondary sourcing region in Morogoro that provides additional off-season supply, as well as higher quality

cinnamon. Trianon lowers risk by having two major spice sourcing regions, Muheza and Morogoro, with different rainy seasons and harvest timing. This helps mitigate the risk of potential supply fluctuations, disease or climatic events.

Variable Harvest Timing Across Sourcing Regions



Source: ITC Subsector strategy 2014

Procurement

Trianon utilizes a variety of purchasing methods, including from cooperatives, contact farmers (respected and trusted village representatives), informal traders and via ad hoc staff sourcing. There is opportunity to increase supply security and improving quality by moving to more direct sourcing and by building stronger farmer relationships via more farmer support and quality/commitment premiums. Two Trianon constructed and owned agri-hubs facilitate lower cost small farmer access and are located in Zirai Village, Muheza District and Kibogwa, Morogoro District. Trianon also has rental storage units in Tawa, Morogoro and Kinole, Morogoro.

Spices sourced in the Muheza area are processed at the factory and then transported to Dar for export, while spices sources in Morogoro are often transported direct to Dar for export with only minimal processing required for cinnamon (the majority spice sourced in Morogoro) or only minimal processing requested by clients for other spices (i.e. minimal cleaning, grading, etc.). At current, most cinnamon is sourced from the Morogoro region, while cardamom, black pepper and clove are predominately (80%–90%) sourced from Muheza.

Muheza Area Logistics

Spices in the Muheza District are primarily sourced from the wards of Magoroto (30 to 45 minutes from the factory), Tongwe (30 to 45 minutes), Amani (45 minutes to 1.5 hours) and Zirai & Kwezitu (2 hours). In the harder to reach villages, Trianon is often the only regular and sophisticated buyer. Trianon currently has one buying and short term storage-hub located in Zirai that can store up to four metric tons cinnamon, five metric tons clove, six metric tons pepper and five metric tons cardamom.

Storage-hub in Zirai



Muheza Sourcing Wards



Spices are transported to the factory either via motorbike (boda boda) or via Trianon’s two wheel drive tractor, which can transport up to three metric tons. Roads are challenging and in the rainy season become difficult to pass without tractor or motorbike. There is significant opportunity to reduce logistics cost with the purchase of more boda bodas and a 4x4 tractor, as often transportation is outsourced to boda boda. By example, the 2x2 tractor can transport three metric tons to the hub in Zirai at a cost of 100,000 tzs to 150,000 tzs versus boda boda at a cost of 600,000 tzs for the same weight (20,000 per boda boda with a maximum weight of 100 kg).

Finally, transport from Lusanga to Dar es Salaam is via a long flat bed truck at a cost of 1,000,000 to 1,200,000 tzs with a capacity of 30 metric tons black pepper or clove, 20 metric tons cinnamon and 24 metric tons cardamom. In the future, Trianon will be able to export from the port of Tanga when an expansion is complete for an oil pipeline from Uganda. This could significantly lower flat bed truck costs.

Morogoro Area Logistics



Trianon constructed a buying and storage hub in Kibogwa that it owns and operates. The agri-hub can store up to four metric tons cinnamon, five metric tons clove, six metric tons pepper and four metric tons cardamom. Trianon also rents storage with additional capacity for drying in nearby Tawa, as well as Kinole. These units have storage capacity of 14 metric tons of cinnamon or cardamom and 28 metric tons of black pepper or clove. Trianon also dries goods in Tawa, although a local market often prevents this ability and also risks contamination. In the near future, Trianon would like to build its own storage in Morogoro Rural with some basic processing in order to lower risk of contamination and increase efficiency.

Tawa Storage Hub



Spices are either transported by motorbike from Kibogwa to Tawa by Trianon and then to Dar es Salaam or direct from Kinole to Dar es Salaam. Transport to the port of Dar es Salaam is by lorry at a cost of 700,000 tzs with a capacity of 7 metric tons cinnamom, 7 metric tons cardamom, 10 metric tons black pepper or 10 metric tons clove. Alternatively, if spices purchased in Morogoro require more processing at the main factory they are transported by lorry to Lusanga at a cost of 1,000,000 tzs and then transported by long flatbed to Dar es Salaam for export as described above.

Warehouse and factory

The factory has a current capacity of up to 30 metric tons, although with the purchase of a hand fork lift this capacity could be increased to 50 metric tons. Over €80,000 has been invested into specialized spice processing equipment, as well as €30,000 into industrial factory upgrades, as well as quality certification, including durable flooring, industrial grade electricity, wall sealant and other renovations.



Trianon expects to receive the globally recognized and increasingly demanded ISO 22000 food safety certification by September 2023. Certification will increase competitiveness with other global spice producers, provide enhanced market access and ensure a robust and continuously improved food safety management process. Trianon has a sustainable water collection system for rainwater on the

roof, as well as solar heating panels, and is in the final stages of obtaining its Environmental Impact Assessment (EIA) Certification, which is required by law. Trianon has a nursery with over 50,000 seedlings for future farmer distribution and expects to support small farmers with satellite nursery development.

