



BUSINESS PLAN

(2021/22 – 25/26)

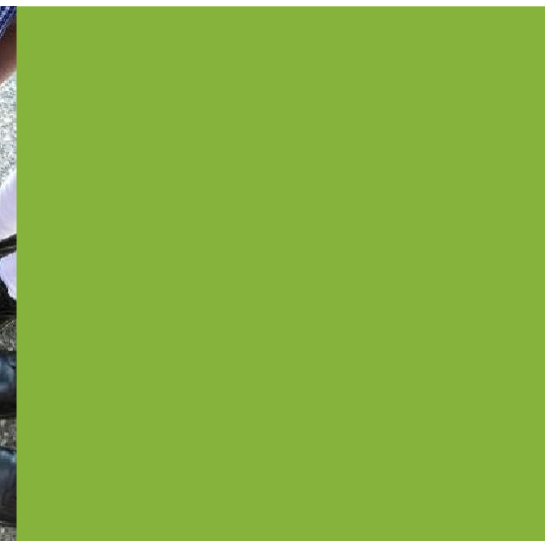


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ACRONYMS

| | |
|--------|--|
| 3PL | 3rd Party Logistics |
| B2B | Business to Business |
| B2C | Business to Consumer |
| B2G | Business to Government |
| CAGR | Cumulative Average Growth Rate |
| COGS | Costs of Goods Sold |
| EAC | East African Community |
| KLICL | Kilimanjaro International Leather Industries Company Ltd |
| KPIs | Key Performance Indicators |
| NEMC | National Environmental Management Council |
| OPEX | Operating Expenditures |
| PESTEL | Political, Economic, Social, Technological, Environmental, Legal |
| R&D | Research & Development |
| SEO | Search Engine Optimization |
| SOPs | Standard Operating Procedures |
| SWOT | Strengths, Weaknesses, Opportunities, Threats |



BRAND NAME

- The company will officially launch its products with a unique brand to be used in the market.
- A brand name and logo will be instrumental in promoting our products and build our brand identify in the market.

01

BACKGROUND INFORMATION

BACKGROUND INFORMATION

Tanzania boasts to be among the top countries with high cattle population in Africa, but that has yet to be manifested in the growth of locally- driven value-added service on making and selling leather products.

According to the ministry of livestock in Tanzania, in 2017, there were only 9 processing industries, and only 5 of them were active in Tanzania, importing \$57m against \$3.6m of exports, creating a huge trade deficit in the industry. Addressing this, the government needs a sizable, end to end, and modern manufacturing facility, which is now filled by our facility

| Number of processing industries | Number of active operating industries | Annual production (tons) | Annual export (tons) ¹ | Annual export earnings (mil USD) | Annual import (products) ² | Annual import bill (mil USD) ³ |
|---------------------------------|---------------------------------------|--------------------------|-----------------------------------|----------------------------------|---------------------------------------|---|
| 9 | 5 | 16,000 | 5,385 | 3.6 | 41 | 57 |

Source: MLF, 2018/19, TRA 2017

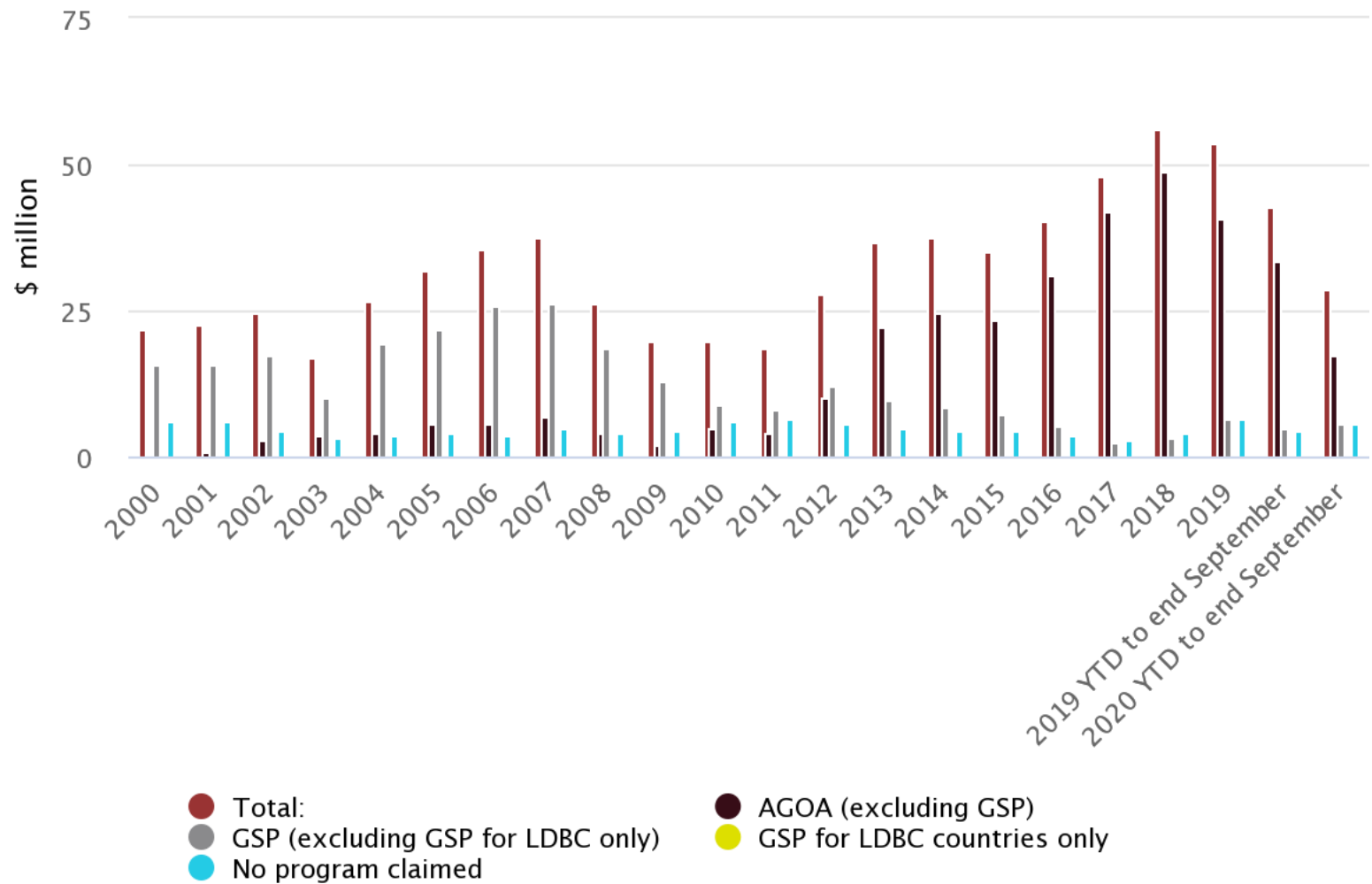
Leather products have been among high premium products in the fashion industry globally, but many players in Tanzania have been struggling to capture that market due to using limited technologies, limited capacity, and making of modern and yet affordable leather products, from shoes, bags, to small articles.

So the outlook must shift from simply making leather products as a wear necessity to a complete way of life and fashion in customer's daily live. The market potential is huge, for instance, there is market demand of 48m pairs of shoes annually

LOOKING AT INDUSTRY LANDSCAPE ACROSS AFRICA

- Tanzania joins many other African countries with high cattle and goat population, but with still low business value in the market.
- Importation is still an order of the day, and exports still account for a small share of all total exports across the continent.
- This is an indication of a hugely untapped market opportunity not just in Tanzania, but across many African markets
- The future outlook of our business is only unlimited, but requires quality products, aggressive sales and efficient distribution systems to ensure that the products reach the final consumer in major markets in Africa at a competitive price
- The most popular luxury labels in the world use the Africa's leather. Now, its time for African companies and designers to build their own brands

Leather and allied products (includes footwear, hides), exports by AGOA countries to USA



agoa.info

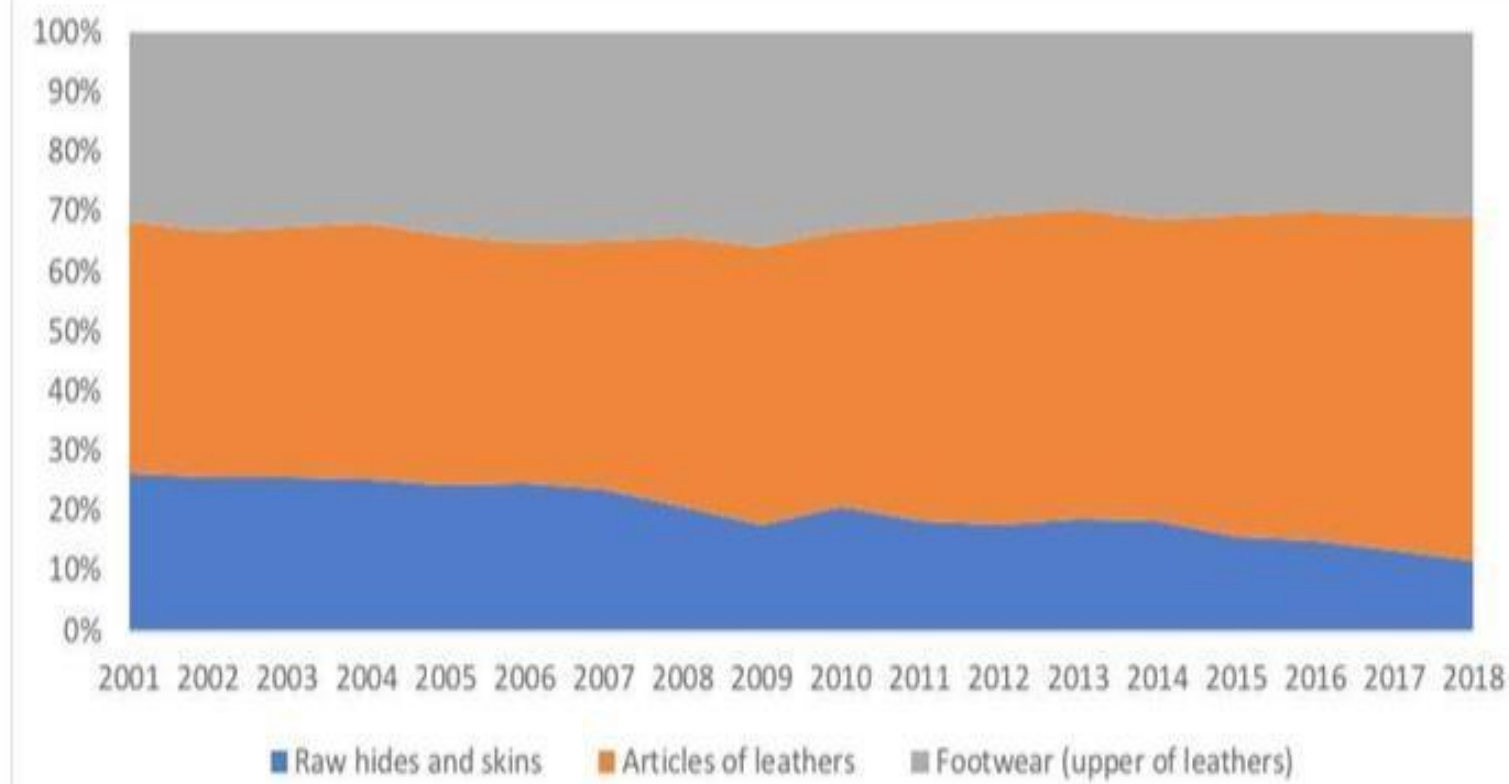

 \$28m
 Leather products exported to AGOA by Sept. 2020


 \$22m of women footwear sold in 2016, out of total \$ 36m


 \$49bn
 The value of luxury leather goods in africa in 2019


 \$61bn
 The value of luxury leather goods by 2027

GLOBAL MARKET LANDSCAPE OF LEATHER GOODS



Source: ITC calculation based on the UNITS (2020).

GLOBAL LEATHER GOODS MARKET: KEY DRIVERS AND FIGURES

KEY MARKET HIGHLIGHTS

SPECIALTY STORES

Based on distribution channel, in 2016 the specialty stores segment accounted for a market share of 51.04%.

LEATHER FOOTWEAR

The global leather footwear market was valued at **\$126.99 billion** in 2016.

MARKET IN THE AMERICAS

In 2016, the Americas registered the highest revenue of **\$83.67 million**.

- Middle East & Africa Leather Goods Market is forecasted to reach USD 21.23 billion by 2025 growing at a CAGR of 7.06% during the forecast period (2020 - 2025).

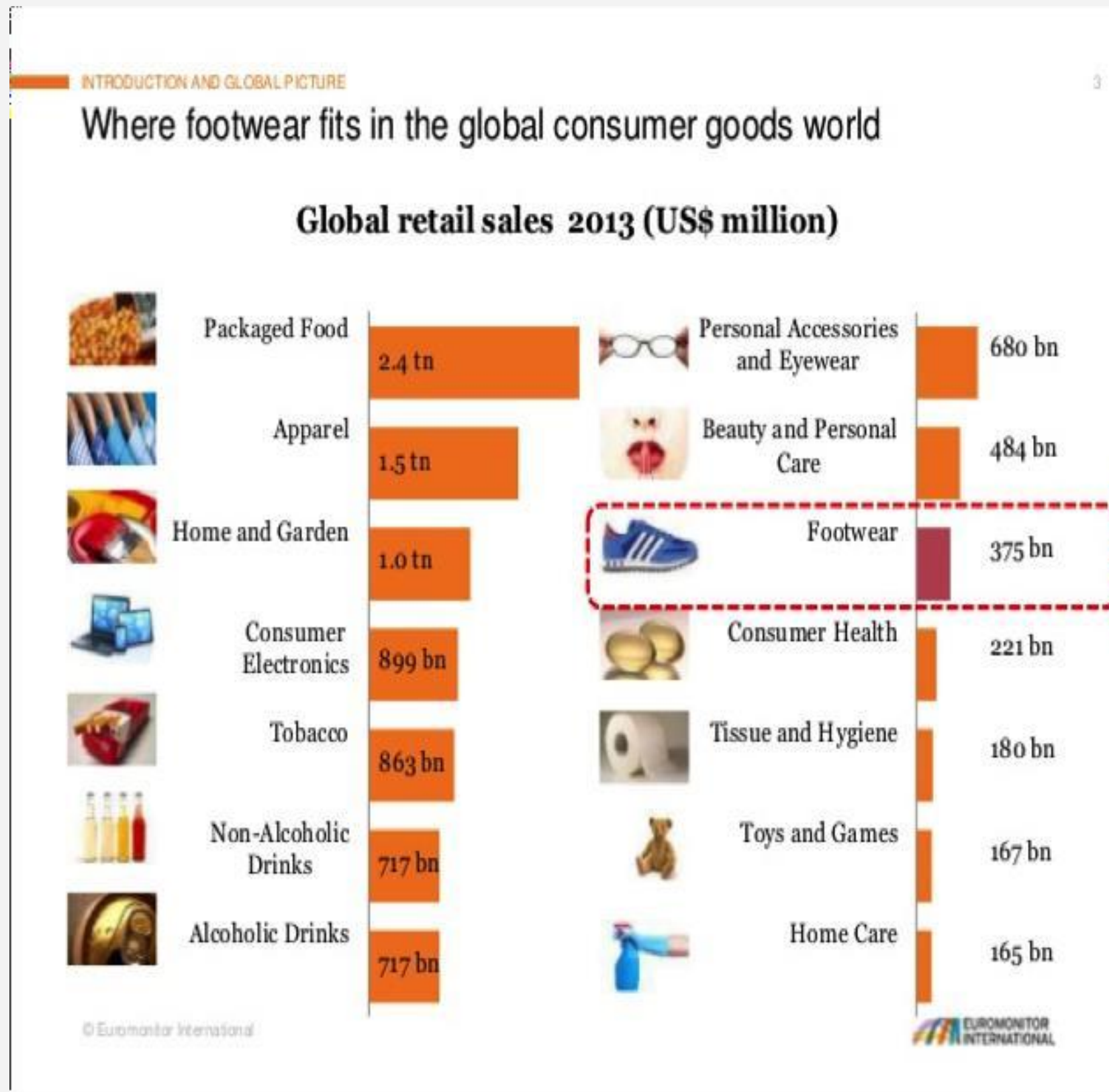
Earnings from Exports of hides and leather products in developing countries, 2001 – 2018 (%).

GLOBAL MARKET GROWTH



technavio

GLOBAL FOOTWEAR INDUSTRY



Footwear has become one of the fastest growing industries in the world. Footwear products have become a necessity as each individual must wear shoes, apparently.

Even the rural poor population today no longer walks barefoot, shoes and sandals are worn every day. Different occasions and occupations have created a demand for a diverse footwear products, from school shoes to safety boots.

The global footwear market is projected to grow by USD 75.9 billion, with annual compounded growth of 3%, with casual footwear projected to grow above 3%.

The current global market size is valued at USD 365.5 billion, and is estimated to reach USD 530.3 billion by 2027, with a CAGR of 5.5%

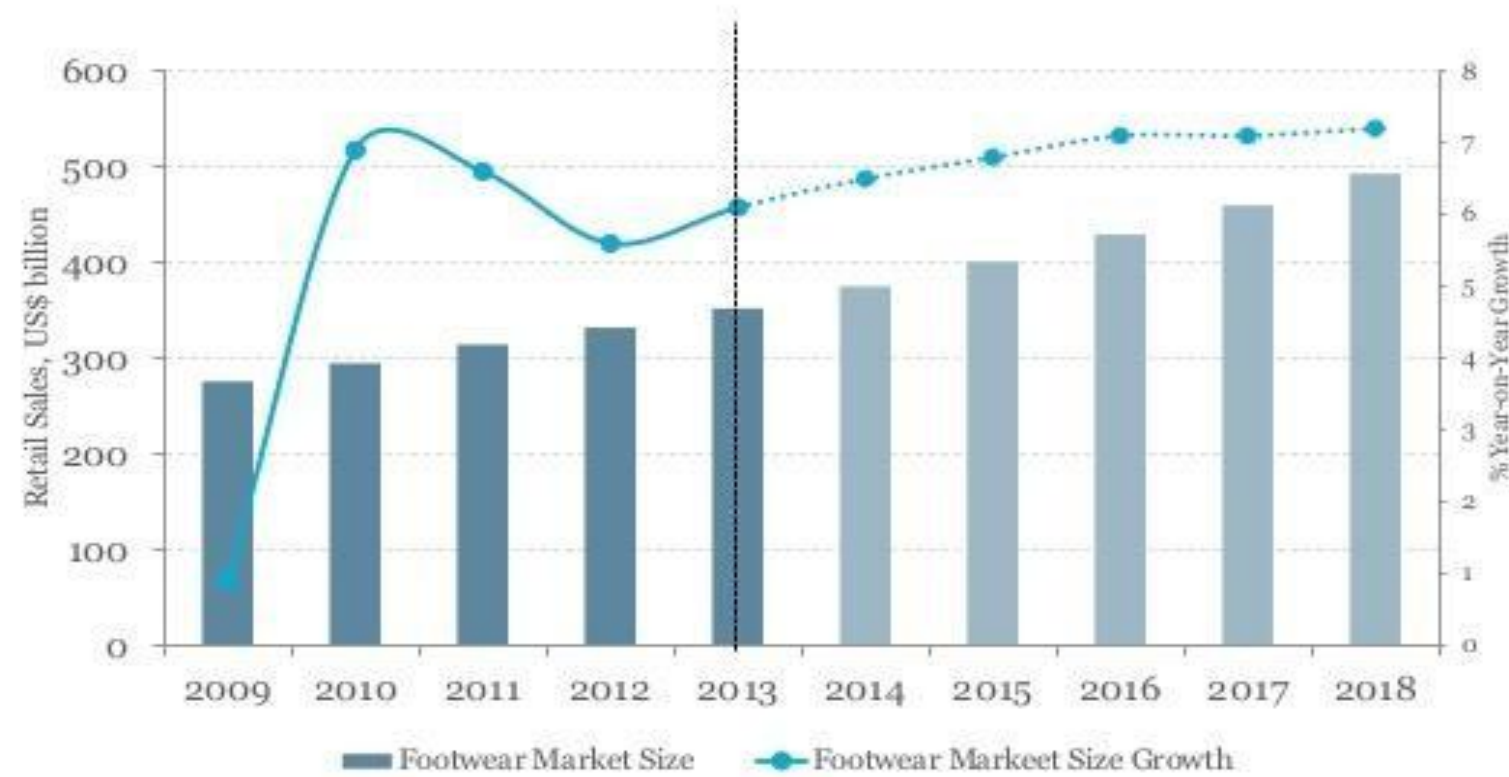
The leather segment has seen the fastest growth of all segments, achieving a CAGR of 6.3%

As global population becomes urbanized and increased internet penetration, online sales is expected to become a dominant selling and distribution channel, growing at CAGR of 8.3%. This is important for our company to capture the pie of this market