Equipment

- Liquid natural gas drier with capacity for green cardamom of 700 kg fresh (140 kg output) in 36 hours, one metric ton of black pepper in just a few hours and one metric ton clove in a few hours.
- Pepper spiral with capacity of 150 kg per hour for black pepper grading / cleaning
- Cardamom polishers (x2) with capacity of 150 kg per hour for cardamom cleaning (removing the flower stalk and other dirt and impurities)
- Graders (x 2), capacity of 300 kg per hour
- Cinnamon crushing machine with capacity of 300 kg over eight hours
- Water tank with capacity to wash two metric tons of cardamom over eight to ten hours
- Slicers (x 2), with a capacity of 75 kg per hour for cutting root spices (i.e. ginger)
- Pepper and clove cleaning machine for reaching highest quality grades and obtaining better aggregate value by also separating lower quality grades in a form available for sale



Clockwise from top left: Cardamom drier, Polishing (blue machines at back) and grading machines, Washer, Pepper spiral sorter

Export Logistics

Trianon is located near a main highway to reach the port of Dar es Salaam within five hours and will benefit greatly from the expansion of the port of Tanga, only 45 minutes away, for a new oil pipeline from Uganda to Tanzania. Trianon has a significant competitive advantage shipping to clients in Europe relative to some other regions, as the cost of FOB shipping born by clients from Dar es Salaam to Europe is around \$2,200 versus \$8,000 from Vietnam, for example.

At the Port of Dar es Salaam, Trianon hires Freight Forwarders Tanzania (FFT) as its agent with state of the art facilities and access to multiple shipping lines, which is critical given the current lack of containers in the global supply chain. FFT offers GPS lock tracking from container freight station to port to prevent theft, 28 days free storage in high quality facilities to prevent contamination and access to third party weight and quantity certification to prevent theft and ensure customer order accuracy. FFT lines the containers, stuffs containers, handles customs documentation and may perform fumigation if necessary. The cost of these services including all port charges, stuffing, port staff, warehousing, etc. is up to \$1,500 for a 40 foot container.

Freight Forwarders Facilities' in Dar es Salaam



The typical transit time to Europe is around 40 days. The capacity of a 40 foot container by spice is:

- › Black Pepper: 25 mt
- › Clove: 22 mt
- › Cinnamon: 22 mt max (chenga); 20 mt crushed
- › Cardamom: 20 mt

Summary of global EU Specifications

The European Spice Association (ESA) has published the Quality Minima Document, which describes the European requirements for the import of spices as well as additional buyer requirements not laid down in legislation.

EU Spice associations specifications:

	Black Pepper	Cinnamon	Cardamom	Cloves
Ash	7.0%	7.0%	9.0%	7.0%
Acid insoluble ash	1.5%	2.0%	2.5%	0.5%

Moisture	12.0%	14.0%	12.0%	12.0%
Volatile oil (ml/100gr)	2.0%	0.7%	4.0%	12.0%

Certification

Various certificates are mandatory or needed for specific market access, for example: Organic certification, food safety certification (ISO, BRC GSFI), Fairtrade, Naturland.

Sales

Sales is directed by 30 year industry veteran, Mr. de Rooij, located in the Netherlands. He established the company's strong revenue base and is now working to expand into higher conventional spice grade clients and organic customers. Conventional sales demand is higher than Trianon is able to fill due to working capital and factory volume constraints, leaving opportunity for expansion from existing customers. However, Trianon needs to start developing higher margin organic customers in order to reach sustainable gross profit margins.

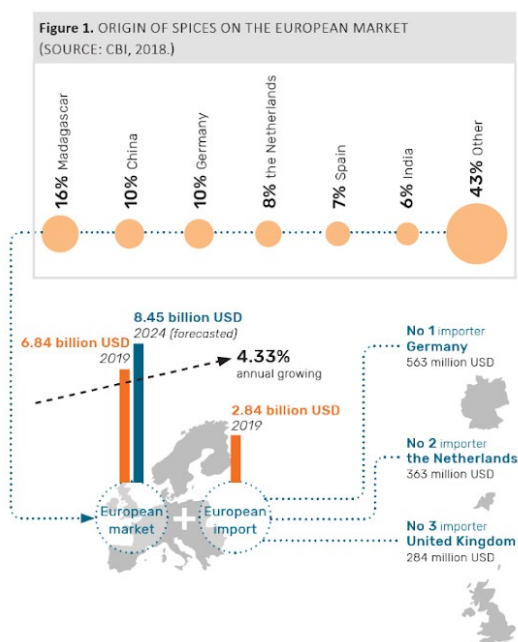
European spice volumes are dominated by a small number of bulk buyer customers, which are often family owned businesses that have been in the industry for many decades or even several centuries. Having their trust and existing relationships with these buyers via Mr. de Rooij is therefore a great competitive advantage for Trianon. Some orders are shipped FOB direct to customers, while other orders are processed and sold on the spot market in the Netherlands, in particular for new clients until they have tested several orders of product.

Challenges	Suggested intervention
Tanzania is a new sourcing region for most international spices buyers. Obtaining trust is a challenge.	Trianon initially offers new clients more favorable terms to test a new region. We also have a presence at international trade shows and in Europe via Paul.
Bulk sales margins are lower than selling direct to end users or niche markets. This is still the vast majority of industry sales, although this is slowly changing.	While continuing bulk wholesale volumes, we send product to the Netherlands to develop new clients by selling on the spot market.
Regulatory authorities continuously impose stricter import requirements. This is logistically challenging and costly, particularly sourcing from small farmers.	We are focused on developing closer relationships with our farmers to ensure no contamination and continuously test our products.

Market background

The world's most traded spices are black pepper, vanilla and ginger. Trianon is well positioned to capitalize on the large and growing spices and seasonings market, especially in the organic segment given organic by default growing methods in Tanzania and higher consumer demands and stricter government regulations for these products. Overall, the spices and seasonings market is expected to reach a size of almost \$23 billion by 2026 growing at a CAGR of 5% annually from 2019 with black pepper, vanilla and ginger as the world's most traded spices.

Europe



Trianon is currently focused on the European market, as one of the company's founders is extremely well connected in the region and Europe is the largest spice market in the world. The European spices market had an estimated total value of \$6.84 billion by the end of 2019 and is forecasted to reach \$8.45 billion in 2024, growing at an annual rate of 4.33%³. Imports had a value of \$2.84 billion. The main importers were Germany (\$563 million), the Netherlands (\$363 million) and the United Kingdom (\$284 million).

Europe has witnessed fast growth, partially be explained by distribution/trade hubs (import-export) in countries such as the Netherlands, Germany and Spain, but also attributed to increased consumption. Europe will continue to function as an important distribution hub of spices, but other regions are expected to show higher growth rates due to rapid economic development.

Source (above): TRAIDE⁴

Africa

Africa accounted for 12% of global spice production but only 6% of EU spice imports (in 2018)⁵. Major exporters include Nigeria, Madagascar, Ethiopia and Tanzania, while key regional export markets for spices and seasoning include Kenya, North Africa, Sudan and Uganda. In the period 2013–2018, spice production in Africa increased from 1.58 million MT to 1.62 million MT (peaking at 1.78 million MT in 2017)

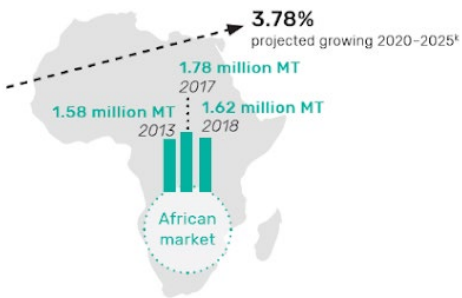
⁶.

³ <https://www.cbi.eu/news/growing-interest-spices-africa-middle-east-europe/>

⁴ Investment Opportunities in the Rwandan Herbs and Spices Sector TRAIDE Rwanda. 2020

⁵ EEU-ACP TradeCom II Programme report, 2018. Harnessing the potential of Tanzania's exports competitiveness for spices and seasonings, with special focus on high-value markets such as the EU Market

⁶ Investment Opportunities in the Rwandan Herbs and Spices Sector TRAIDE Rwanda. 2020



and 2025.

The local market could at some point be an opportunity for Trianon, although for now the company is focused on export markets, as a smaller middle class results in lower opportunity for pricing premiums and Trianon expects to obtain an export processing zone certificate, which will include many benefits as an export only company, including zero corporate taxes. Key drivers behind local market consumption growth include: an expanding middle class, a growing tourism sector, increased awareness of the health benefits of spices and increased consumption of meat. Africa's seasonings and spices market is projected to grow with 3.78% between 2020

Key market trends influencing the spice sector

› **Increase in demand for processed meat and convenience products**

Urbanization has led to changes in the consumer's lifestyle and the dietary patterns. With high employment opportunities, higher disposable income of people, and an increasing number of working women, time devoted to cooking has reduced. Consumers seek easy ways to eat without spending much time on cooking.

› **Flavorings for meat substitutes, vegetarian and vegan foods**

Veganism and vegetarianism are part of a trend that is strongly growing in the European market. Many spices used in the meat processing industry are now also used in vegan and vegetarian alternatives to meat. This trend helps to maintain a stable demand for spices, as similar mixes are used in both the meat and meatless industries not that new 'vegetarian' spices are in higher demand.

› **Rise in preference for natural / healthy ingredients**

More value is being placed on foods that offer benefits other than just taste, such as demand for healthy, natural, and safe food products. Furthermore, there is an ever growing premium placed on organic products due to health reasons. Market premiums is often estimated at 30% to 40% for organic.

› **Fair and sustainable sourcing**

The European Union is officially progressing toward fairer sourcing of food products. In 2019, the European Parliament formally adopted the Unfair Trading Practices Directive. Farmers in developing countries are especially vulnerable to unfair trading practices, since they are less likely to have links with alternative markets and may have less access to legal support or the information needed to challenge the unfair practices of large European buyers.

› **Traceable supply chains**

Consumers and corporations are demanding more product traceability. Consumers are more conscious and inquisitive about the origins of products, while quality assurance, food safety and ESG departments at businesses require this information. This is resulting in demand for supply chain transparency.