HIGHLIGHTS OF GLOBAL FOOTWEAR INDUSTRY

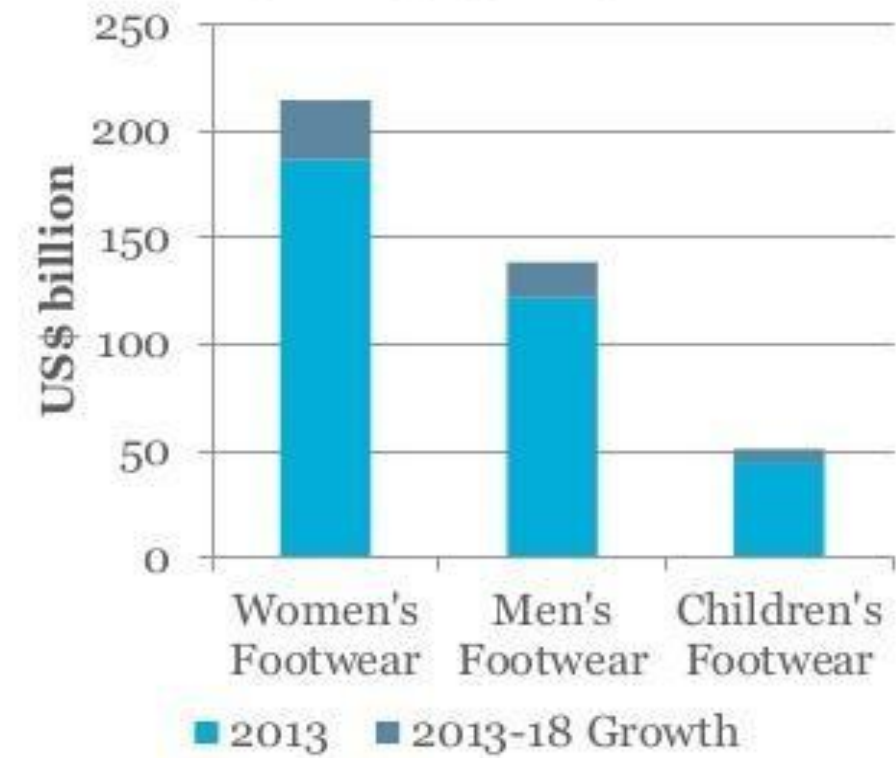
Global footwear market continues to grow

Global Footwear Market Growth 2009-2018

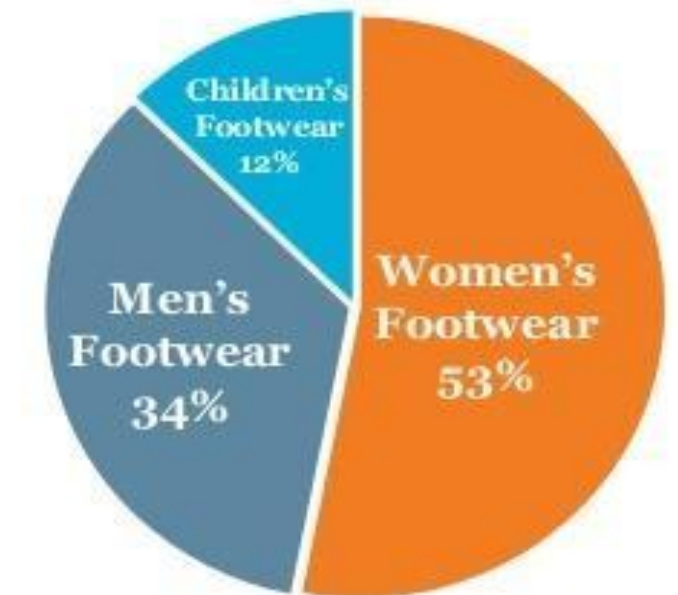


Women's footwear still dominates sales

Global Footwear Market Size by Category 2013-18



Global Footwear Market Category Shares 2013



02

COMPANY BACKGROUND



ABOUT THE COMPANY

Kilimanjaro International Leather Industries Company Ltd (KLICL) is a Joint Venture company established by the Public Service Social Security Fund (PSSSF) through ex-PPF and Tanzania Prisons Service through Prisons Corporation Sole on 26th May 2017. Establishment is in line with the implementation of the Second Five-Year Development Plan(FYDP II) aiming at ensuring that Tanzania becomes industrialized by the year 2025.

KLICL is housing Tannery, Footwear, Leather goods, slippers and shoe soles manufacturing factories as well as Training department for leather industry. The Industrial park is expected to be of its kind in Eastern and Central Africa and that could be cited as a model of modern leather industries.

KLICL intends to aggressively penetrate and win the market with strong business strategies aiming to beat competitors and increase its market share by 50% in the next five years.

The Company is located in Moshi Municipality, Kilimanjaro with the plan to extend its market and distribution footprint across the country, and across other export markets

The Company plans to build a household leather brand that can compete with major brands and have strong presence in all major retail outlets across the continent



One of the shoe products produced at our factory

OVERVIEW OF CURRENT PERFORMANCE

INVESTMENT

- The company has invested more than 50m Euros for the plant equipment and infrastructure
- The company has secured a total land of 25 acres
- Shoe production capacity of 1.2m pairs a year, with a provision to expand to 2.5m pairs
- Technology: Italian
- Share capital: TZS 70bn

FINANCIALS

The business started generating its first revenue in the financial year 2017/2018

The revenue has increased from TZS 100M in 2017/18 to TZS 1.2bn in 2018/19, before plummeting to TZS 356m in 2019/20

[More on the next page](#)

MARKET

The company has hired a fully-fledged marketing department.

The company has started selling shoe products already to a few institutional customers

The company is yet to go out with a fully-brown marketing and distribution campaign in the country

FINANCIAL HIGHLIGHTS

REVENUE

The Company revenue has grown from TZS 100M in 2017/2018 to TZS 1.2 in 2019, and declined to TZS 356m in 2019/20

PROFIT

The Company is yet to break even as it is still at investment stage, and operated with a loss in 2019/20 at more than TZS 3.7bn

01

02

TOTAL ASSETS

The company is asset-heavy due to the nature of its business. In 2019/20, the total assets of the company were valued at more than TZS 64BN

03

04

NET ASSET VALUE

The total net asset value of the company was at almost TZS 64bn, indicating its Net Book Value as at June 2020

GROSS MARGIN

The Company's gross margin in 2019/2020 was at -30%., expected to change once the business is fully operational and more products are sold to the market

OPEX

Operating expenses have also been growing extensively, from TZS 1.6bn in 2018/2019 to more than double to TZS 3.7bn, mostly driven by staff cost and loss on revaluation

05

06

LIQUIDITY

The general rule of the thumb requires a liquidity ratio of 1.5 to 2, indicating the company's ability to pay its short-term obligations. The company's ratio in 2019/2020 was 202, indicating that the company is holding too much current asset, mostly in prepayments. This is due to the fact that the construction is still in progress and this will change once the business is fully operational

07

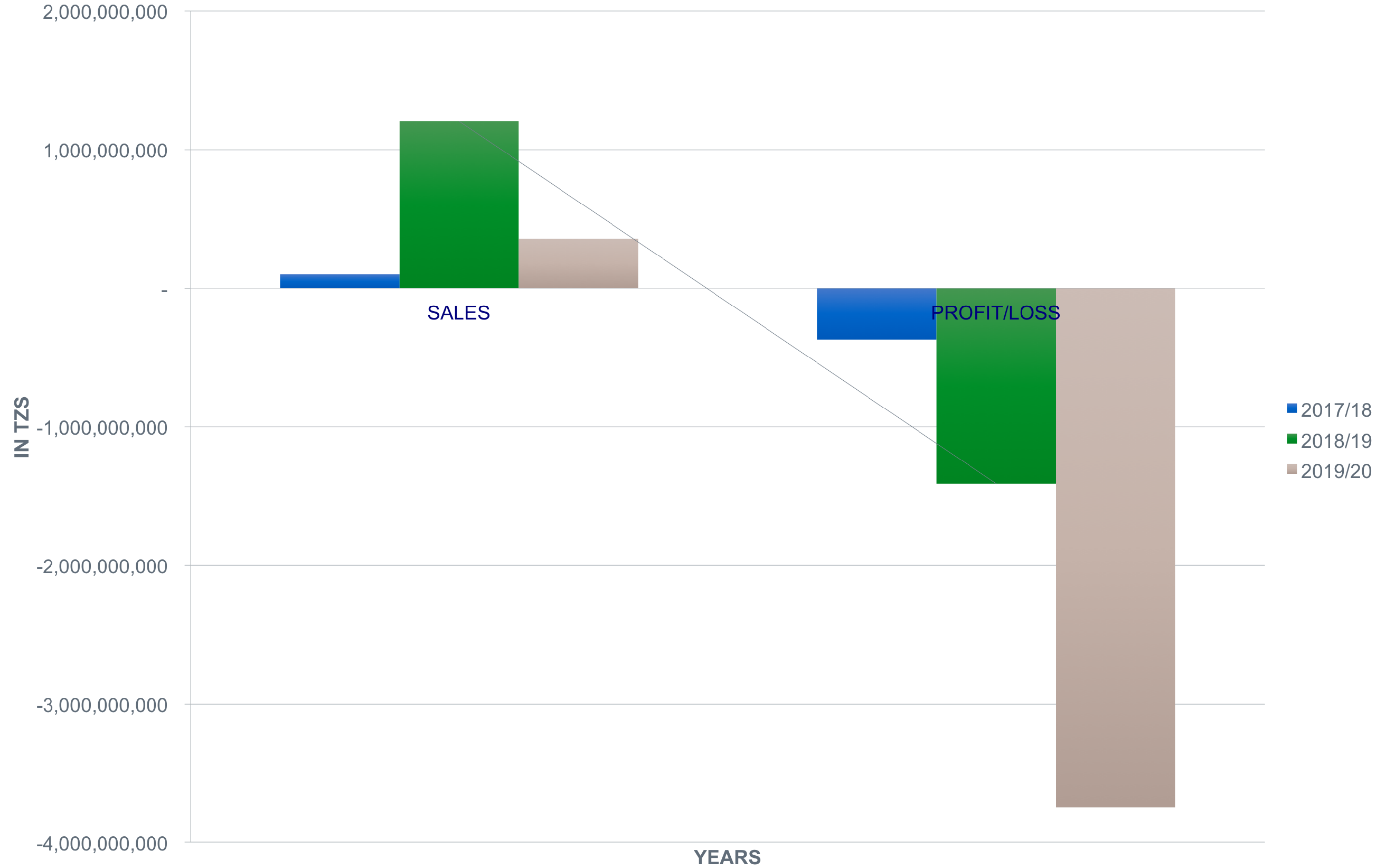
08

FREE CASH FLOW

The Company usually needs free cash flows to finance its future expansion without borrowing or further injections from shareholders. In 2019/20, it was negative, but this is expected to change once the business is fully operational

This business plan will provide more highlights on the projected financial performance of the business in the years to come

KTOP & BOTTOM LINE PERFORMANCE OVERVIEW



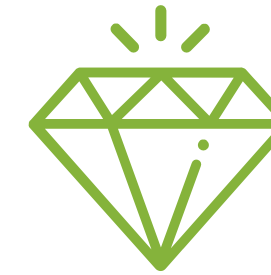
- The company has experience huge decline of sales in 2019/20
- It has also experienced a further deterioration of loss in 2019/20



KEY 3 THEMATIC AREAS FOR THE BUSINESS PLAN

The following are the proposed thematic areas that will shape and drive the focus of the business plan implementation in the next 5 years;

- Quality
- Growth
- Efficiency



QUALITY

The management must ensure that all products produced meet the competitive quality and appeal to all customer segments. The quality include durability, finishing, shape, packaging, and comfort



GROWTH

The management must ensure that the implementation of this business aids in the increase of sales, market penetration, increase market share, and distribution Footprint



EFFICIENCY

The management must ensure that staff receive necessary training to be more efficient, production process is streamlined to reduce costs, implement a digital strategy and a better profit margin and cash position are achieved

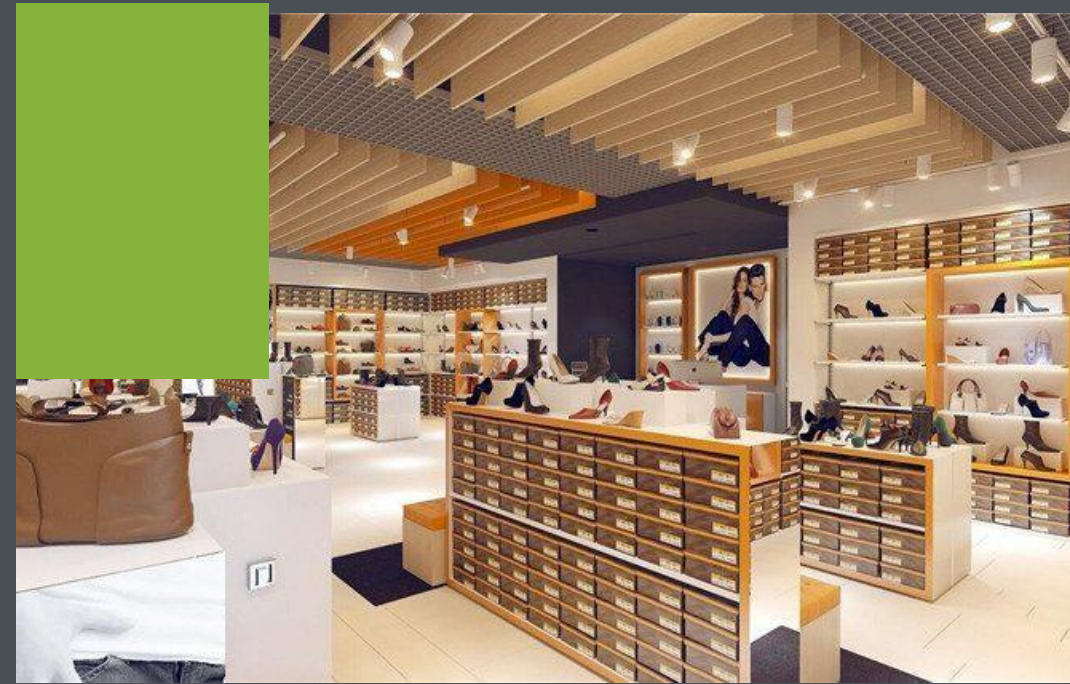
The target is to achieve a gross margin of at least 20%

THEMATIC AREAS



QUALITY

- Products that can compete with local and international brands
- Durable products
- Using high quality leather in the manufacturing process
- Having a strict quality control system



GROWTH

- Launching of own signature stores
- Physical and digital distribution
- Sales commission structure
- Local and export markets
- Lead the market share



EFFICIENCY

- Staff skills and competence
- Streamlined production process
- Strict cost control
- Digitization and automation
- Competitive profit margins

04

SWOT ANALYSIS

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START

01

1. Strong financial back-up from PSSSF
2. Strong board with diverse expertise and background
3. High-end Italian technology used
4. Prisons provide an immediate market for military boots
5. Strong management team with remarkable experience
6. Northern zone is livestock rich for sourcing raw materials
7. In-house tannery provides quality control mechanism for the raw materials

02

1. Poor market information
2. Inadequate tools for trade/working to support business operations
3. The Procurement processes not suitable for the nature of business and type of industry,
4. Unreliable sources/supply of quality raw materials
5. Lack of Company products distribution coverage
6. The Company and its products are still new in the market
7. Production capacities are limited due to some production lines have not been completely installed
8. The Company still operates at loss, which is required to change
9. Prices for our products are relatively high in the market
10. Failure to meet our projections and plan due to delayed Project implementation milestones

O

03

1. Renewed Government Commitment to support the sector
2. Extensive underutilized sector capacity to add value
3. Availability of international Cooperation to assist to develop the leathery industry
4. Open access to huge local and foreign markets
5. Low cost labor.
6. Rising labor cost in Asia/China
7. Supply deficit in the market, currently filled with importation
8. A predominant youth population that tends to keep with trends
9. Access to markets with free movement in EAC, SADC, and AfCFTA)

T

04

1. Cheap and low quality imported products from China
2. Lack of direct control with herdsman in ensuring that they supply high quality skins and hides
3. Public perception that government-owned factories cannot produce high quality products
4. Covid-19 continuing to disrupt the global supply chains and can affect some operations of the business

FINISH

PROPOSED INTERVENTIONS FOR WEAKNESSES IDENTIFIED IN SWOT ANALYSIS

| AREA OF WEAKNESS | PROPOSED INTERVENTION |
|--|--|
| Public perception that government-owned factories cannot produce high quality products | <ul style="list-style-type: none">• Producing high quality products• Appointing brand ambassadors |
| Covid-19 continuing to disrupt the global supply chains and can affect some operations of the business | <ul style="list-style-type: none">• Having a diversified source of rawmaterials |
| | |



05

PESTEL ANALYSIS

POLITICAL

03

1. Tanzania remains one of the most politically stable countries in Africa. This is important for doing business and protecting the investment
2. The government is very committed now to promote industrialization as a policy direction of the country
3. The country is still faced with policy uncertainties, which is a risk that must be factored in the future forecast of the business

ECONOMIC

04

1. Achieving a middle-income status provides huge prospects for purchasing power in the future, which is critical for our business
2. Inflation remaining at single digit and expected to remain so, provides huge prospects for long-term investment value and cost certainties
3. The official launch of African continental free trade area will be a game-changer for manufacturers, hoping Tanzania will soon ratify
4. Tanzania remains relatively a small economy, with a small middle class (below 20%), the bottom of the pyramid still offers huge growth potential for the business

SOCIAL

03

1. Tanzania population is predominantly youth, around 60%. It is important to have enough product categories for youths
2. Women are the best consumers of leather products. It is very important to have enough product categories for them. The female population in Tanzania is almost 50% (~30m)
3. The culture of show-off and influencers is growing very fast in Tanzania. It is important to use influencers and celebrity endorsements in our marketing strategy

TECHNOLOGICAL

04

1. Social media has become mainstream, and it forms a core part of the marketing strategy for any consumer-facing business
2. The increased penetration of internet and mobile money technology reduce the cost of growing distribution and last mile distribution in the country
3. E-commerce penetration is still very low, but offers huge prospects for consumer products. It must be part and parcel of our distribution strategy

ENVIRONMENTAL

03

1. The growing concerns on climate change requires the focus shift to using more renewable energy at the factory
2. The poor treatment of factory waste can risk the factory closure by NEMC. It is very important to ensure that waste management is efficient
3. It is also important to consider the packaging of our products to be very environmentally friendly

LEGAL

04

1. The non-compliance of country's legal and regulatory framework is a big risk in doing business in Tanzania today. It is important to observe all compliance requirements
2. Various government agencies such as OSHA and NEMC continue to conduct frequent site visits, and at times un-announced
3. Compliance to tax payment is of paramount importance in business environment today.