› **Increasing food safety and anti-contamination requirements**

Legislation is making food safety compliance stricter and more complicated, especially in Europe. Food safety and product quality are top priorities in the EU, and spice imports need to comply with regulations. The most common requirements regarding contaminants in spices and herbs are related to microbiological contaminants, mycotoxins, and pesticide residues. Spice value chains often come under even more scrutiny due to high vulnerability to fraud. This can be a challenge for existing supply chains and sourcing regions, but likewise can create openings for new sourcing regions, such as Tanzania.

Growing Organic Market

Trianon has certified 260 small farmers organic and expects to grow this number by multiples over the coming years. According to industry estimates, the global organic spice market is close to \$750 million to \$1 billion, although the segment is dominated by commodities like chili, ginger and garlic.⁷ Demand for organic spices and seasonings is expected to gain a higher level of traction, registering a significant growth rate in terms of sales. The European market and the US market are the largest organic markets in the world. Furthermore, despite economic volatility, organic markets have proved to be fairly resilient and continued to grow steadily over the last two decades.

European organic sales amounted to €18.4 billion in 2009. Germany is by far the largest organic market, accounting for almost 32% of organic sales. Germany is also an important distributor of organic products to other European markets and the US. The Netherlands has a medium sized domestic market for organics, but is more important as a trader and distributor of organic products, including spices. Switzerland and Denmark have the highest organic food market penetration and highest per capita consumption of organic food. Trianon is well positioned in Tanzania to export to the European market given cost and proximity.

Despite the significant opportunity, it should be emphasized the conventional spice segment still accounts for a higher value share of the total spice market than the organic segment due to ease of availability at affordable prices for its target customers.

Current market Dynamics

	Black pepper	Cinnamon	Cardamom	Cloves
CAGR (2021-26)	5.0%	2.2%	5.7%	3.1%
Major producing regions	Vietnam; Followed by Indonesia, India, Brazil, Malaysia. Cambodia, Ecuador and Sri Lanka also significant players	Indonesia (40.0% of the overall global output); Followed by China, Vietnam, and Sri Lanka	Guatemala (more than 55% of the global production in 2019); Followed by Indonesia, India, Nepal, and Sri Lanka. Honduras is also an upcoming sourcing region	Indonesia (73.7% in 2018); Followed by Madagascar (largest exporter), Zanzibar, Comoros Islands, India, and Sri Lanka

⁷ IDH

Pepper

Demand for black pepper has increased during COVID-19, as the spice is linked with increasing immunity and several other health benefits. Recently, global black pepper prices have been volatile, driven by regions such as Vietnam, the second-largest exporter of black pepper, where production has been inconsistent. A supply shortage and increased consumption demand as many countries relaxed social distancing caused prices to increase slowly (over the first half of 2021), although a recent sharp increase has been noted. Forecasts for 2022 expect that pepper supply will remain short and prices could move towards \$5,000 per metric ton for black and \$9,000 per metric ton for white.

Cinnamon

Production for both the Cassia and Ceylon (true cinnamon, as found in Tanzania) varieties are not enough to meet demand. In the past few years, Madagascar rose as a new up-and-coming producer for the Ceylon (dominated by Sri Lanka) variety but more recently, due to overproduction and cutting of immature trees output and quality has been reduced. Madagascar's ability to match growing demand remains uncertain, especially in light of the government revoking several export permits. The Cassia market, (dominated by Indonesia) has seen Vietnam and China moving up because prices in Indonesia were too low to justify replanting. Cinnamon market share consists of 90% Cassia and 10% Ceylon.

Cardamom

In 2019, a shortage in India and high demand in the Middle East made cardamom the fastest growing of Guatemala's exports. Today, Guatemala is the top producer and exporter of the spice in the world, accounting for 60% of global production. Prices of cardamom have been fluctuating at abnormal levels due to irregular demand caused by the coronavirus pandemic and unexpected weather conditions in the main producing countries of Guatemala, Indonesia, and India. The decrease in demand is mainly from the Middle East, as more countries in the region cut back on imports from India. For 2021 increased export volumes from Guatemala and India caused prices to drop slightly.

Cloves

2020 and 2021 saw a global stock shortage of clove with exports from Africa (Madagascar, Comoros and Zanzibar) and Indonesia hampered. From January 2021, aggressive buying from India caused a fast price escalation (up 80%). This was aggravated by the crop shortages and shipping issues caused by COVID-19. The 2021 season was delayed considerably, normally starting in June with Comoros and Zanzibar, however both sourcing regions were only able to deliver after August. Indonesia has reported 2021-2022 a failure crop year, and anticipates less than 70,000 Mt (compared to 128,000 Mt in 2019) which will further affect international supply.