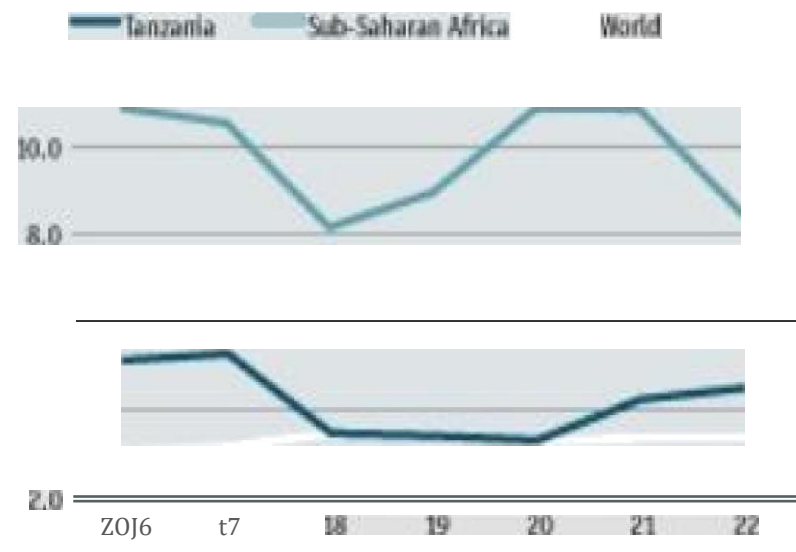
Annual trends charts

Real GDP growth



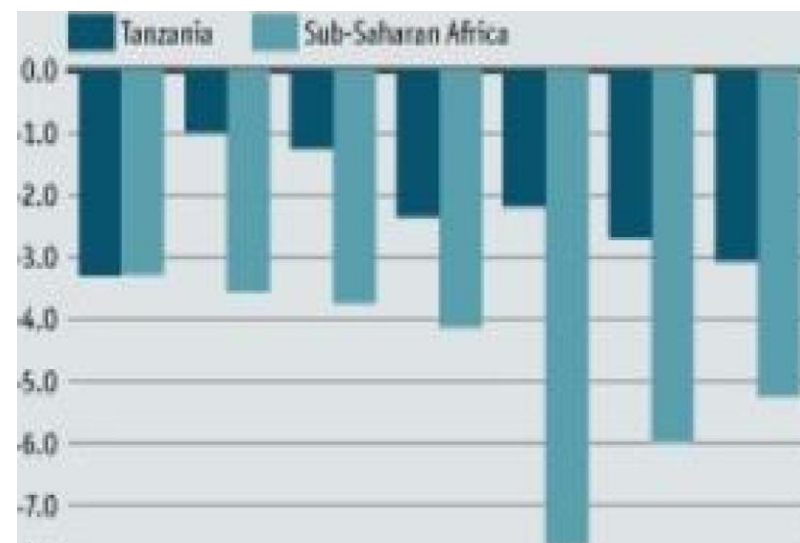
Source: The Economist Intelligence Unit

Consumer price inflation



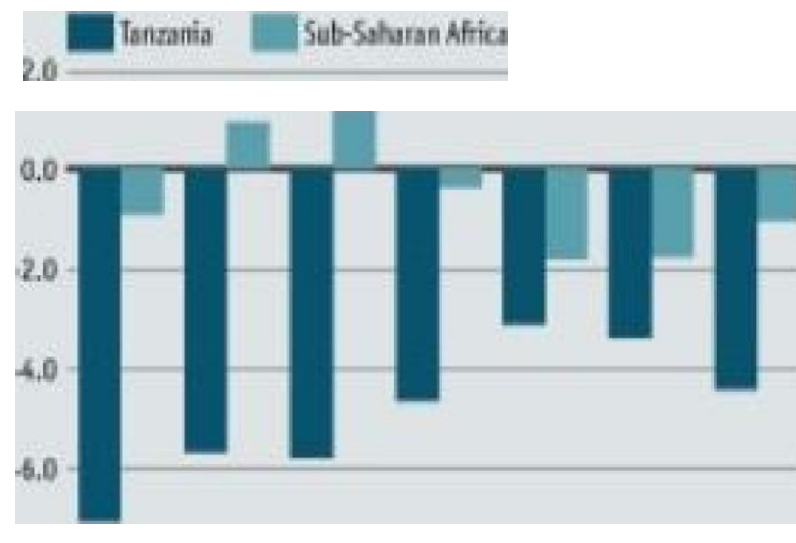
Source: The Economist Intelligence Unit

Budget balance (% of GDP)



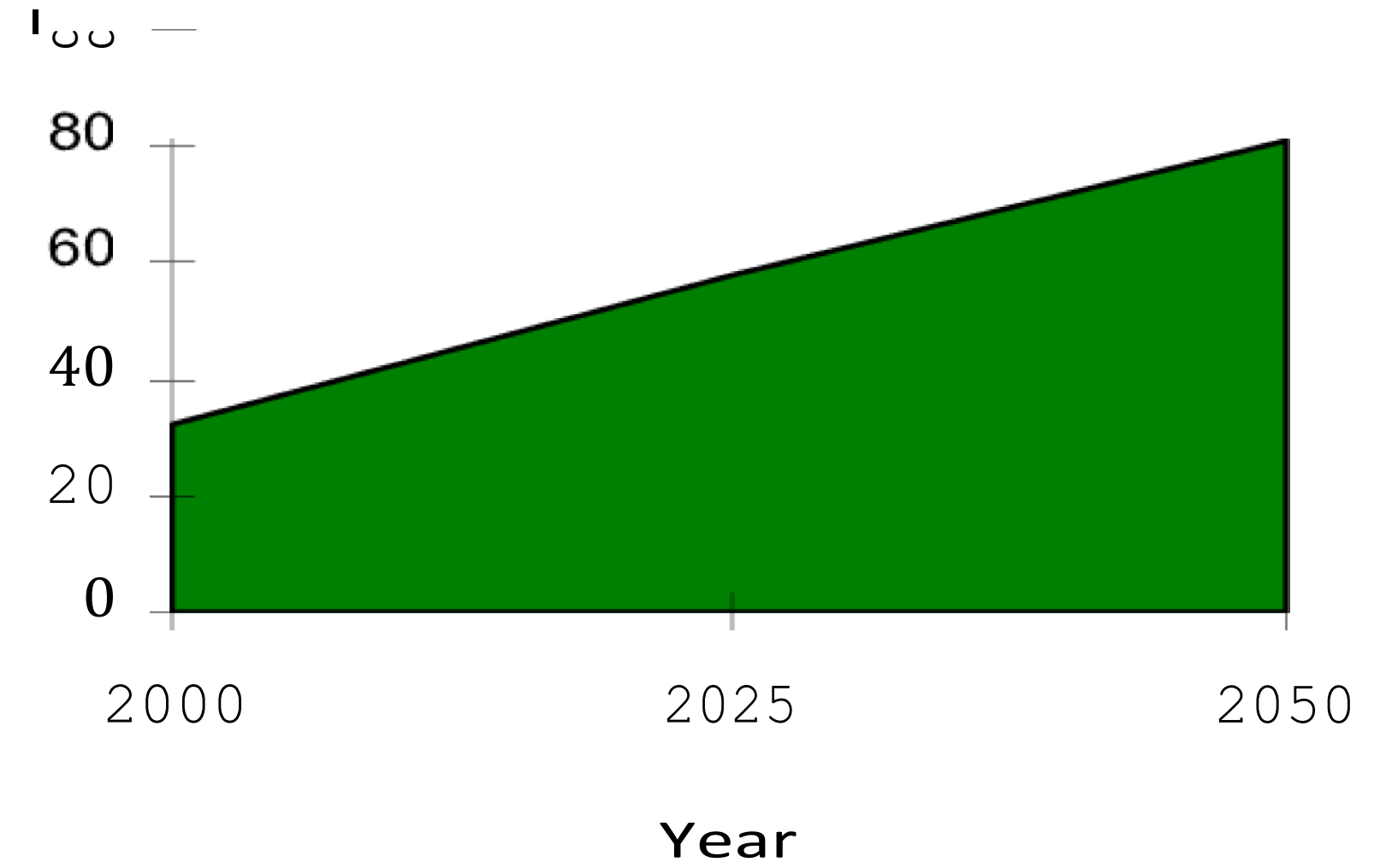
Source: The Economist Intelligence Unit

Budget balance (% of GDP)



Source: The Economist Intelligence Unit

Population (million)



06

LEATHER INDUSTRY IN TANZANIA

INDUSTRY OVERVIEW

01

SIZE

- The estimated market size of leather industry in Tanzania is pegged on country's population at more than 50m, as each individual requires to wear shoes

02

TREND

Despite footwear remaining the dominant product, accounting for 55% of the industry, other leather products and items are increasingly becoming popular. These include bags, belts, wallets and seat covers

03

KEY PLAYERS

- The leather industry in Tanzania involves different players across its value chain
- The dominant players are livestock keepers, traders and exporters. Manufacturers as value-adding players are still few, providing a huge opportunity for new players

04

OPPORTUNITY

- Between 2010-2017, imports of leather products increased by 24.7%, reflecting increased demand
- TZ imported more than 8600 leather articles, footwear, and worn footwear

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MARKET GAP

- High quality leather products are still imported, indicating the lack of local manufacturers with matching quality
- Exports of raw hides & skins has been decreasing, and the government has taken serious measures to further suppress that

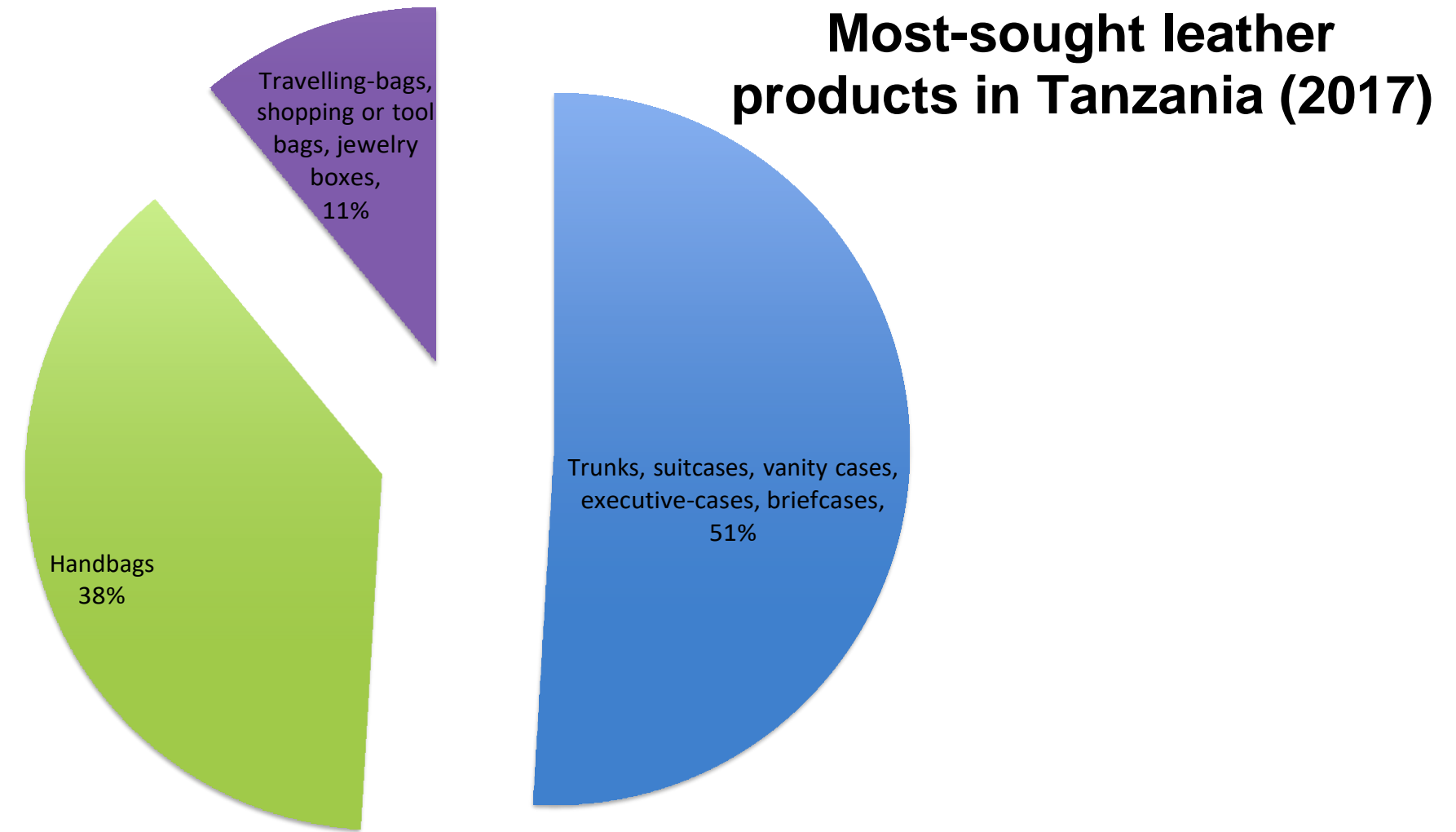
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POTENTIAL RISKS

- Tanzania still struggles with potential cheap and imported leather products
- Low quality of sourced skin and hides from informal livestock keepers

MOST SOUGHT LEATHER PRODUCTS IN TANZANIA

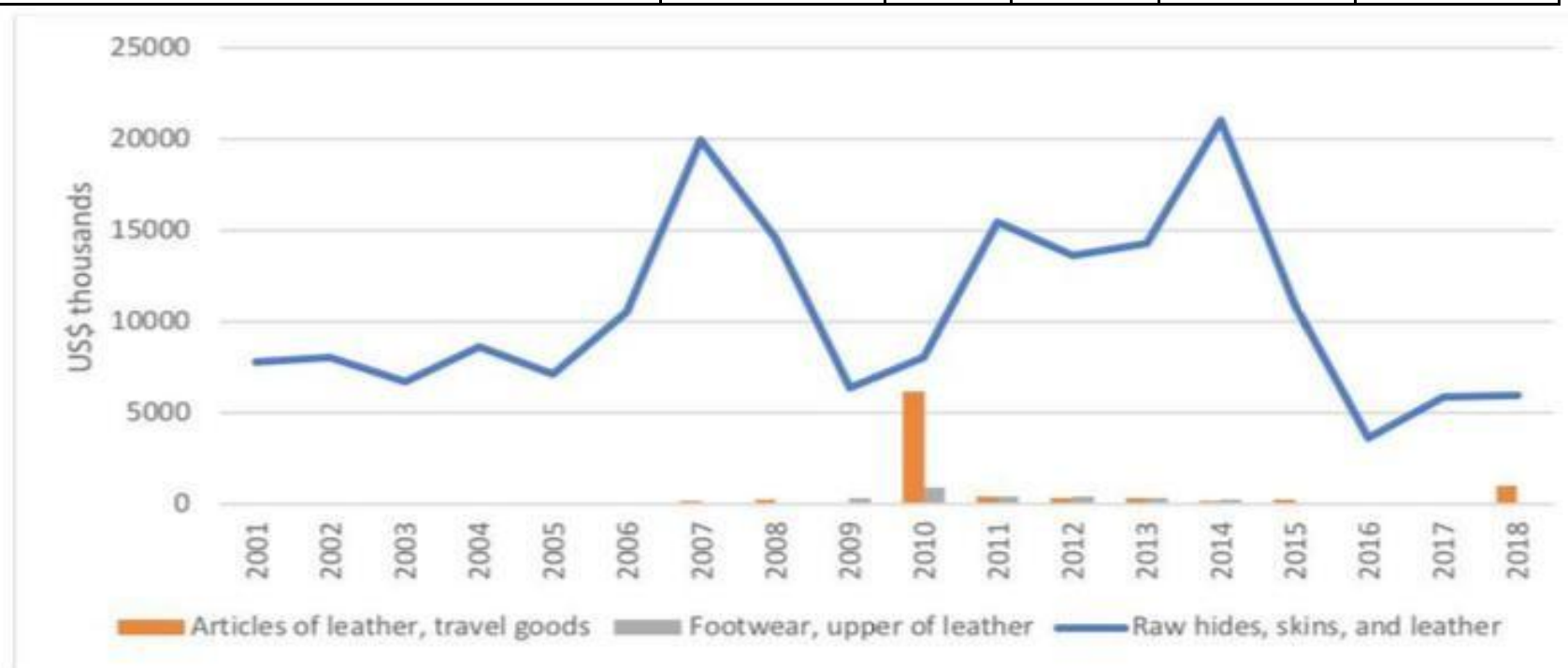
| Products | Imported value (000 USD) | | | | |
|---|--------------------------|-------|-------|-------|-------|
| | 2013 | 2014 | 2015 | 2016 | 2017 |
| Trunks, suitcases, vanity cases, executive-cases, briefcases, school satchels and similar containers, | 3,641 | 4,460 | 3,105 | 3,080 | 4,061 |
| Handbags | 1,530 | 2,210 | 1,643 | 2,933 | 3,036 |
| Travelling-bags, shopping or tool bags, jewelry boxes, cutlery cases and similar, | 1,022 | 971 | 7,252 | 726 | 874 |



EXPORT OF RAW HIDES AND SKINS

Export of raw hides and skins has been decreasing, from its peak \$21m in 2014 and began its decline in 2014 to 2017

The price has also been declining from more than \$100 in 2010 to below \$40 in Q2-2020



Source: ITC calculation based on the UNITS (2020).

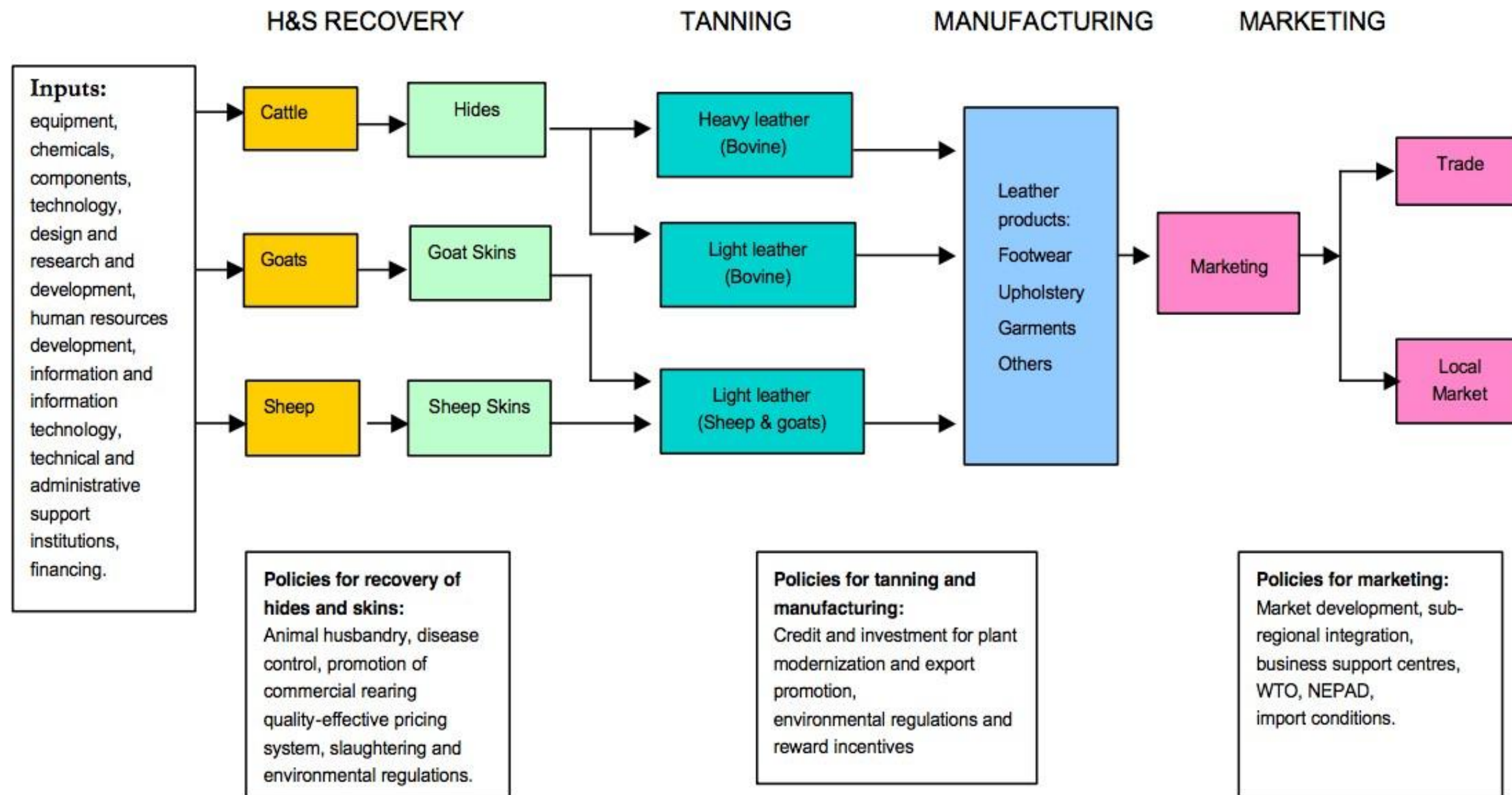
ESTIMATED MARKET SIZE FOR LEATHER PRODUCTS IN TANZANIA AND EAC

1. The market size in Tanzania is estimated to reach 60m by 2025
2. Kenya provides the second largest market opportunity in EAC

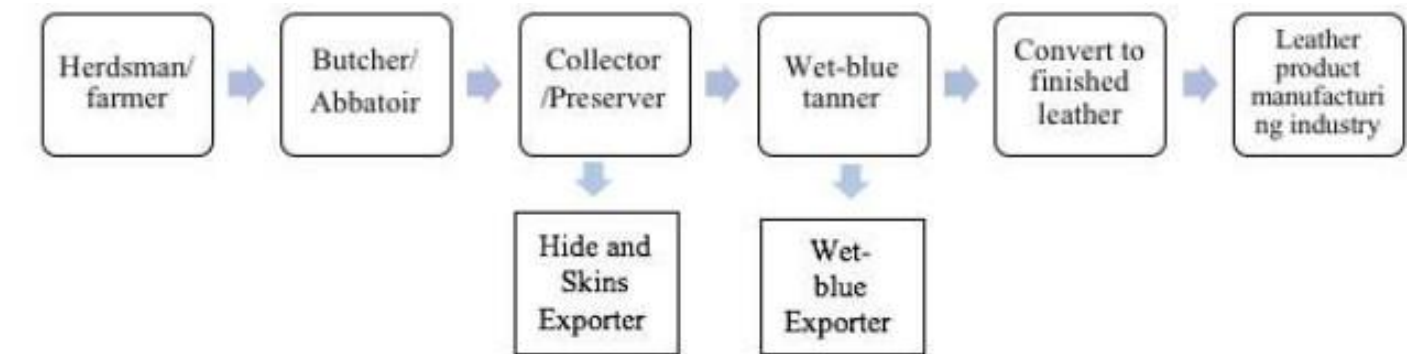
| Country | Population | Growth | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|--------------------------|--------------|--------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Tanzania | 49.25 | 2.50% | 50.48 | 51.74 | 53.04 | 54.36 | 55.72 | 57.11 |
| Kenya | 44.35 | 2.70% | 45.55 | 46.78 | 48.04 | 49.34 | 50.67 | 52.04 |
| Uganda | 37.54 | 3.20% | 38.74 | 39.98 | 41.26 | 42.58 | 43.94 | 45.35 |
| Rwanda | 12.2 | 2.70% | 12.53 | 12.87 | 13.22 | 13.57 | 13.94 | 14.31 |
| Burundi | 10.16 | 3.10% | 10.47 | 10.8 | 11.13 | 11.48 | 11.84 | 12.2 |
| Total East Africa | 153.5 | 2.80% | 157.86 | 162.34 | 166.95 | 171.69 | 176.57 | 181.59 |

LEATHER VALUE CHAIN IN TANZANIA

THE LEATHER VALUE CHAIN IN AFRICA



THE LEATHER VALUE CHAIN IN TANZANIA



Source: International Growth Centre (2012) and ITC (2004).