Financials

INCOME STATEMENT

Year End (Euro)	2020	2021	2022	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E
Avg. EUR/TZS	2,644	2,738	2,457	2,457	2,457	2,457	2,457	2,457	2,457	2,457	2,457
Avg. EUR/USD	1.14	1.18	1.02	1.02	1.02	1.02	1.02	1.02	1.02	1.02	1.02

REVENUE

Total Revenue	352,290	683,927	798,518	828,787	1,557,064	1,852,620	2,443,392	2,983,344	3,455,760	3,936,240	4,174,016
YoY Growth		94%	17%	4%	88%	19%	32%	22%	41%	14%	6%

GROSS PROFIT

Cost of Raw Goods	334,938	543,384	694,483	567,682	918,659	973,470	1,252,930	1,535,631	1,783,167	2,038,090	2,176,732
% of Sales	95%	79%	87%	68%	59%	53%	51%	51%	52%	52%	52%
BAPA Cost of Sales*	28,676	22,751	0	0	0	0	0	0	0	0	0
Other Costs of Sales	86,177	77,339	92,504	92,443	130,536	145,938	182,118	216,154	243,697	277,889	296,098
Gross Profit	(97,501)	40,453	11,531	168,662	507,869	733,212	1,008,344	1,231,559	1,428,896	1,620,260	1,701,186
Gross Profit Margin	-28%	6%	1%	20%	33%	40%	41%	41%	41%	41%	41%

*prior to Trianon Spices BV creation and equity investment

OPERATING PROFIT

SG&A	80,910	178,629	309,524	318,840	382,030	422,570	449,027	491,230	529,667	562,887	564,364
SGA % Sales	23%	26%	39%	38%	25%	23%	18%	16%	15%	14%	14%
Other Income (grants)	0	0	56,260	141,951	0	0	0	0	0	0	0
EBITDA	(178,411)	(138,176)	(241,733)	(8,227)	125,839	310,642	559,317	740,329	899,229	1,057,373	1,136,822
EBITDA YoY Growth		-23%	75%	-97%	-1630%	147%	80%	32%	61%	18%	8%
EBITDA Margin	-51%	-20%	-30%	-1%	8%	17%	23%	25%	26%	27%	27%
One-Time Adjustments	0	0	66,799	0	0	0	0	0	0	0	0
Foreign Currency Adjustment	(114)	103	13,540	0	0	0	0	0	0	0	0
Adj. EBITDA	(178,525)	(138,073)	(161,393)	(8,227)	125,839	310,642	559,317	740,329	899,229	1,057,373	1,136,822
Adj. EBITDA YoY Growth		-	-	-	-	147%	80%	32%	21%	18%	8%
Adj. EBITDA Margin	-51%	-20%	-20%	-1%	8%	17%	23%	25%	26%	27%	27%

NET PROFIT

Equipment Depreciation	23,125	27,301	33,813	20,720	46,712	55,579	73,302	89,500	103,673	118,087	125,220
Amortization Expense				43,416	37,604	32,570	28,210	24,434	21,163	18,330	15,876
EBIT	(201,536)	(165,477)	(275,546)	(72,362)	41,523	222,493	457,805	626,394	774,393	920,955	995,725
Finance cost			0	28,621	34,184	29,762	21,888	14,014	6,140	1,187	62
Earnings Before Tax			(275,546)	(100,983)	7,340	192,730	435,917	612,381	768,253	919,768	995,663
Tax charge			3,783	5,259	10,542	36,988	58,821	72,401	86,111	100,655	104,548
Profit / Loss after tax			(279,329)	(106,242)	(3,202)	155,742	377,096	539,980	682,142	819,113	891,115

SPICE VOLUMES (KG)

Year End	2020	2021	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E
Conventional KG											
Black Pepper	72,775	40,350	21,145	0	0	0	0	0	0	0	0
Clove	17,250	11,760	36,000	22,500	44,000	33,000	44,000	77,000	88,000	99,000	110,000
Cinnamon	13,250	151,375	166,641	116,000	138,000	138,000	160,000	168,000	176,000	176,000	198,000
Sundried Cardamom	6,704	14,025	10,000	0	11,000	11,000	11,000	11,000	11,000	11,000	11,000
Green Cardamom	825	0	0	0	0	0	0	0	0	0	0
Total Conventional KG	110,804	217,510	233,786	138,500	193,000	182,000	215,000	256,000	275,000	286,000	319,000
YoY Growth Conventional		96%	7%	-41%	39%	-6%	18%	19%	7%	4%	12%
Organic KG											
Black Pepper	0	0	13,065	45,191	66,000	77,000	88,000	110,000	121,000	121,000	132,000
Clove	0	0	0	4,000	16,000	22,000	44,000	44,000	66,000	88,000	88,000
Cinnamon	0	0	0	8,000	16,000	22,000	32,000	44,000	44,000	66,000	66,000
Sundried Cardamom	0	0	0	0	0	11,000	11,000	11,000	11,000	11,000	11,000
Green Cardamom	0	0	0	0	0	0	0	0	0	0	0
Total Organic KG	0	0	13,065	57,191	98,000	132,000	175,000	209,000	242,000	286,000	297,000
YoY Growth Organic			338%	71%	35%	33%	19%	16%	16%	18%	4%
Total KG											
Black Pepper	72,775	40,350	34,210	45,191	66,000	77,000	88,000	110,000	121,000	121,000	132,000
Clove	17,250	11,760	36,000	26,500	60,000	55,000	88,000	121,000	154,000	187,000	198,000
Cinnamon	13,250	151,375	166,641	124,000	154,000	160,000	192,000	212,000	220,000	242,000	264,000
Sundried Cardamom	6,704	14,025	10,000	0	11,000	22,000	22,000	22,000	22,000	22,000	22,000
Green Cardamom	825	0	0	0	0	0	0	0	0	0	0
Total KG	110,804	217,510	246,851	195,691	291,000	314,000	390,000	465,000	517,000	572,000	616,000
YoY Growth Total		96%	13%	-21%	49%	8%	24%	19%	11%	11%	8%