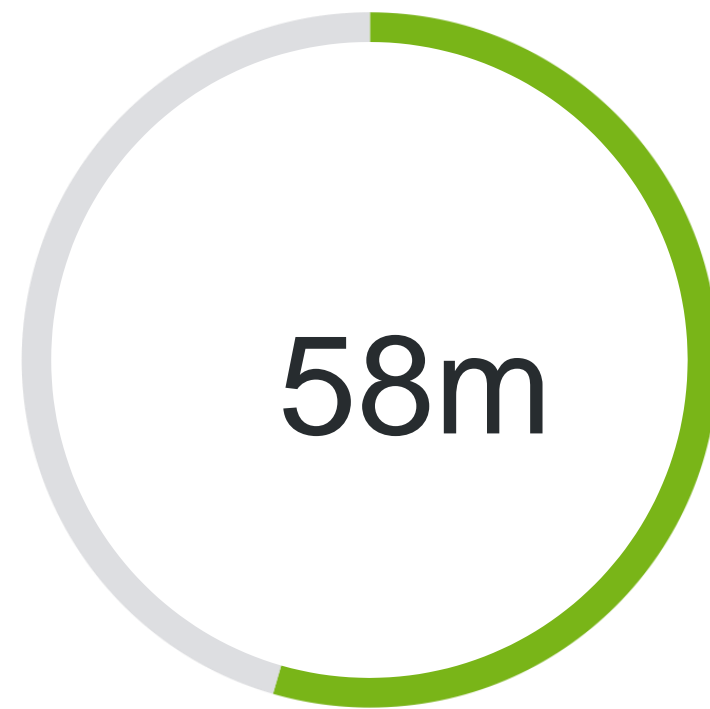
KEY HINTS

- The value chain in Tanzania is relatively broken, this requires to have a complete visibility from a herdsman
- Getting better hides and skins for manufacturing will require a close collaboration with herdsman and supporting them in adopting better practices. This can be done through training, extension services, etc.

07

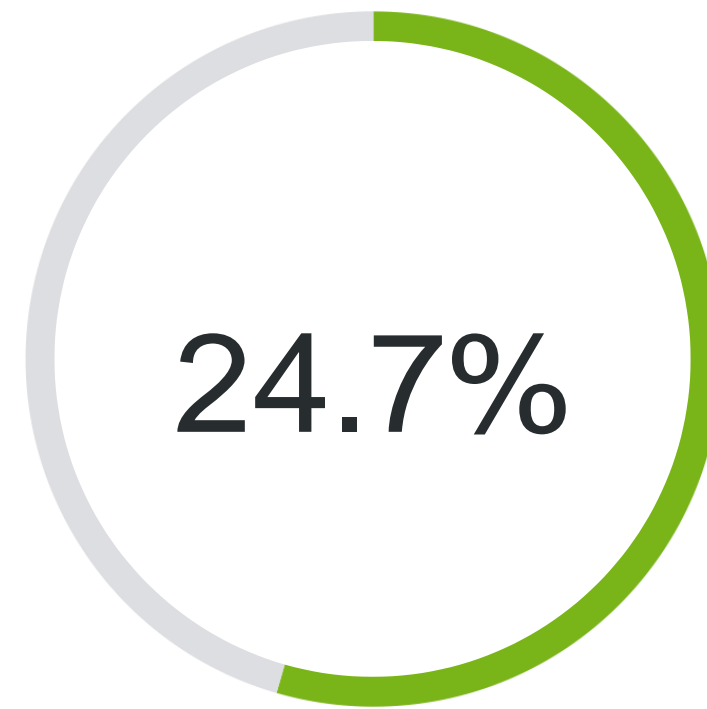
MARKET SIZE & OPPORTUNITY

THE MARKET SIZE & OPPORTUNITY CAN BE DISSECTED IN THE FOLLOWING GROUPS



TANZANIA POPULATION

It is assumed that every Tanzanian needs at least a shoe pair. This is from babies to the oldest. The population in Tanzania is projected to reach 65m by 2025, which opens up even more bigger market opportunity.



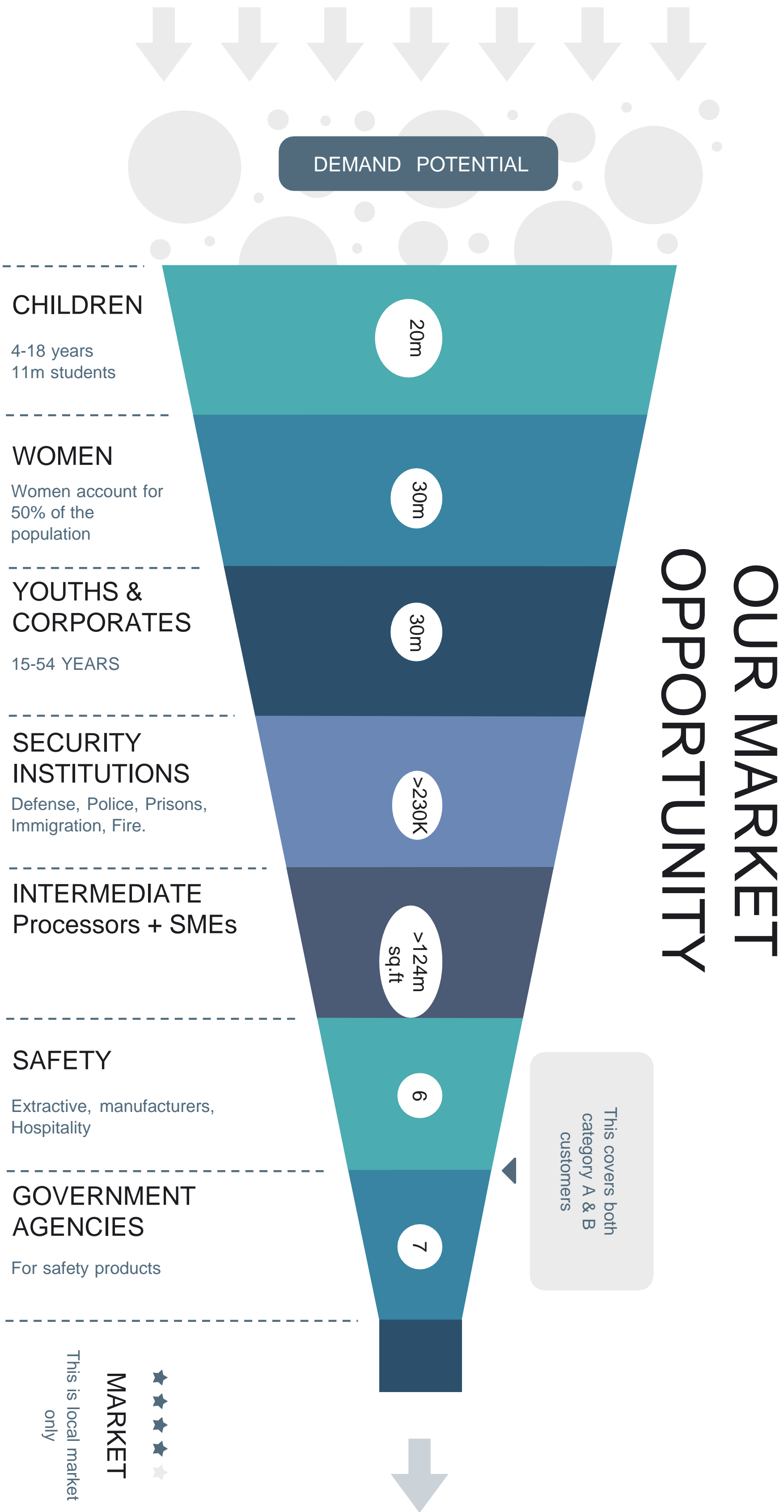
IMPORTATION OF LEATHER PRODUCTS

Tanzania imports significant volumes of leather products, with Cumulative Average Growth Rate (CAGR) jumped from 14% between 2005 and 2009 to 24.7% between 2010 and 2017. This trend reflects an increased demand for such products in the country.



DEMAND OF FOOTWEAR

Tanzania's demand for finished footwear is estimated at 49 million pairs with effective demand of approximately 14.4 million pairs.



08

BUSINESS MODEL CANVAS

Business Model Canvas

Designed for:

Kilimanjaro Leather

Designed by:

Salum Awadh

Date:

April 2021

Version:

1.0

Key Partners

Who are our Key Partners?

- E-commerce platforms
- Technology providers
- Local community
- Distribution agents

Who are our key suppliers?

- Herdsmen/Livestock keepers
- Small scale processors
- Suppliers of ingredients and finishing materials

Which Key Resources are we acquiring from partners?

- **Tech upgrade**
- **Online customers**
- **Distribution footprint**

MOTIVATIONS FOR PARTNERSHIPS:

- Optimization
Reduction of risk and uncertainty,
Acquisition of particular resources and activities

Key Activities

What Key Activities do our Value Propositions require?

- Production of quality products
- Production efficiency to lower prices

Our Distribution Channels?

- Own shops
- Online
- Agents

Key Resources

What Key Resources do our Value Propositions require?

- Technology /patents
- Qualified manpower
- Adequate financing
- Reliable and cheaper power supply

Value Propositions

What value do we deliver to the customer?

•Durable, trendy, and affordable
Which one customer's problems are we helping to solve?

- Durability
- Affordability
- Fashionable

What bundles of products and services are we offering to each Customer Segment?

- Students – shoes & bags
- Women – shoes, bags, leather jackets, articles
- Men – shoes, bags, leather jackets, articles
- Security organs – shoes, bags
- Exports and other processors –proceeds hides & skins

Customer Relationships

What type of relationship does each of our Customer Segments expect us to establish and maintain with them?

- Product returns
- Complaints handling
- Special discounts for bulky orders
- Timely delivery of orders

Channels

Through which Channels do our Customer Segments want to be reached?

Customers now prefer various channels include;

- Web
- SMS
- Mobile app
- Call Centre
- Social media

Customer Segments

- Mass Market – Shoes, Children/students
- Women & Men
- Youths
- Government agencies
- Corporates (Manufactures, extractive, hospitality)

A further breakdown is indicated in the current Sales and Marketing strategy document

Cost Structure

What are the most important costs inherent in our business model? – Raw materials, labour, utilities, finishing materials

For Cost-Driven products - promote leanest cost structure, low price value proposition, maximum automation, extensive outsourcing

For-Value Driven product - focused on value creation, premium value proposition

COST STRUCTURE: Fixed Costs (salaries, rents, utilities), Variable costs (Raw materials, direct labour, finishing materials)

Important to use Economies of Scale to manage and lower these costs

Revenue Streams

1. B2C product sales
2. B2B products sales
3. B2G product sales
4. B2B processed leather sales

09

VISION, MISSION, MARKETING STRATEGY

VISION STATEMENT

To be a producer and market leader in leather and related products

MISSION STATEMENT

To produce, distribute and sale quality leather, sole and leather products at a reasonable and competitive price using quality raw materials, modern technology, qualified personnel and highest degree of customer service.

Slogan

Ngozi Zetu , Bidhaa Zetu



Core Values

Core values, culture establish beliefs and principles that will guide employees to perform their work that aims to achieve vision of the Company

GENERAL COMPANY'S OBJECTIVES

Once the installation is 100% complete, the company plans to achieve the following objectives;

1. To process semi-finished leather (wet blue) 13,000,000 Sq. ft. per annum
2. To process Crust finished and finished leather 8,000,000 Sq. ft. per annum
3. To manufacture 1, 200,000 pairs of different types of shoes per annum.
4. To manufacture 800,000 pairs of Slippers per annum
5. To manufacture 2,100,000 pairs of soles for footwear per annum.
6. To manufacture 184,000 leather articles per annum.



5-YEAR SMART BUSINESS OBJECTIVES

01

PRODUCTION

To produce a total of more than a million pairs of school uniforms, gents and ladies' shoes in 2021/2022

02

MARKET SHARE

To grow our market share to 10% of leather products in Tanzania by 5th year of this plan

03

DISTRIBUTION

To use multiple distribution channel growing to 10 own shops and 250 third party retailers in 5 years. Initially selling 35% and 65% of all products through retail and wholesale channels respectively

04

PROFITABILITY

Turning the business into profitability by June 2022, if the business plan is executed as proposed

05

GROWTH

Growing revenue from TZS 37bn in 2021/22 to TZS 62bn by the end of 2025/26

06

EFFICIENCY

Controlling the costs to achieve EBITDA margin of above 10% with net margin of more than 5% from 2022/2023

5-YEAR MARKETING OBJECTIVES

1. To build brand awareness, equity, loyalty and improve market share to 10% of the total market
2. To expand distribution coverage National wide and explore opportunities for external market.
3. To sell quality & standardized products as per market needs and achieve customer loyalty by at least 50%
4. To achieve annual sales volume as specified below:
 - Attain not less than 90% of the total sales target
 - Sales volume of at least 600,000 pairs of shoe categories targeted for the next five years
 - Attain a sales volume of 1,200,000 pairs of soles when all machinery is installed
 - Achieve a sales volume of 184,000 leather articles once all machinery is installed
 - Selling up to 25% of all products to the export markets by 5th year





MARKETING STRATEGY – 7Ps



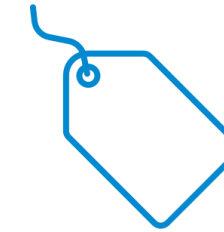
MARKETING MIX 7PS



Marketing Mix 7Ps



PRICE



We will use a diversified pricing strategy to ensure that we remain competitive but at the same time reflective of the target market purchasing power

We will deploy the following pricing strategies in the next 5 years

- Pricing for market penetration – This will be used for products that can face fierce competition to enter the market - *Footwear*
- Bundle pricing – This will be used for such products that can be bundled, especially the ones to be sold online, mix of slow and fast-moving products, and for retailers – *Leather articles*
- Premium pricing – This will be used for high-end products targeting high-end niche market – *Bags, Shoes*
- Economy pricing – This will be used for “bottom of the pyramid” consumers who are price-sensitive – *Footwear, slippers*

Marketing Mix 7Ps



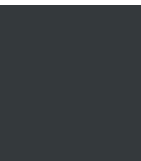
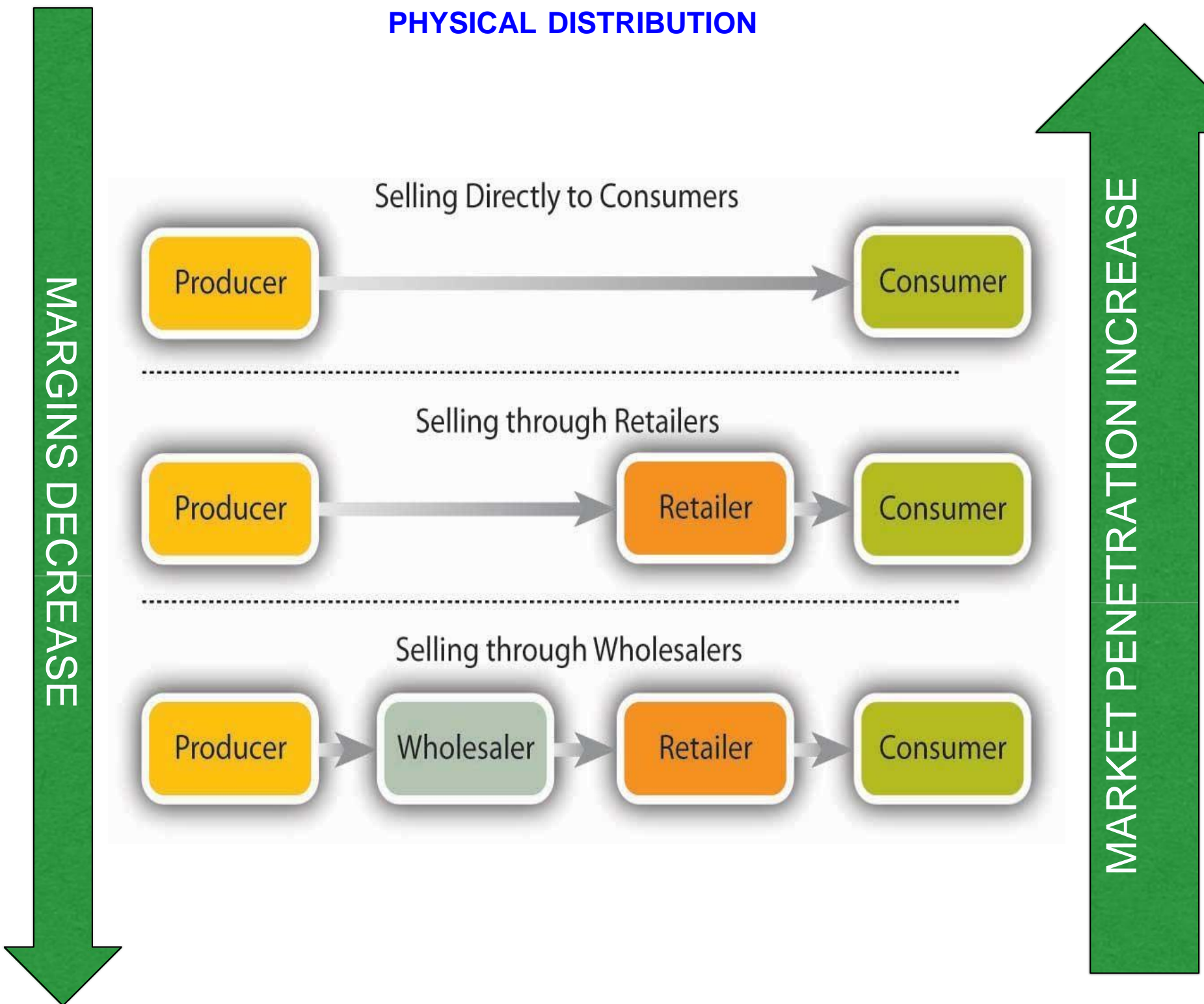
PROCESS



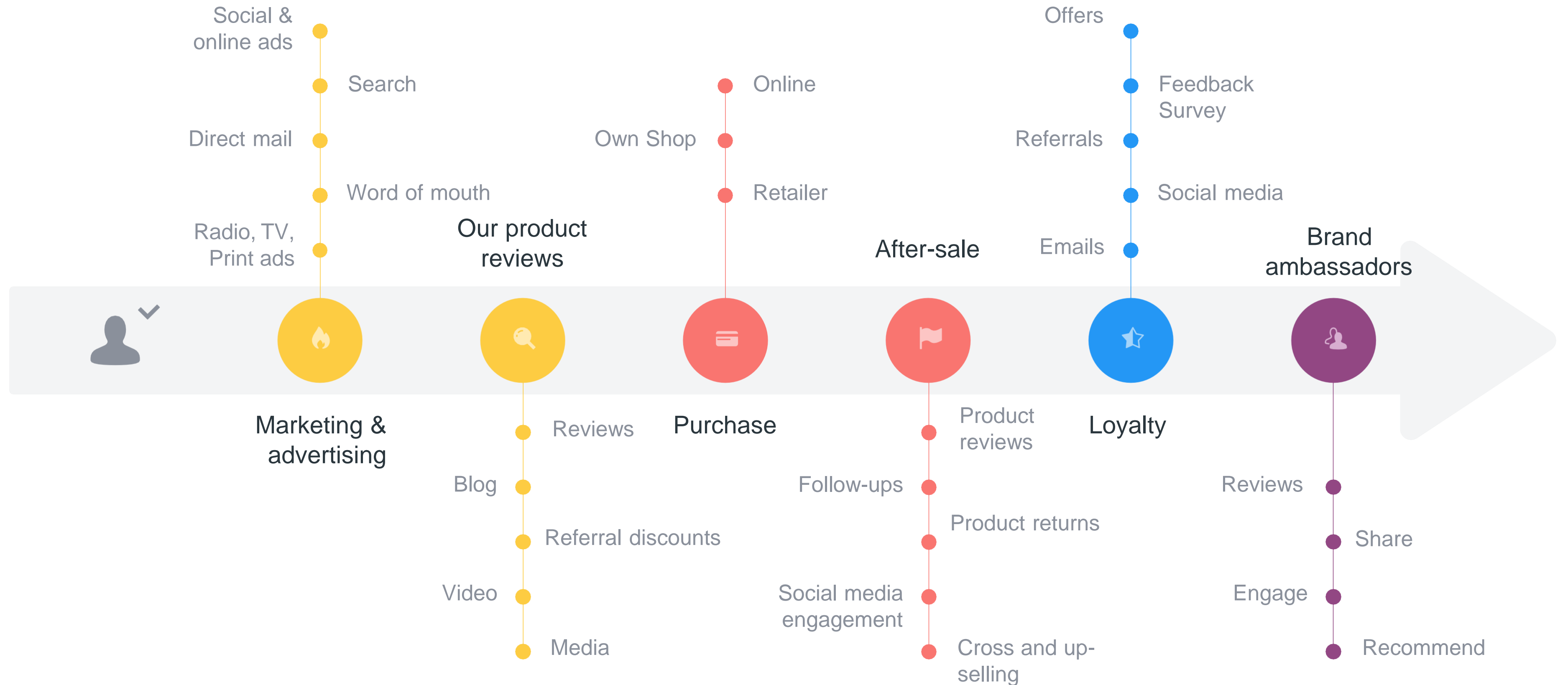
We shall use three different approaches in selling our products, as indicated below

- Direct to consumer – This will be done through our own stores and through our online store. This generates higher margins
- Through retailers – This will be done by selling to retailers, who will sell to consumers
- Distribution agents/wholesalers – This will be done in market areas where selling to retailers will be less economical

OUR PROCESS/CHANNELS



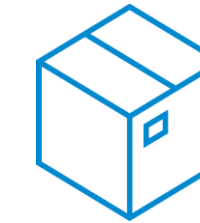
This will be our Customer Journey



Marketing Mix 7Ps - Product



PRODUCT



We will sell a diverse of products to reach different segments of the market

The marketing team will continue to monitor these products by their group categories.

The main group categories cover the following market segments

- Mass market – **Footwear, slippers**
- High-end/premium – **Bags, leather articles**
- Specialized market – **Military, industrial, etc.**
- Intermediate market – **Leather processors**

PRODUCT MAPPING vs. OUR MARKET SEGMENTS



INTERMEDIATE

- CUSTOMERS - Processors
- MARGIN - LOW
- CHANNEL - Direct
- PRODUCTS: Leather

HIGH-END

- CUSTOMERS – Women, Men (Middle & High income)
- MARGIN: High.
- CHANNEL – Direct, Retailer
- PRODUCTS: Shoes, bags, Garments, Sports

MASS MARKET

- CUSTOMERS – General market
- MARGIN - Low
- CHANNEL – All channels
- PRODUCTS – Shoes, garments, articles

SPECIALIZED

- CUSTOMERS – Security organs, mining, hospitality, etc.
- MARGIN – Low & high margin products
- CHANNEL - Direct
- PRODUCTS – Shoes, Safety

LIST OF PRODUCTS

LEATHER

| | Item | Unity |
|---|------------------|--------|
| 1 | Wet Blue | Sq. ft |
| 2 | Crust Leather | Sq. ft |
| 3 | Finished Leather | Sq. ft |

SOLES

| | Item | Unity |
|---|-----------------------------|-------|
| 1 | Children/school shoes soles | pair |
| 2 | Ladies' shoes soles | pair |
| 3 | Gents' shoes soles | pair |
| 4 | Military boots soles | pair |
| 5 | Safety boots soles | pair |
| 6 | Slippers soles | pair |

FOOTWEAR

| | Item | Unity |
|---|-----------------------|-------|
| 1 | Children/school shoes | pair |
| 2 | Ladies' shoes | pair |
| 3 | Gents' shoes | pair |
| 4 | Military boots | pair |
| 5 | Safety boots | pair |
| 6 | Slippers | pair |

LEATHER ARTICLES

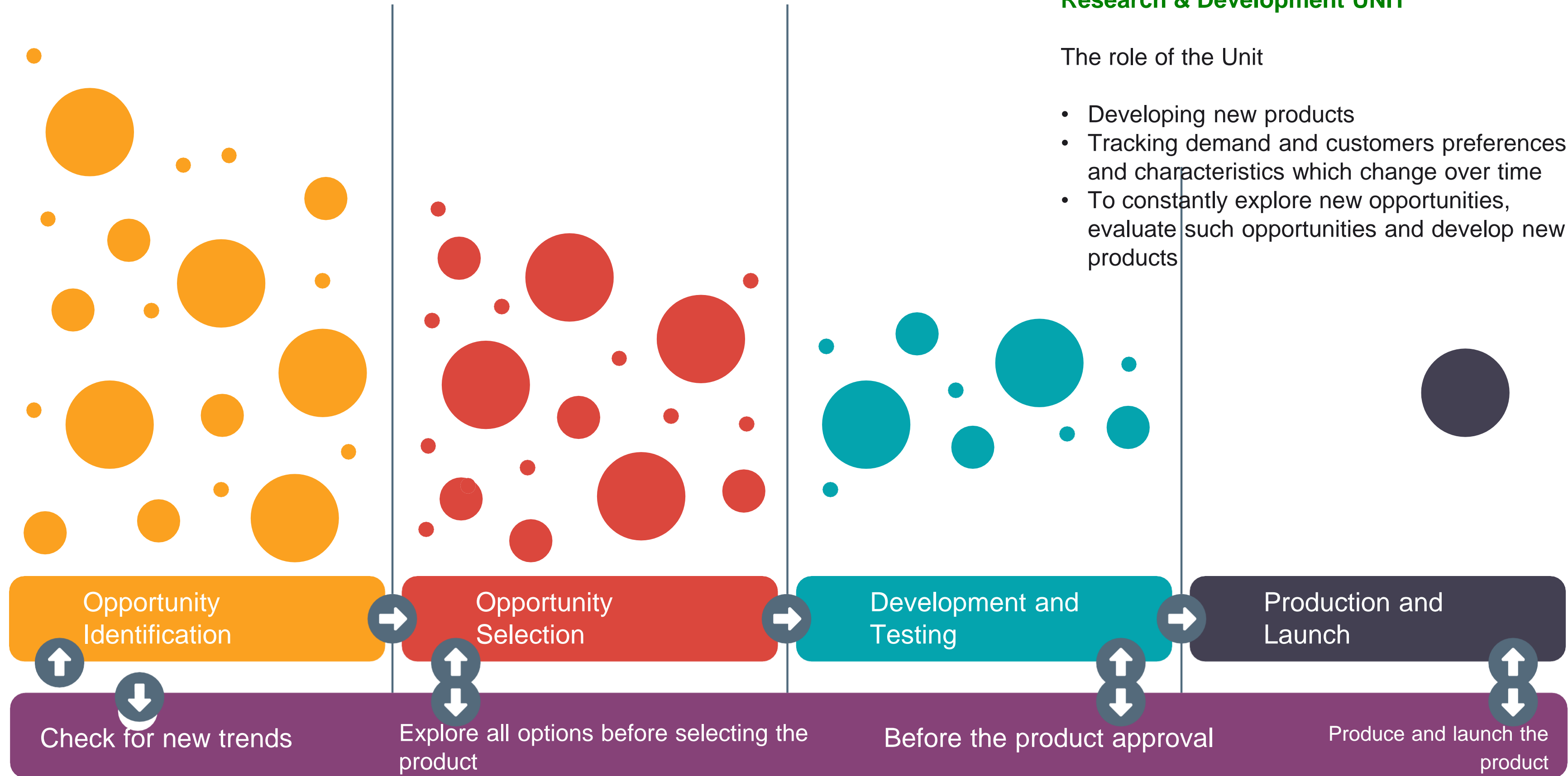
| | Item | Unity |
|---|--------------------------|-------|
| 1 | Belts | Pcs |
| 2 | Ladies Bags | Pcs |
| 3 | Gents Bags | Pcs |
| 4 | Sports/travelling g Bags | Pcs |
| 5 | Small articles | Pcs |
| | | |



Research & Development UNIT

The role of the Unit

- Developing new products
- Tracking demand and customers preferences and characteristics which change over time
- To constantly explore new opportunities, evaluate such opportunities and develop new products



Marketing Mix 7Ps



PEOPLE

It is very important to hire and retain best talents in order to win more in the market

Company's growth requires right people, placed in the right place, and given the right tools.

In order to motivate sales and marketing people, the following strategies will be explored

- Sales commission – for direct sales force
- Bonuses – for sales staff
- Work flexibility – Sales people to spend more time in the field

Marketing Mix 7Ps



PLACE

The success of the business will also largely depend on the efficiency of our distribution system.

Using multiple distribution channels is critical in ensuring that products reach the market quickly but also cost-effectively. The following distribution channels will be used;

- Own retail outlets
- Online /e-commerce platform
- Wholesale/distribution agents
- Retailers

OUR 5-YEAR DISTRIBUTION KPIs (Root to Market)



Marketing Mix 7Ps – Physical Evidence



PHYSICAL EVIDENCE

Customers tend to trust the product or service even before they make a purchase.

It is important to ensure that all our customer touch points provide trust to our customers.

Our focus will be on four elements;

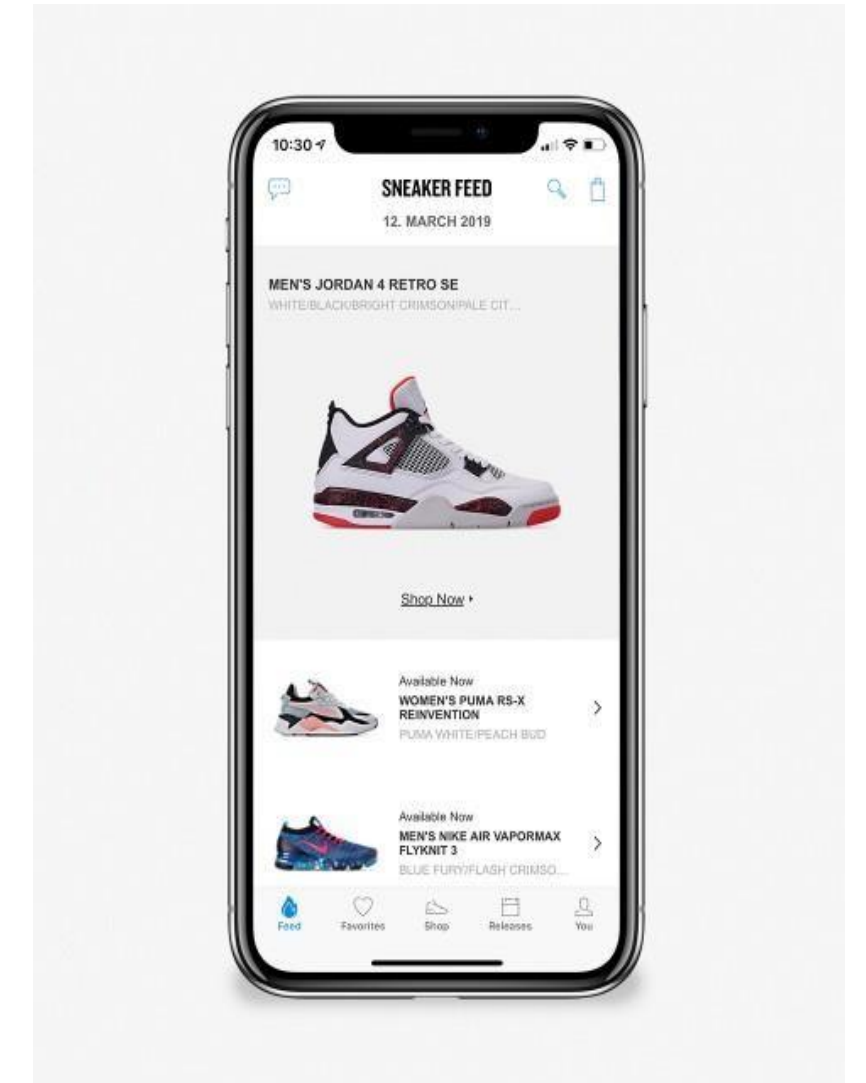
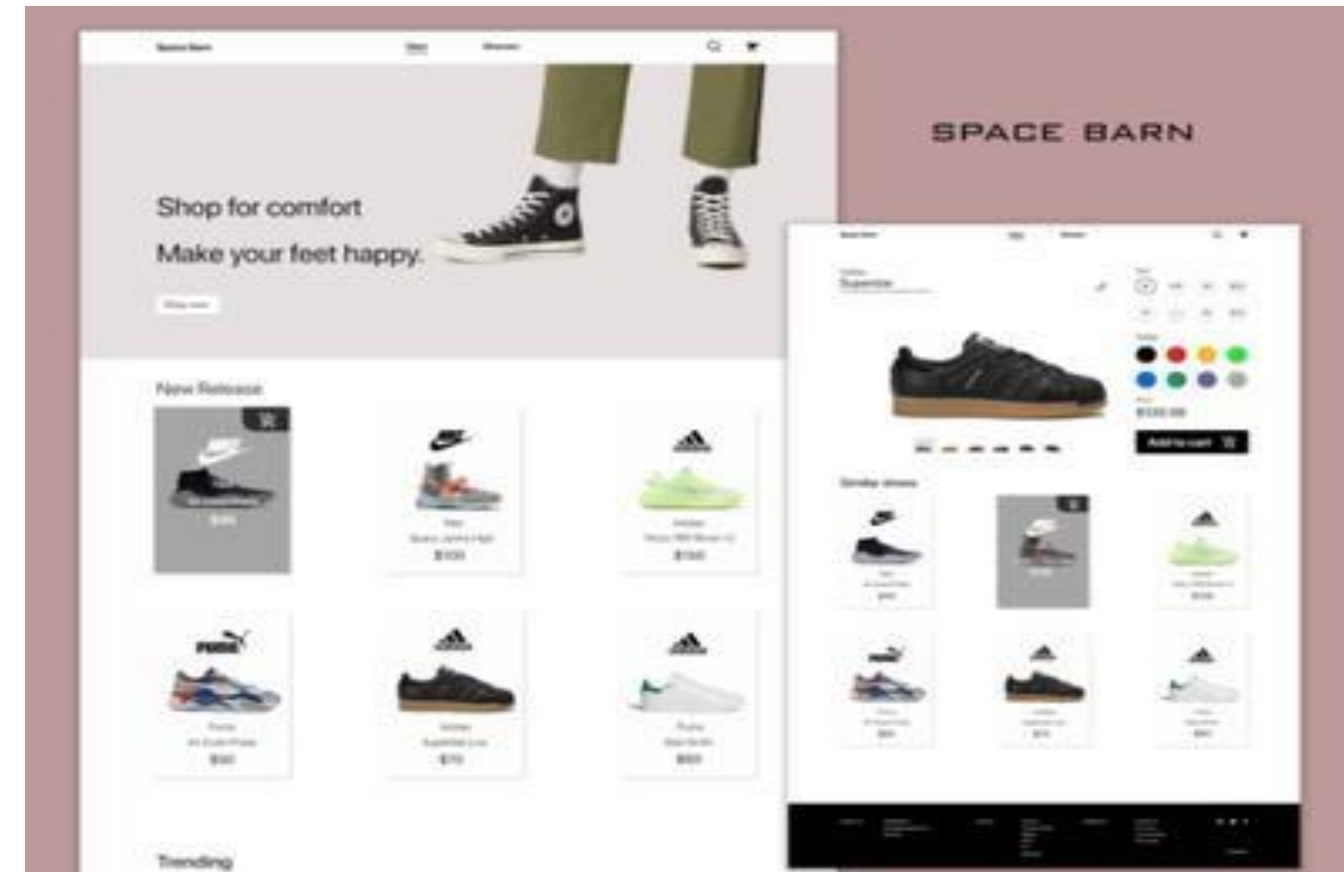
- Our flagship stores – Modern and high-end designs
- Our online store with a mobile app – Short and quick customer journey
- Our packaging – High quality and stylish
- Our front staff – Well trained

PHYSICAL EVIDENCE – For demonstration purpose

SHOE STORE DESIGN



ONLINE SHOE STORE WITH A MOBILE APP



MODERN SHOE PACKAGING

PHYSICAL STORES

FOCUS

- State of the art designs
- Tech-enabled
- Fine branding

ONLINE STORE

FOCUS

- State of the art design
- Interactive
- Short and straight customer journey

PACKAGING

FOCUS

- No shoe should be sold without packaging
- Each product to have its own packaging style

FRONT STAFF

FOCUS

- All store staff and direct sales people to have branded uniforms
- To be well trained in customer care



Marketing Mix 7Ps - Promotion



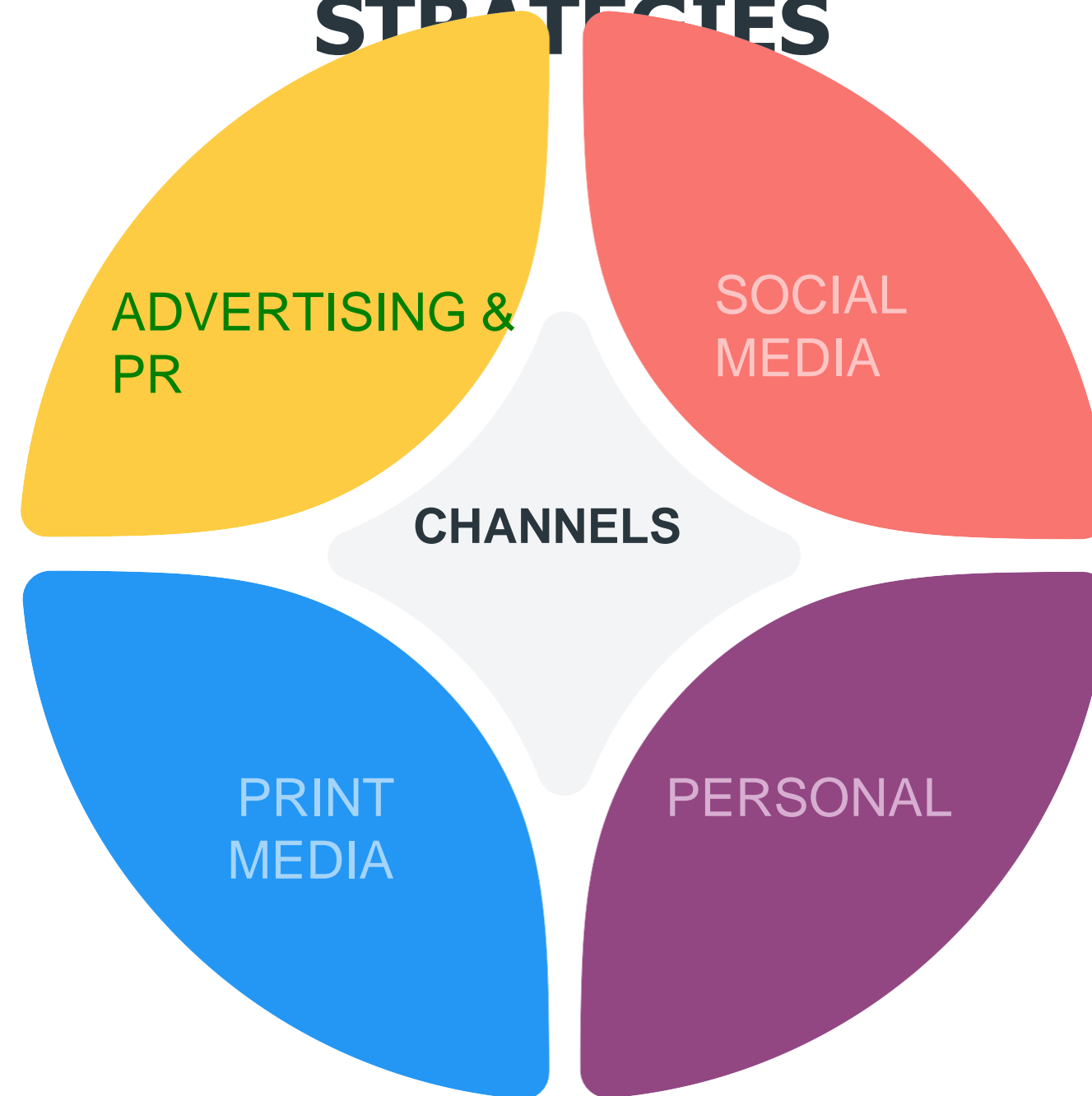
PROMOTION

Promotional activities will be key in ensuring that our products become popular and increase our market penetration.