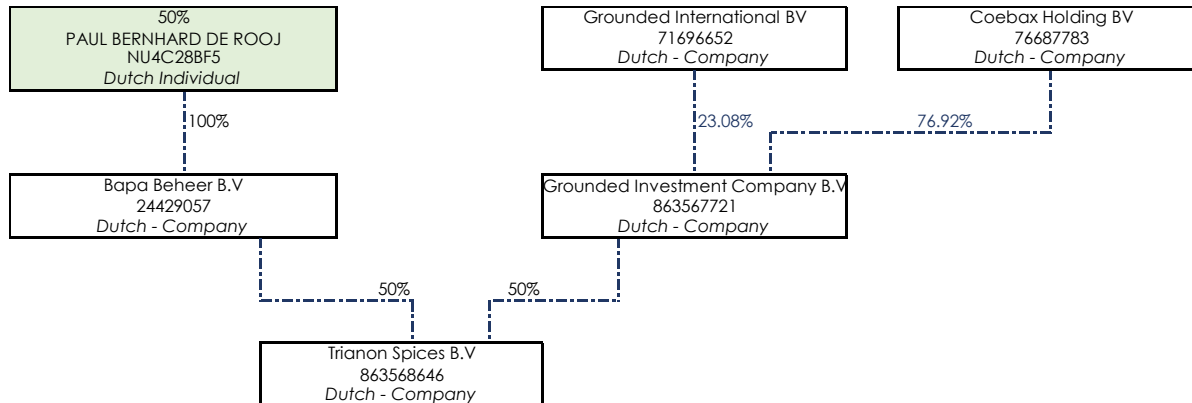
BALANCE SHEET

Year End (Euro)	2021	2022	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E
Year End EUR/TZS	2,632	2,500	2,457	2,457	2,457	2,457	2,457	2,457	2,457	2,457
Year End EUR/USD	1.14	1.07	1.02	1.02	1.02	1.02	1.02	1.02	1.02	1.02
ASSETS										
Current Assets										
Cash	523	3,637	182,652	(42,863)	(78,481)	74,962	105,701	664,451	1,372,344	2,163,013
Inventories	30,316	49,355	258,314	408,968	420,453	474,325	471,958	393,743	458,786	497,100
Accounts Receivables	3,657	87,196	0	70,620	0	23,520	51,744	125,664	125,664	199,584
Other	2,166	10,937	11,128	11,128	11,128	11,128	11,128	11,128	11,128	11,128
Total Current Assets	36,661	151,125	452,094	447,854	353,100	583,935	640,531	1,194,987	1,967,923	2,870,826
Longterm Assets										
PP&E	114,176	93,367	218,037	233,608	363,291	387,725	745,727	745,727	785,089	785,089
Goodwill	0	318,748	280,911	243,306	210,736	182,526	158,092	136,929	118,599	102,723
Other	73	19,876	20,224	20,224	20,224	20,224	20,224	20,224	20,224	20,224
Total Longterm Assets	114,249	431,991	519,172	497,138	594,252	590,475	924,043	902,880	923,912	908,036
Total Assets	150,910	583,116	971,266	944,992	947,352	1,174,411	1,564,574	2,097,867	2,891,835	3,778,862
LIABILITIES										
Current Liabilities										
Accounts Payable	59,349	27,093	3,333	6,406	4,167	5,273	6,600	8,894	8,894	11,187
Prefinance Loan	165,721	51,739	0	0	0	0	0	0	0	0
Total Current Liabilities	225,070	78,832	3,333	6,406	4,167	5,273	6,600	8,894	8,894	11,187
Longterm Liabilities										
BAPA Trading	0	174,923	156,181	131,192	106,203	81,214	56,225	31,236	6,247	0
Repayable Grant (car)	0	7,945	6,929	5,774	4,619	3,465	2,310	1,155	1,000	866
DGGF Sr. Debt Tranche 1	0	0	290,000	290,000	217,500	145,000	72,501	1	0	0
DGGF Sr. Debt Tranche 2	0	0	210,000	210,000	157,500	105,000	52,501	1	0	0
Total Longterm Borrowings	0	182,868	663,110	636,967	485,823	334,680	183,536	32,393	7,248	866
Total Liabilities	225,070	261,700	666,444	643,372	489,990	339,952	190,136	41,286	16,141	12,054
EQUITY										
Equity	-74,160	321,416	304,822	301,620	457,362	834,458	1,374,438	2,056,580	2,875,694	3,766,808