Our main promotional activities will be created on the following strategies

- Traditional channels
- Online channels
- Personal

PROMOTIONAL STRATEGIES



ADVERTISING

- Outdoor advertising
- Indoor advertising
- TV
- Radio
- Branding
- Sponsorships
- Events

PRINT MEDIA

- Flyers
- Brochures
- Magazine (advertising Dar, Inflight magazines, etc.)
- Newspapers

DIGITAL

- Social media campaigns
- Social media ads
- Social media contest
- SEO optimization
- Email shots

PERSONAL ENGAGEMENTS

- Cold and warm networking
- Loyalty programs
- Networking
- Word of mouth

COMPETITOR ANALYSIS

| SN | NAME OF THE COMPETITOR | PRODUCTS | STRENGTHS | WEAKNESSES |
|----|-------------------------|--|--|---|
| 1 | JAET TZ | Footwear, leather goods, leather garments and Small Leather Goods | Diverse products | <ul style="list-style-type: none"> • Low market penetration • Lower quality • Low visibility |
| 2 | Shah Industries | Footwear, leather goods, leather garments and Small Leather Goods, leather furniture goods | <ul style="list-style-type: none"> • Diverse products • Better quality in some of their leather products • Creative products • Online store • 30-year industry experience | <ul style="list-style-type: none"> • Small to medium scale |
| 3 | Lake trading | Footwear, leather goods, hides & skins, wet blue | <ul style="list-style-type: none"> • Diverse products | <ul style="list-style-type: none"> • Medium scale • Low visibility |
| 4 | Ital shoe | Footwear, safety products, security products | <ul style="list-style-type: none"> • Diverse products • Strong brand • Online store | <ul style="list-style-type: none"> • Not high-end finishing |
| 5 | P.M Tito's | Leather Goods, Leather Jackets and Small Leather Goods | Diverse products | Low visibility |
| 6 | Himo tannery | Footwear and small leather goods | <ul style="list-style-type: none"> • Diverse products | <ul style="list-style-type: none"> • Limited products • Low visibility • Low quality |
| 7 | Woiso original products | Footwear and small leather goods | <ul style="list-style-type: none"> • Diverse products • Online visibility | Low quality |
| 8 | Bora industries | Footwear, slippers, leather shoes | <ul style="list-style-type: none"> • Affordable, environmentally friendly • Diverse products | <ul style="list-style-type: none"> • Low quality • Limited capacity |

- The current market retail price for an imported second-hand school uniform shoes range from TZS 10,000 – 15,000 per pair, while ladies' shoes starts from TZS 5,000- 10,000 and gents' TZS 20,000 – 40,000.
- Furthermore, these products most of them are made from imitated synthetic materials.
- The minimum wholesale prices for new locally manufactured shoes are TZS 20,000 – 30,000 and TZS 40,000 – 90,000 for leather shoes.
- For specialized leather product such as safety footwear, fashion bags, motorcycle leather jackets, waterproof leather garments are not locally produced due to limited still creativity and quality

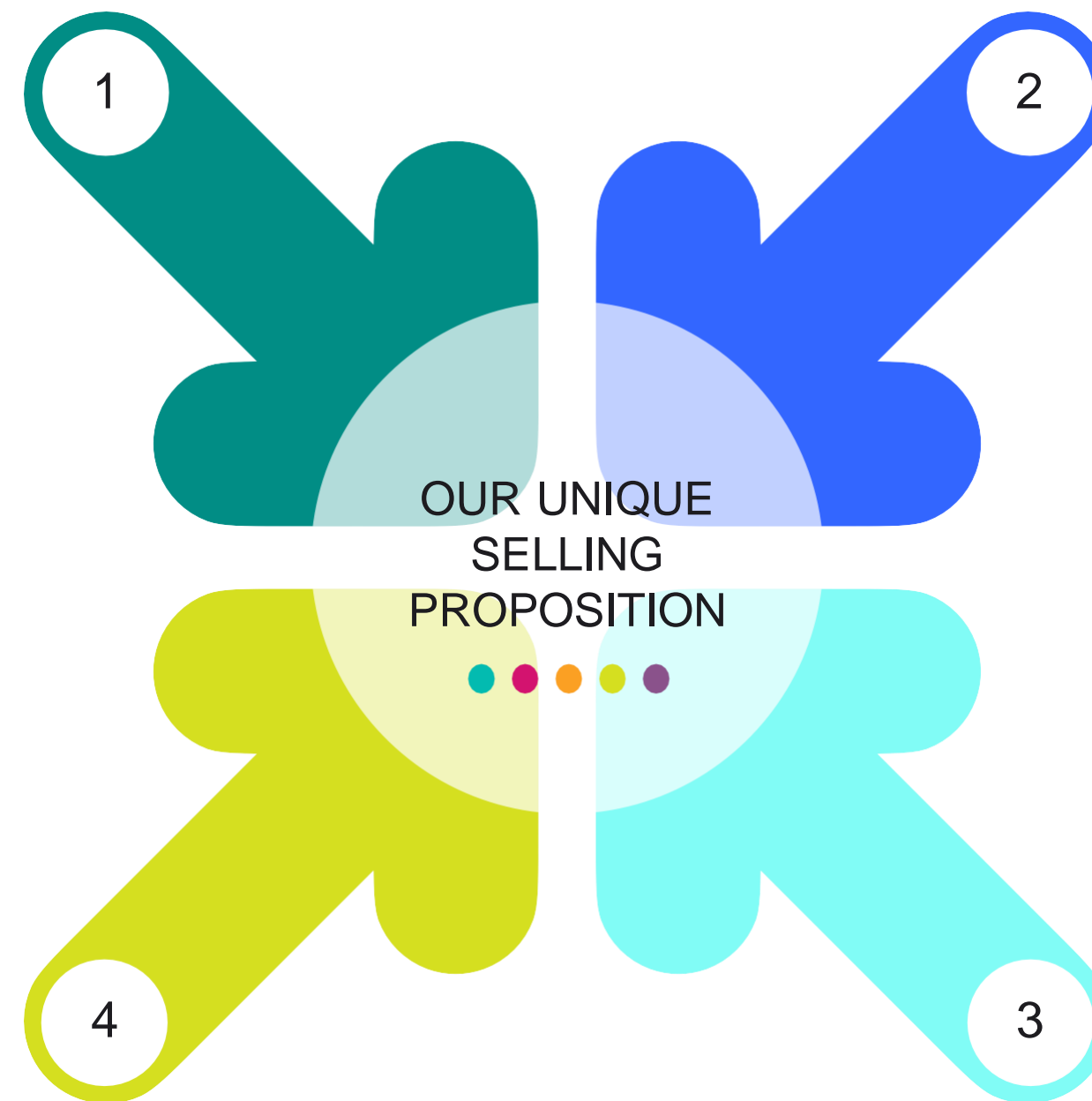


DISTRIBUTION

- Multiple distribution channels
- String e-commerce platform
- Nationwide reachability

GOOD CUSTOMER CARE

- Multiple touch points for customers
- Well trained shop attendants
- Customer loyalty programs



QUALITY

- No compromise on quality
- Use high quality raw materials
- Using high level technology
- High quality packaging
- Trendy and fashionable
- Durable

PRODUCT DIVERSITY

- Highest number of leather products in the market
- Serving all market segments adequately

10

SALES & CUSTOMER CARE STRATEGY

SALES STRATEGY

Sales is an important function for company's position in achieving set projections and growth plans
Cash is king in any business, and sales is the department that brings in cash to the company.

Our sales strategy will focus to achieve;

- Revenue
- Footprint
- Product development



REVENUE

Sales team will be given sales targets that are tied to the projections of this business plan
These projections will be used as sales targets



FOOT PRINT

Growing distribution footprint and market penetration will largely depend on sales team.
Sales team will also initiate sales and support distributors to reach to new markets

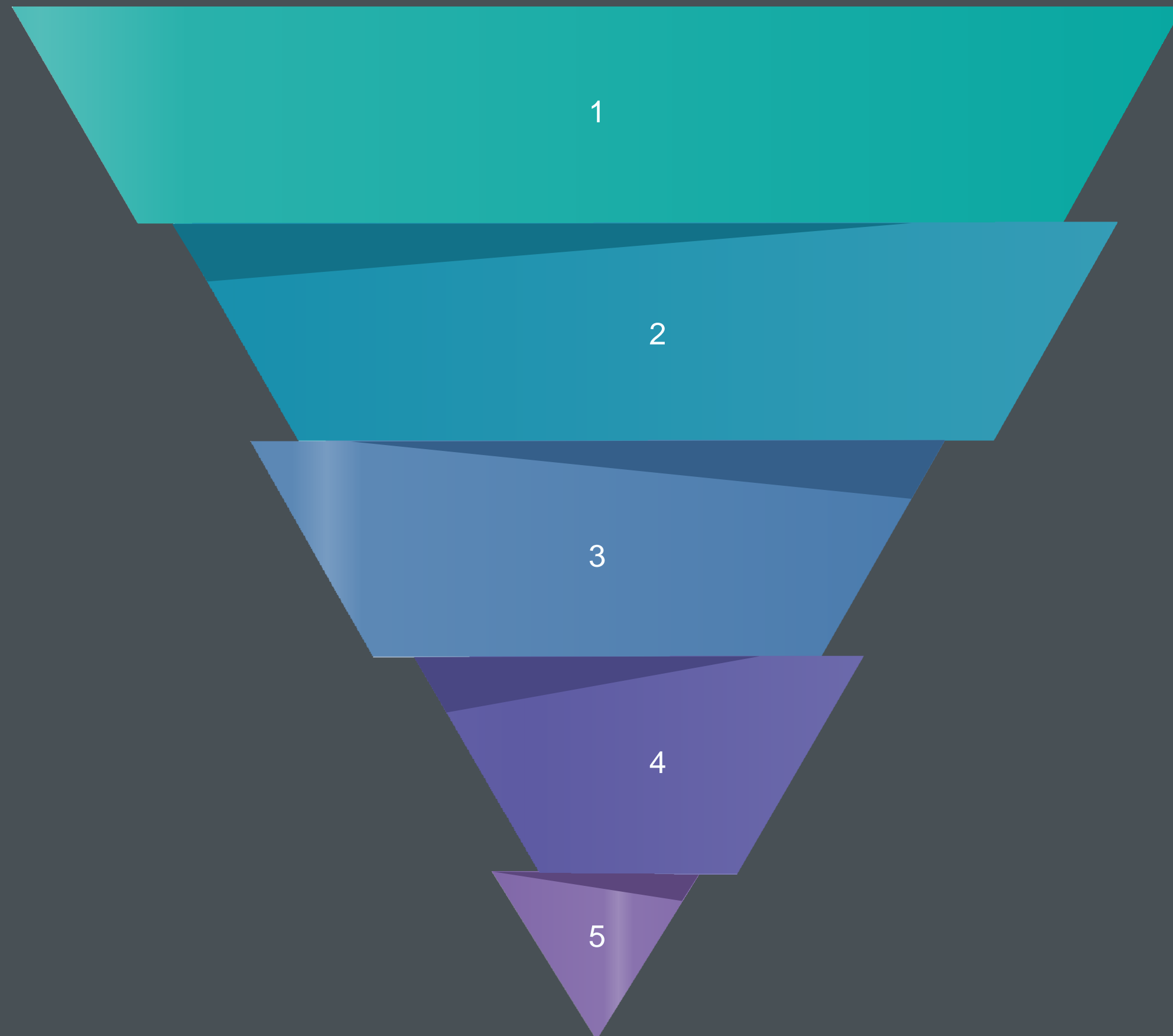


PRODUCT DEVELOPMENT

Developing new products or improving existing ones will depend on customer feedback surveys and sales team feedback. Sales team on the ground tend to understand the market better

SALES PROCESS

The process will guide sales team in building the sales funnel



1

PROSPECTING

This involves mapping our potential customers, understanding their needs, their business potential, and interest

2

CONTACTING

Once the list is built, the sales team will find contacts and handle them over to the sales team in the given territory for contacting the prospects

3

INITIAL PRODUCTS

If the retailer is not sure with selling our products, and hesitate to place any order, the sales team can leave a few products in credit to let the retailer test their sales

4

FOLLOW-UP

The sales team will then be required to make constant follow-ups with the retailer to see if they need to place orders now

5

ORDERING

If this is successful, retailers will place bulky orders, and a sales person will be assigned to that customer

SALES TACTICS

The sales team will deploy these and other tactics in generating more sales. These tactics can be combined with existing ones, and improve whenever there is a need to do so.

✓ **DIRECT SALES**

This involves building an internal sales team that will go to the field and conduct all sales activities. Sales team will be split by territories, under territory manager

✓ **COLD & WARM CALLING**

These are calls made to known contacts (warm) and unknown contacts (cold), to initiate a sales process.

✓ **SOCIAL MEDIA LEADS**

The use of social of media to make contacts and probably do sales with companies has become common now. The sales team must work closely with marketing team to create strategies that will prompt customers to make or initiate sales on social media pages

✓ **CREDIT**

The company will discourage credit sales at all time, except in cases where cash sales are difficult to generate, and for retailers and wholesalers who have good credit history

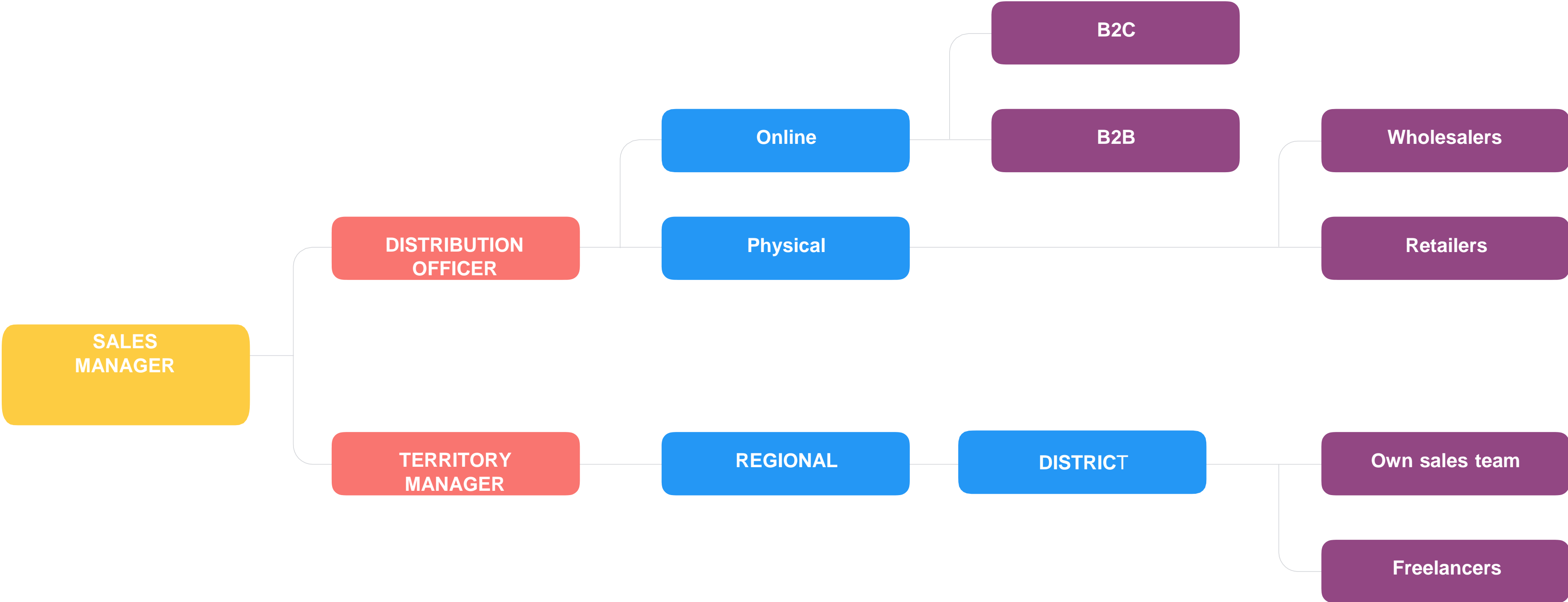
✓ **CROSS-SELLING**

Selling diverse products require to understand that our customers will need one or more products from us. A customer buying a shoe, might also need to buy a bag or other articles in the future. It is important for sales team to make follow- ups with retailers to see what additional products can be bundled

✓ **FREELANCING**

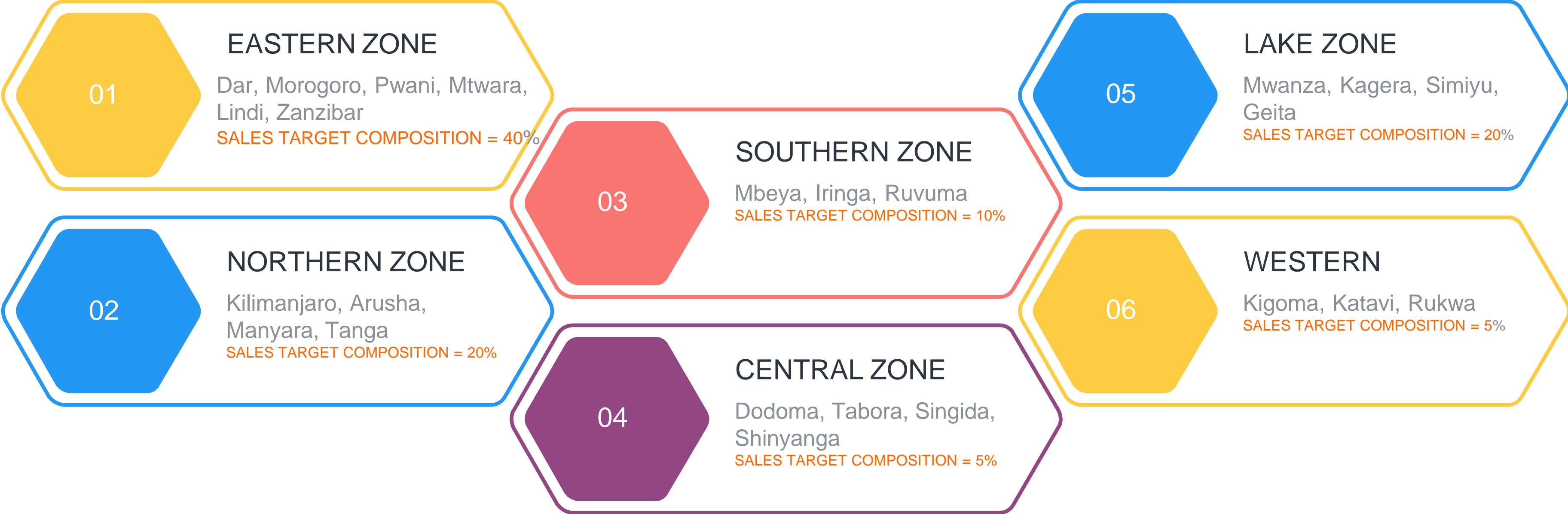
In areas where it is not commercially feasible to deploy our sales team on the ground, freelancers can be used to sell and make a commission out of each sale they make. These are not employees of the company

SALES HIERARCHY



SALES TERRITORIES

- Each territory will have;
- Territory manager
 - Regional & district sales reps
 - Direct sales and freelancers
 - Sales targets



CUSTOMER CARE STRATEGY

- ✓ The separate customer care strategy can be developed to supplement this part. This part provides a high level guide on different aspects acquiring, managing, and retaining our customers.

OUR CUSTOMER CARE OBJECTIVES

- ✓ **Objective 1: Customer queries & complaints**

To make it easier for customer to submit their queries. This can be done through email, hotline, and social media pages

- ✓ **Objective 2: Enhance customer satisfaction**

This can be measured through customer feedback surveys that can be done quarterly, and help the marketing department to collect and coordinate the required improvements in each department

- ✓ **Objective 3: To build customer loyalty**

Customer loyalty is what builds business, it helps to grow new customers while maintaining the existing ones. This can be achieved by offering high quality products and exclusive discounts

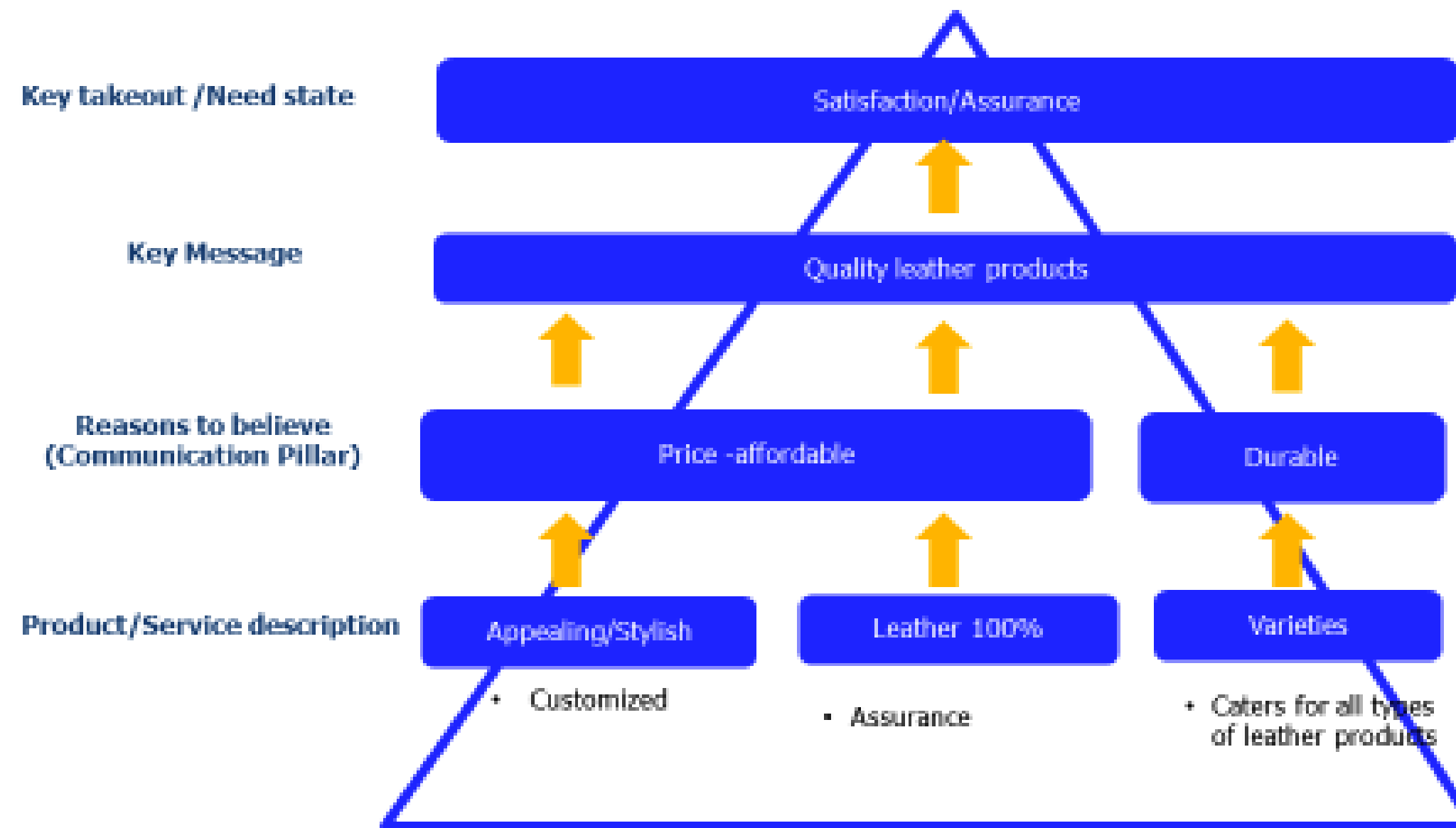
- ✓ **Objective 4: Customer care team**

To hire and train the best team of people who will be responsible for customer care. They must be productive, working around the clock, and have best product knowledge

- ✓ **Objective 5: To offer customer care omni-channels**

Customers must have more than one channel to communicate with the customer care support team. All phone numbers must be working, emails must be attended within 24 hours, and our shop attendants must be able to attend all first-hand issues

Customers State of Mind and Needs



We believe this how we should look at our customers and satisfy their needs.

1. We must produce and sell stylish, fashionable, quality and durable products
2. We must have varieties of products for our customers to meet all of their needs in one shop
3. We must control our costs and improve efficiency from sourcing to production, in order to allow us sell products at an affordable price
4. The message of quality products must be real, must be reflected in our products, and must be manifested in customer loyalty



CUSTOMER-CENTRIC

All production designs, sales, marketing and communication activities must put the customer at the centre,

AGILE

The customer care strategy should be agile. Quarterly reviews must be done and make necessary changes with respect to changing customer's needs, market landscape, and technology improvements

DRIVERS OF OUR CUSTOMER CARE STRATEGY



1

5

DATA-DRIVEN

All major decisions about the customer such as product improvements, branding designs, change in pricing, etc., must be supported by customer data collected.

2

4

COLLABORATIVE

The customer care support must not work in isolation. Must also involve all other key departments and units when designing new customer strategies or when addressing customer complaints

3

INNOVATIVE

The sales, marketing, and customer care team must be innovative in how we interact with customers, how we collect their data, and how design our marketing strategies

STRATEGIES TO BE USED TO INCREASE MARKET PENETRATION

OMNI-CHANNELS

Using multiple channels to distribute our products

01

PRODUCT DEVELOPMENT

Producing diverse, competitive, high-quality products

02

R&D

To keep on improving products as per changing customers' needs

03

MARKETING PHILOSOPHY

To build a customer-centric business

04

3RD PARTY CHANNELS

Use 3rd party channels including local and international distributors, global e-commerce platforms such as Amazon

05

EXPORT MARKETS

- Selling to international retailers
- Using renowned international distribution channels
- Use online platforms such as Amazon

06



11

PRODUCTION, OPERATIONS DIGITIZATION AND LOGISTICS

OPERATIONS

- The operations department form a lifeblood of the manufacturing business
- Efficient operations in the business will also help us achieve;

- a. Cost competitiveness in the market by lowering our prices
- b. Quality products by minimizing errors, negligence, and delays
- c. Consistency in our products by ensuring that we use operational manuals and SOPs in all our processes, and minimized personalized activities

This will be achieved by installing the following now;

- 1.Review and approve all existing SOPs and operational manuals (if there is a need to do so)
- 2.Applying and getting ISO certification (if not done yet)
- 3.Giving the production team all the necessary equipment and tools to do their job
- 4.Giving the production Head all the necessary mandate in order to reduce/remove unnecessary delays

DIGITIZATION

- The business world today is driven by digitization and digitalization transformation

- Its important to ensure that all major activities and processes in the business are digitized.

- Digitization helps to achieve the following;

- a. Lowering the costs
- b. Increasing the speed of delivery
- c. Increasing efficiency and effectiveness.
- d.Avoiding delays
- e. Increasing market competitiveness

Key areas that will need immediate digitization and automation are;

- Production planning and optimization
- Sales and marketing
- Logistics
- Finance and accounting
- R&D

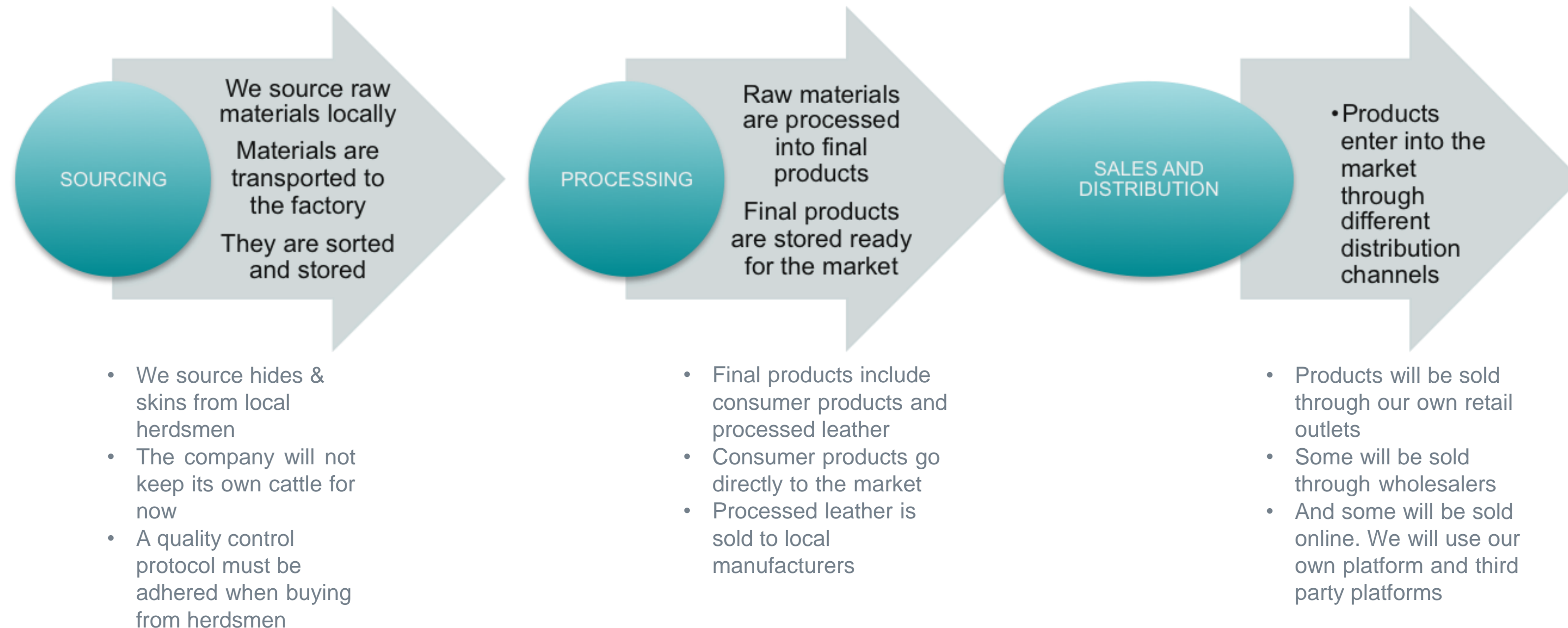
LOGISTICS

Logistics is another key function in supporting the growth of the business through efficiency and competitiveness

Logistics can be split in the following key areas of focus for the management;

- a. Sourcing of raw materials – it is important to avoid middlemen, and make the process more shorter and cheaper.
- B.Transportation of raw materials – This can be done by both own fleet and outsourcing to 3PL
- c. Storage –To ensure that the storage and warehouse facility is always in good condition, secured, and closer to the production facility
- d. Transportation of final products – The company will use both own fleet to send the products to the market, and require wholesalers to take care of their logistics ex-factory
- e. Online delivery – all online deliveries willbe outsourced to a courier company that specializes in small parcels and consumerproducts

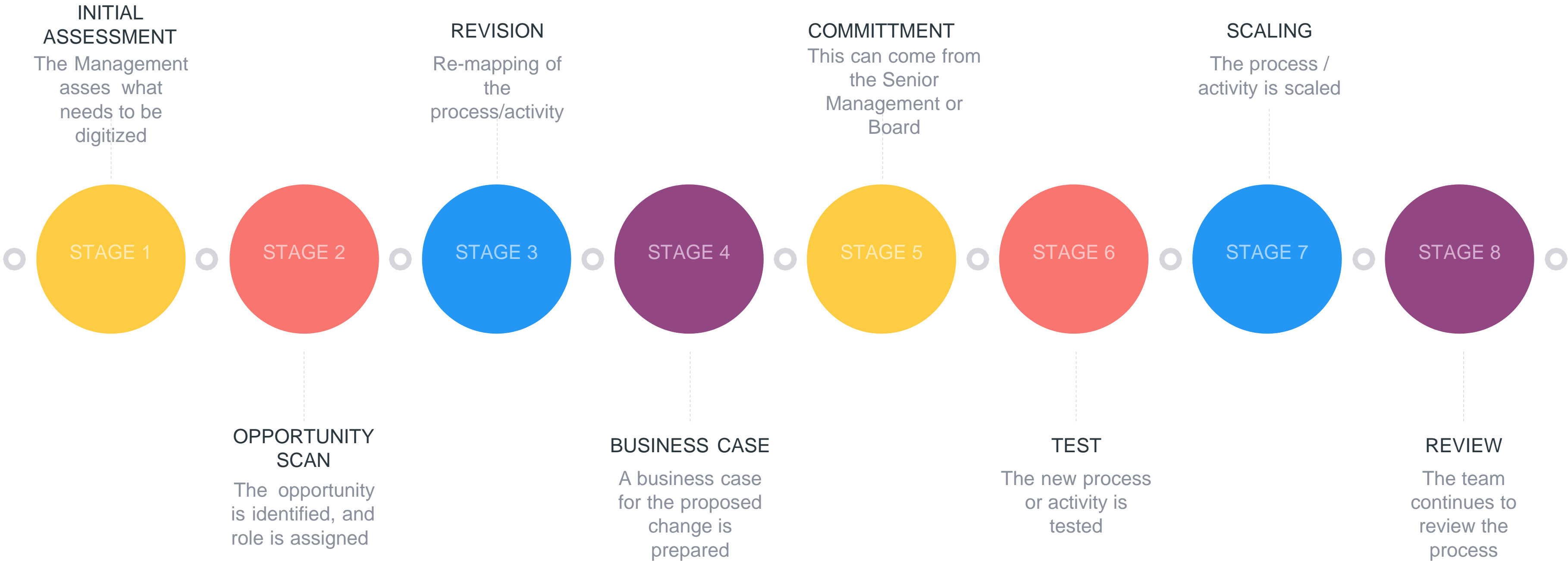
OUR VALUE CHAIN MAPPING



OUR OPERATIONS STRATEGY



OUR DIGITIZATION ROADMAP



12

STAFFING, MANAGEMENT AND GOVERNANCE

GOVERNANCE

ROLE OF THE BOARD

The role of the Board will remain to be critical in ensuring that all resources are made available, are well utilized, and the Shareholders value is maximized

The Board works on behalf of the shareholders, and must continue its functions as stipulated in the Memorandum and Articles of Association, Shareholders agreement, and other board policies

In addition to what already exists; the board must always play the following roles competently;

1. To ensure that all funding and other required resources are obtained and made available on time. There should be no delays on this
2. To ensure that all resources are well utilized, funds are well spent, and management plays its roles. There should be no compromise on this
3. The Board should continue to advise and guide the management to the right direction of company's growth. The board should use its members with diverse background to achieve this. In areas of technical gaps, the board can continue to train its members, especially in the field of leather business
4. The Board must all the time ensure that the company is compliant, standards are enhanced, and quality controls are not compromised
5. The Board must also continue to ensure that the company strategies are customer-centric. All decisions made must at the end of the day increase customer satisfaction
6. The Board can opt-in new members in board committees with leather background to assist in the issues of strategies and better understanding of the industry

BOARD RELATIONSHIP WITH THE MANAGEMENT

Despite this important oversight role the Board plays, it must always ensure that its relationship with the management remains to be collaborative, smooth, and less bureaucratic

This will be achieved by ensuring that the following strategies are used;

1. The Board must delegate certain aspects of mandate and control to the CEO, in order for the CEO to perform his duties with authority
2. The Board must ensure that it does not interfere with the CEO, unless where necessary, and where it sees the CEO is losing track
3. The Board must ensure that when making decisions, the process is both top-bottom and bottom-up sensitive
4. The board must be firm with targets and expectations, but must also be realistic. This is important to provide the CEO with the spirit of work. All major targets, goals, and milestones must be developed mutually

STAFFING

In the areas where the company sees skills and technical gaps, the Board needs to take decisions now even before the implementation of this business plan.

An HR assessment is needed to show the critical skills gaps and provide proposals to the Board for decision

making. Some of the decisions that can be taken include, but not limited to;

1. Train and re-train existing staff in areas where there are skills and expertise gaps
2. Hire new people with industry skills and experience
3. Outsource some of the functions (which are non-core) to third companies where such skills are their core
4. Continuous assessment of staff skills and competence Vs. market changes and needs
5. Invest in setting up a Training Centre where company's staff can be trained all the time
6. There is a need to review the existing organization chart and make necessary changes as per the business plan. These areas include;
 - a. Sales & Marketing – To add positions of customer care
 - b. ICT and Innovation unit /Head
 - c. Territory managers under sales/distribution department
 - d. Digital channel position under distribution
 - e. Financial analyst in the finance department



Existing organization chart –

Changes will be made on the
proposed new positions



13

GROWTH PLAN

(Short, Mid, and Long-term)

GROWTH PLAN

Key Milestones



0-3 Months

- Approve and adopt the business plan and strategic plan
- Hire proposed new positions (If resources allow)
- Prepare necessary documentation needed to support the implementation of the business plan
- Review, update, align existing plans with the business plan
- Unpack KPIs

IMMEDIATE



1-2 years

- Open shops in Moshi, Arusha, Dar, Mwanza
- 10% of all sales to be generated online
- Acquire 10 wholesales agents
- Acquire 20 retailers in each territory
- Export sales account for 10% of total sales
- Generate revenue of more that TZS 30bn
- Achieve profitability

SHORT-TERM



Up to 5 years

- Open Own 10 shops
- 20% of total sales to be generated online
- 20 wholesalers to be recruited
- 250 retailers to be recruited nationwide
- 15% to 20% export sales
- Generate more than TZS 40bn revenue
- Remain profitable

MID-TERM



Up to 10 years

- Market leader in terms of market share
- Shop outlets in every region (unless its proven uneconomical)
- Having an own call centre
- Produce and distribute 100% of all products and articles
- Profitable and paying dividends to shareholders

LONG-TERM

14

FINANCIALS

CAPEX LAYOUT

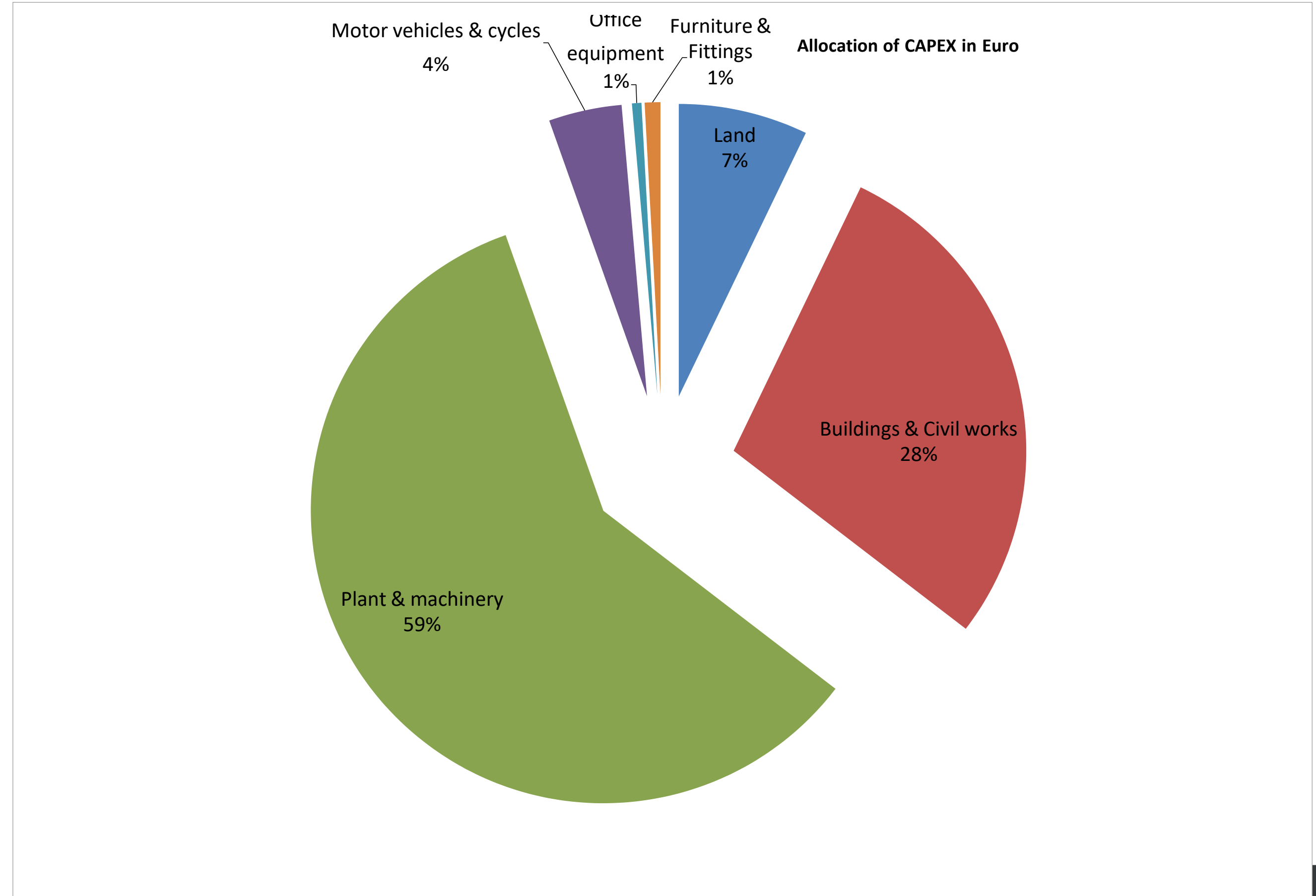
| Item | INVESTMENT IN Euro | TOTAL INVESTMENT (TZS) |
|-------------------------|----------------------|---------------------------|
| Land | 3,119,846.00 | 8,096,000,370.00 |
| Buildings & Civil works | 12,333,985.00 | 32,006,691,075.00 |
| Plant & machinery | 25,818,645.00 | 66,999,383,775.00 |
| Motor vehicles & cycles | 1,760,965.00 | 4,569,704,175.00 |
| Office equipment | 226,974.00 | 588,997,530.00 |
| Furniture & Fittings | 378,290.00 | 981,662,550.00 |
| TOTAL CAPEX | 43,638,705.00 | 113,242,439,475.00 |
| Add Working Capital | 4,078,183.00 | 10,582,884,885.00 |
| TOTAL OUTLAY | 47,716,888.00 | 123,825,324,360.00 |