CASH FLOW STATEMENT

Year End (Euro)	2021	2022	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E
Year End EUR/TZS	2,644	2,738	2,457	2,457	2,457	2,457	2,457	2,457	2,457	2,457
Year End EUR/USD	1.14	1.18	1.02	1.02	1.02	1.02	1.02	1.02	1.02	1.02
CASH FROM OPERATIONS										
Net Income		(279,329)	(106,242)	(3,202)	155,742	377,096	539,980	682,142	819,113	891,115
Depreciation		33,813	20,720	46,712	55,579	73,302	89,500	103,673	118,087	125,220
Amortization		0	43,416	37,604	32,570	28,210	24,434	21,163	18,330	15,876
Changes Working Capital		(257,587)	(312,229)	(218,202)	56,896	(76,286)	(24,530)	6,588	(65,043)	(109,940)
Cash from Operations		(503,103)	(354,335)	(137,088)	300,787	402,323	629,384	813,566	890,487	922,271
CASH FROM INVESTING										
Investment into PP&E		(26,650)	(143,756)	(62,283)	(185,262)	(97,736)	(447,502)	(103,673)	(157,450)	(125,220)
Cash from Investing Activities		(26,650)	(143,756)	(62,283)	(185,262)	(97,736)	(447,502)	(103,673)	(157,450)	(125,220)
<i>% of Revenue</i>		<i>3%</i>	<i>17%</i>	<i>4%</i>	<i>10%</i>	<i>4%</i>	<i>15%</i>	<i>3%</i>	<i>4%</i>	<i>3%</i>
CASH FROM FINANCING										
Equity		350,000	200,000	0	0	0	0	0	0	0
Change in Debt		182,868	477,042	(26,144)	(151,143)	(151,143)	(151,143)	(151,143)	(25,145)	(6,381)
Total Cash from Financing		532,868	677,042	(26,144)	(151,143)	(151,143)	(151,143)	(151,143)	(25,145)	(6,381)
SUMMARY										
Total Cash Flow		3,115	178,951	(225,515)	(35,618)	153,443	30,739	558,750	707,893	790,670
Cash Beginning of Period		523	3,637	182,588	(42,926)	(78,544)	74,899	105,638	664,388	1,372,281
Cash from Operations		(503,103)	(354,335)	(137,088)	300,787	402,323	629,384	813,566	890,487	922,271
Cash from Investing		(26,650)	(143,756)	(62,283)	(185,262)	(97,736)	(447,502)	(103,673)	(157,450)	(125,220)
Cash from Financing		532,868	677,042	(26,144)	(151,143)	(151,143)	(151,143)	(151,143)	(25,145)	(6,381)
Cash End of Period		3,637	182,588	(42,926)	(78,544)	74,899	105,638	664,388	1,372,281	2,162,950

Ownership Structure



Trianon benefits from a multinational corporate ownership structure with local operations conducted in Tanzania and 70% ownership by a Dutch holdco/tradeco. Specifically, the Dutch holdco allows Trianon to: 1) capitalize on lower cost funding and grants, as often investors are unable to provide funds directly to foreign entities or grants are only made available to European entities; 2) lowers working capital requirements by preventing bank holds on import duties payable; 3) improves customer confidence and ease of transaction by dealing with European banks; and 4) in the future will allow Trianon to obtain an organic import license. Functions of the individual entities are described below.

Trianon B.V. – Dutch entity (holdco):

- › Import spices into EU market
- › Hold strategic stock in EU for short term demand
- › Raise finance and provide finance for the Group (Trianon PTY & Trianon Spices B.V.)
- › Additional EU certificates / lab tests / etc.
- › Sales management and execution, including strict EU quality assurance

Trianon Investment Ltd. – Tanzanian entity:

- › Deliver farmer support
- Partnering with producers on quality, certifications, and sustainability
- › Procurement and primary processing of spices
- › Outbound logistics, (some sales are FOB from Dar es Salaam)
- › Potential direct sales to other regions in the future (African and middle eastern market)

Staff & Management

Trianon has 14 full-time staff, including three females, two of whom are managers or junior managers. The majority of staff are factory staff in positions that may require heavy lifting. Trianon often hires casual laborers or seasonal staff of up to 20–30. Women are contracted to support on spice cleaning and sorting.



Trianon Management

Paul de Rooij, Director (Dutch, Male) is responsible for operations, sales, quality control and technical processing advisory. Paul has 32 plus years of spice industry experience, including processing and sales. Paul is based in the Netherlands and has an MBA.

Eric Fishel, Director (American, Male) is responsible for operations, financial strategy, administrative management and implementing Trianon's regenerative farmer program. Eric has many years of financial experience as a formal investment executive in the United States and has an MBA and a MA in Economics. Eric represents **Grounded Investment Company** at Trianon.

Edward Rukaka, Director (Tanzanian, Male) is the co-founder and former CEO. He is responsible for government relations and Tanzanian spice industry advocacy. Edward has many years of entrepreneurship experience and has worked in spices since 2014. He is Chairman of the Tanzania Spice Association and leads the Tanzanian Spice Label initiative.

Omary Ukwengwe, Senior Agronomist (Tanzanian, Male) is responsible for the development of Trianon's regenerative agriculture support program, including organic. He is responsible for spices from farm to factory. Omary worked at One Acre Fund for seven years prior to joining Trianon where he was responsible for a small farmer support program for thousands of farmers. He has a B.Sc. in Agronomy from the Sokoine University of Agriculture.

Simon Temu, Production & Quality Manager (Tanzanian, Male) is responsible for product from factory through export, including quality and production efficiency. Simon is also responsible for factory health, safety and implementing ISO procedures. Simon has eight years of quality management experience, including for Mufindi Tea and Coffee (60 tons production per week), Pepsi Bottling Company and the Volunteer Overseas Corporation where he also worked in spices. Simon has a B.Sc. in Food Science & Technology from the Sokoine University of Agriculture.

Frida Robinson Shayo, Books Manager (Tanzanian, Female) started with Trianon toward the very beginning in February of 2020. She was responsible for cash management, production, inventory and general admin. She has transitioned to grow her focus more purely on financial books record keeping. Frida has a Diploma in General Agriculture from Kilacha Agriculture and Livestock Training Institute.

Happiness Mwasalima, Data & Export Manager (Tanzanian, Female) is responsible for factory data management and shipment packing & export. Happiness has several years experience in procurement and a Diploma in Procurement and Supplies Management from the College of Business Education at Dodoma.

Future Strategic Priorities

2020 was the business' foundational year, investing into the basic equipment, factory and supply relationships necessary to start the business. 2021 was a year of significant volume growth. 2022 was a year of laying the administrative foundation necessary for greater insight into future priorities and laying the groundwork for a strong small farmer support program. 2023 is a year of focus on quality, investment to prepare for future growth and improving farmer relationships beyond the basic organic certification requirements. This will set the groundwork for more profitable and impactful growth in 2024

Critical / immediate next steps:

› **Develop Organic Sales**

This critical next step will result in 50% to 100% price premiums for organic certified products. Trianon has already sent organic product to Europe in order to sell on the spot market.

› **Support & Develop Farmer Groups**

Establishing well-functioning cooperatives will allow farmer groups to responsibly and equitably manage village level value add activities, as well as increase access to capital via bank prefinancing with an offtake guarantee from Trianon. Village level value add will increase local employment opportunities, as well as efficiency and quality of product. Prefinancing will improve prices for farmers (no middle men selling) and also for Trianon (no supply scarcity later in the season), as well as increase quality via more capital available to invest into farms.

› **Increase Processing Capacity & Quality**

Volumes must increase in order to cover overheads. Factory processing capabilities must also improve in order to reach higher quality grades and to obtain greater aggregate value (i.e. also obtain sellable lower end product from processing). Trianon has raised money for investment into a factory expansion & for equipment.

Continuous improvement

› **Improve Quality Grades for All Spices**

Ongoing quality improvement efforts will increase prices and company margins, as well as open up additional market access. For all four spices, Trianon currently sells at lower quality grades in the conventional bulk market. Trianon's near term strategy is to target steady quality improvements in order to reach the higher grades in the bulk market, as well as to begin organic sales. Quality improvements will be done by improving sourcing quality controls, including incentives such as grade-based pricing, farmer training (harvesting and post-harvest handling), and factory processing investments.

› **Expand Farmer Support**

Trianon has grown its organic program from ~180 initial farmers to 260, but needs to continue expanding the number of farmers and quality of support. This will result in spice quality improvement at the farm level, farmer loyalty (supply security) and greater product quality control via continuous farmer feedback.

Risks & mitigation

Regulatory risk – the government of Tanzania may decide to change rules around the spice industry in Tanzania – for example mandating prices, price auctions or increasing agriculture levies on spices. We actively engage the government to try to prevent any such damaging regulatory changes. This project is focused on quality improvement so any increase in costs could be absorbed by improved margins.

Country reputation risk – Tanzania is a new spice sourcing region for most European or North American companies. This could prevent volume expansion. This proposal is focused on quality so we can improve the reputation of Tanzanian spices. Furthermore, we cooperative with other local companies so all boats rise with the tide, as the Tanzanian spice industry supply is very small compared to the global market. If we all improve quality and reputation it will benefit the whole industry.

Natural disaster risk – in agriculture droughts, floods, etc. are always a risk to crops. We cannot control this risk, however, the risk is somewhat mitigated due to the fact there are multiple spice crops per year due to multiple rainy seasons and there are also two major sourcing regions in Tanzania where we operate (Muheza and Morogoro).

Supply chain risk – there are risk in our supply chain that could damage our reputation and our clients' reputations if they are not controlled, such as child labor or deforestation due to spice agriculture expansion. We train our farmers on such issues and audit our organic farmers yearly to ensure prevention of these serious issues. We also are actively in the field often looking out for such issues.

Financial risk – we are a young company that is not yet profitable. If we do not generate enough spice volume and margin to cover our overheads we will lose money until we can no longer buy spices. Also, if we do not generate enough money we may not be able to pay debtors. We are focused on increasing our margins to prevent such issues from occurring. We also have two shareholders that actively support the company when money is tight, including one (Grounded Investment Company) interested in making another equity investment in late 2023.