CAPEX LAYOUT

NOTE

1. This is an asset-heavy business, it is important to keep track of ROA regularly
2. Maintenance of assets is critical in maintaining the overall value of the business



MANUFACTURING CAPACITY

| SECTION | PRODUCTS | DAY PRODUCTION | ANNUAL CAPACITY | PROVISION FOR EXPANSION |
|-----------------------|-------------------------------------|------------------------------|-----------------|-------------------------|
| Tannery Factory | Semi-finished leather (Wet blue) | 16,665 Sq. ft | 5,000,000 | |
| | Crust finished leather | 5,000 Sq. ft. | 1,500,000 | |
| | Finished leather | 15,000 Sq. ft. | 4,500,000 | |
| | Goat / sheep finished leather | 6,665 Sq. ft p | 2,000,000 | |
| Footwear factory | Leather shoes | 4,000 pairs per double shift | 1,200,000 | 2,488,320 |
| | Slippers | 3,000 pairs | 900,000 | |
| Leather goods Factory | Leather Articles | 620 pcs | 186,000 | |
| Soles Factory | Soles of different types | 7000 pairs | 2,100,000 | 1,500,000 |



PROJECTED INCOME AND EXPENDITURE STATEMENTS FOR 5 YEARS

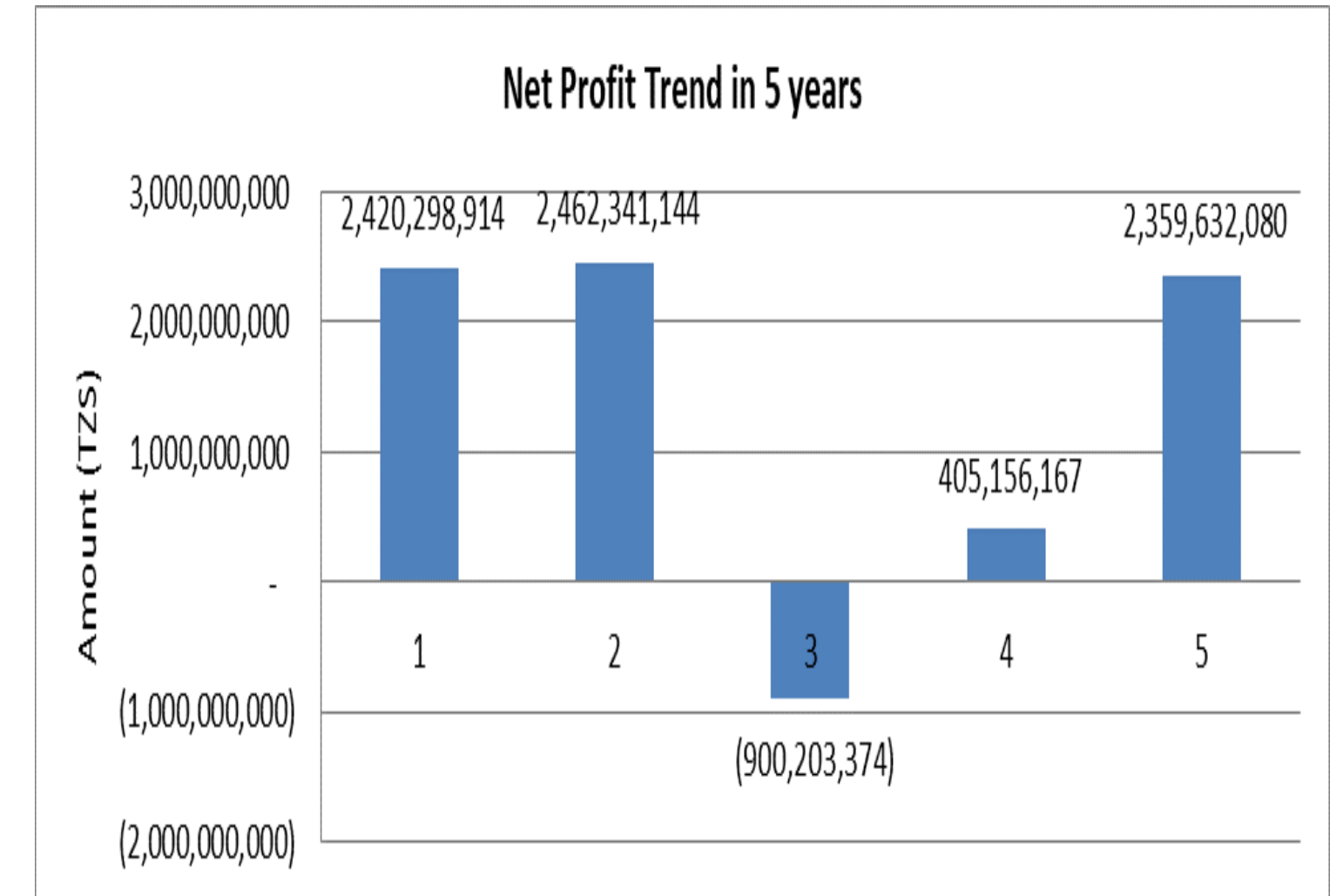
IN TZS

Capacities

PROJECTED INCOME AND EXPENDITURE STATEMENTS FOR 5 YEARS

| | IN TZS | | | | |
|-------------------------|----------------------|----------------------|------------------------|-----------------------|-----------------------|
| | 21/22 | 22/23 | 23/24 | 24/25 | 25/26 |
| Revenue | 37,688,798,432 | 39,573,311,610 | 45,509,308,352 | 52,335,704,604 | 62,802,845,525 |
| Less | | | | | |
| Direct cost | 28,542,191,402 | 29,969,300,972 | 34,464,696,118 | 39,634,400,536 | 47,561,280,643 |
| Gross Profit | 9,146,607,030 | 9,604,010,638 | 11,044,612,234 | 12,701,304,069 | 15,241,564,882 |
| Gross Margin | 24 | 24 | 24 | 24 | 24 |
| OPEX | 5,689,037,154 | 5,973,489,012 | 6,272,163,462 | 6,585,771,635 | 6,915,060,217 |
| EBITDA | 3,457,569,876 | 3,630,521,626 | 4,772,448,771 | 6,115,532,433 | 8,326,504,665 |
| EBITDA Margin | 9 | 9 | 10 | 12 | 13 |
| Depreciation | - | 112,891,420 | 99,344,450 | 87,423,116 | 76,932,342 |
| EBIT | 3,457,569,876 | 3,517,630,206 | 4,673,104,322 | 6,028,109,317 | 8,249,572,323 |
| Finance cost | - | - | 5,959,109,141 | 5,449,314,793 | 4,878,669,352 |
| | | | - | - | - |
| EBT | 3,457,569,876 | 3,517,630,206 | (1,286,004,820) | 578,794,525 | 3,370,902,971 |
| Corporate Tax (30%) | 1,037,270,963 | 1,055,289,062 | (385,801,446) | 173,638,357 | 1,011,270,891 |
| Profit After tax | 2,420,298,914 | 2,462,341,144 | (900,203,374) | 405,156,167 | 2,359,632,080 |
| NET PROFIT | 2,420,298,914 | 2,462,341,144 | (900,203,374) | 405,156,167 | 2,359,632,080 |
| Net Margin | 6 | 6 | -2 | 1 | 4 |

NET PROFIT TREND FOR 5 YEARS



Projected Balance Sheet for 5 years in TZS

| | 2021/22 | 22/23 | 23/24 | 24/25 | 25/26 |
|---------------------------------------|------------------------|------------------------|------------------------|------------------------|-----------------------|
| Noncurrent Asset | | | | | |
| Fixed assets | 79,683,423,443 | 63,746,738,754 | 50,997,391,004 | 40,797,912,803 | 32,638,330,242 |
| TOTAL NON-CURRENT ASSETS | 79,683,423,443 | 63,746,738,754 | 50,997,391,004 | 40,797,912,803 | 32,638,330,242 |
| | | | | | |
| Current Assets | | | | | |
| | | | | | |
| Total Current Assets | 31,799,205,783 | 50,406,843,887 | 54,678,631,487 | 61,068,453,596 | 66,067,496,436 |
| TOTAL ASSETS | 111,482,629,226 | 114,153,582,641 | 105,676,022,490 | 101,866,366,398 | 98,705,826,678 |
| | | | | | |
| Current Liabilities | | | | | |
| | | | | | |
| Account payables | 7,722,800,049 | | | | |
| Total Current Liabilities | 7,722,800,049 | | | | |
| PROVISIONS | 83,099,400 | | | | |
| Financed by: | | | | | |
| Equity | 70,000,000,000 | 70,000,000,000 | 70,000,000,000 | 70,000,000,000 | 70,000,000,000 |
| Retained Earnings from previous years | (7,581,599,736) | | | | |
| Current year's Net Income | 2,420,298,913 | | | | |
| Retained earnings (Current year) | (5,161,300,823) | 2,462,341,144 | (900,203,374) | 405,156,167 | 2,359,632,080 |
| TOTAL EQUITY | 64,921,798,577 | 72,462,341,144 | 69,099,796,626 | 70,405,156,167 | 72,359,632,080 |
| Long-term loan | 38,838,030,600 | 41,691,241,497 | 36,576,225,864 | 31,461,210,231 | 26,346,194,598 |
| EQUITY AND LIABILITIES | 111,482,629,226 | 114,153,582,641 | 105,676,022,490 | 101,866,366,398 | 98,705,826,678 |

PROJECTED CASH FLOW STATEMENT

CASH FLOW SHEET (IN TZS)

| Year | 21/22 | 22/23 | 23/24 | 24/25 | 25/26 |
|--------------------------------|-------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Capital Inflow | | | | | |
| Equity | 70,000,000,000 | | | | - |
| Additional equity | 29,627,236,952 | | | | - |
| Total Capital Inflow | 99,627,236,952 | - | - | - | - |
| Operating Inflow | | | | | |
| EBIT | 3,457,569,876 | 3,517,630,206 | 4,673,104,322 | 6,028,109,317 | 8,249,572,323 |
| Depreciation | 888,640,111 | 112,891,420 | 99,344,450 | 87,423,116 | 76,932,342 |
| Accounts receivable | 1,708,695,696 | | | | |
| inventories | 1,818,118,946 | | | | |
| Accounts payables | 2,803,047,157 | | | | |
| Total Operating Inflow | 10,676,071,786 | 3,630,521,626 | 4,772,448,771 | 6,115,532,433 | 8,326,504,665 |
| TOTAL INFLOW | 110,303,308,738 | 3,630,521,626 | 4,772,448,771 | 6,115,532,433 | 8,326,504,665 |
| Capital Out flow | | | | | |
| Investment | (40,208,939,658) | | | | |
| Total Capital Outflow | (40,208,939,658) | | | | |
| OPERATING OUTFLOW | | | | | |
| Taxation | 1,037,270,963 | 1,055,289,062 | (385,801,446) | 173,638,357 | 1,011,270,891 |
| Loan Repayment | - | 5,115,015,633 | 5,115,015,633 | 5,115,015,633 | 5,115,015,633 |
| Total Operating Outflow | (39,171,668,695) | 6,170,304,695 | 4,729,214,187 | 5,288,653,990 | 6,126,286,524 |
| TOTAL OUTFLOW | 71,131,640,044 | 6,170,304,695 | 4,729,214,187 | 5,288,653,990 | 6,126,286,524 |
| NET CASH FLOW | 39,171,668,695 | (2,539,783,068) | 43,234,584 | 826,878,443 | 2,200,218,141 |
| OPENING BALANCE | - | 39,171,668,695 | 36,631,885,626 | 36,675,120,211 | 37,501,998,654 |
| CLOSING BALANCE | 39,171,668,695 | 36,631,885,626 | 36,675,120,211 | 37,501,998,654 | 39,702,216,795 |

A SNAPSHOT RATIO ANALYSIS FOR 2021/22

Financial ratios year 1

| Profitability Ratios | | | | |
|-------------------------|---|---------------------------------------|---|--------|
| Gross profit margin | $\frac{\text{Gross Profit}}{\text{Sales}}$ | Gross Profit 9,146,607,030.31 | Sales 37,688,798,432.31 | 24.27% |
| Operating profit margin | $\frac{\text{Operating Income}}{\text{Sales}}$ | Operating Income 3,457,569,876.32 | Sales 37,688,798,432.31 | 9.17% |
| Net profit margin | $\frac{\text{Net Income}}{\text{Sales}}$ | Net Income 2,420,298,913.57 | Sales 37,688,798,432.31 | 6.42% |
| Liquidity Ratios | | | | |
| Current ratio | $\frac{\text{Current Assets}}{\text{Current Liabilities}}$ | Current Assets 31,799,205,783.00 | Current Liabilities 7,722,800,048.55 | 4.12 |
| Quick ratio | $\frac{\text{Current Assets} - \text{Inventory}}{\text{Liabilities}}$ | Cash & Near Cash 31,799,205,783.00 | Liabilities 7,722,800,048.55 | 4.12 |

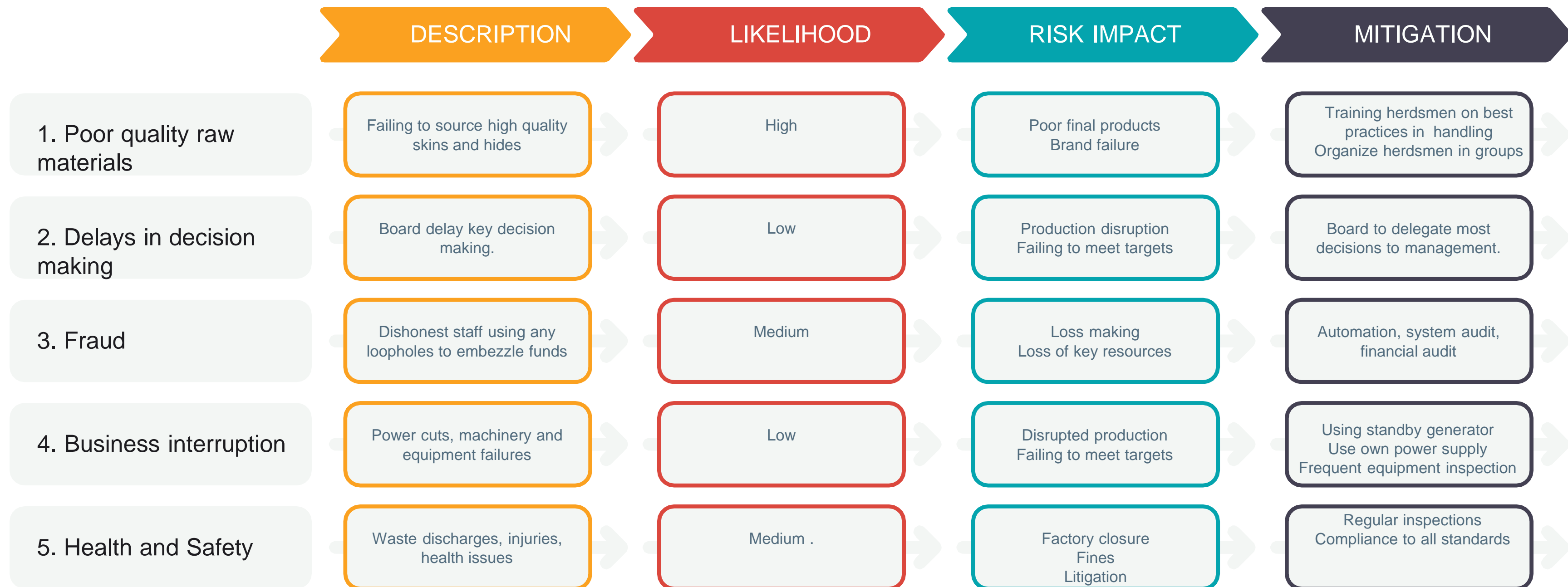
| Operating Ratios | | | | |
|----------------------------|---|---|--|-------------------|
| Inventory turnover ratio | $\frac{\text{Cost of Goods Sold}}{\text{Inventory}}$ | Cost of Goods Sold 29,969,300,972.10 | Inventory 2,115,573,382.08 | 14.1660 |
| Sales to receivables ratio | $\frac{\text{Net Sales}}{\text{Net Receivables}}$ | Net Sales 37,688,798,432.31 | Net Receivables 2,115,573,382.00 | 17.81 |
| Times interest earned | $\frac{\text{Profit Before Interest and Taxes}}{\text{Total Interest Charges}}$ | Profit Before Int. & Tx 3,457,569,876.32 | Interest Charges 5,959,109,141.31 | 0.58 |
| Return on assets | $\frac{\text{Net Income Before Taxes}}{\text{Total Interest Charges}}$ | Net Income Before Tx 3,457,569,876.32 | Interest Charges 5,959,109,141.31 | 0.58 |
| Return on equity | $\frac{\text{Net Income}}{\text{Net Worth at Beginning of Period}}$ | Net Income 2,420,298,913.57 | Net Worth at Begin. 70,000,000,000.00 | 3.46% |
| Working capital | Current Assets - Current Liabilities | Current Assets 31,799,205,783 | Current Liabilities 7,722,800,048.55 | 24,076,405,734.45 |



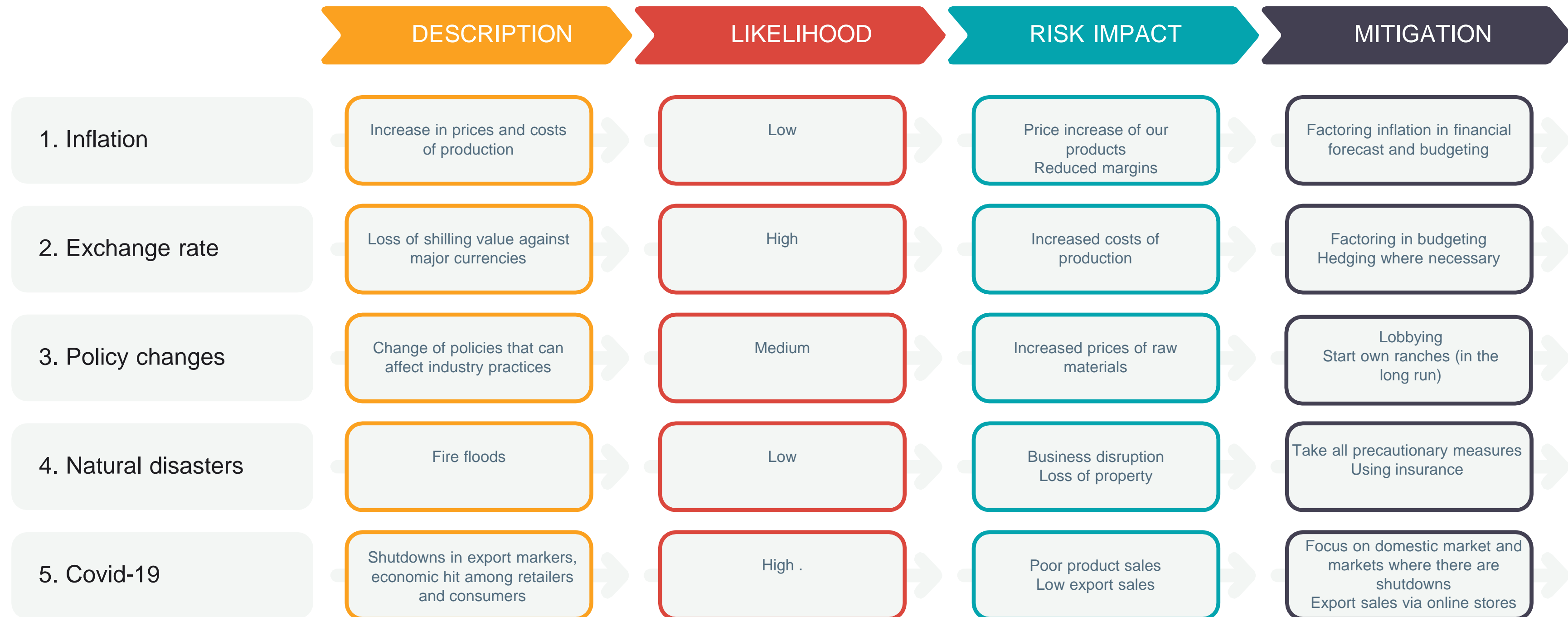
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RISK MANAGEMENT

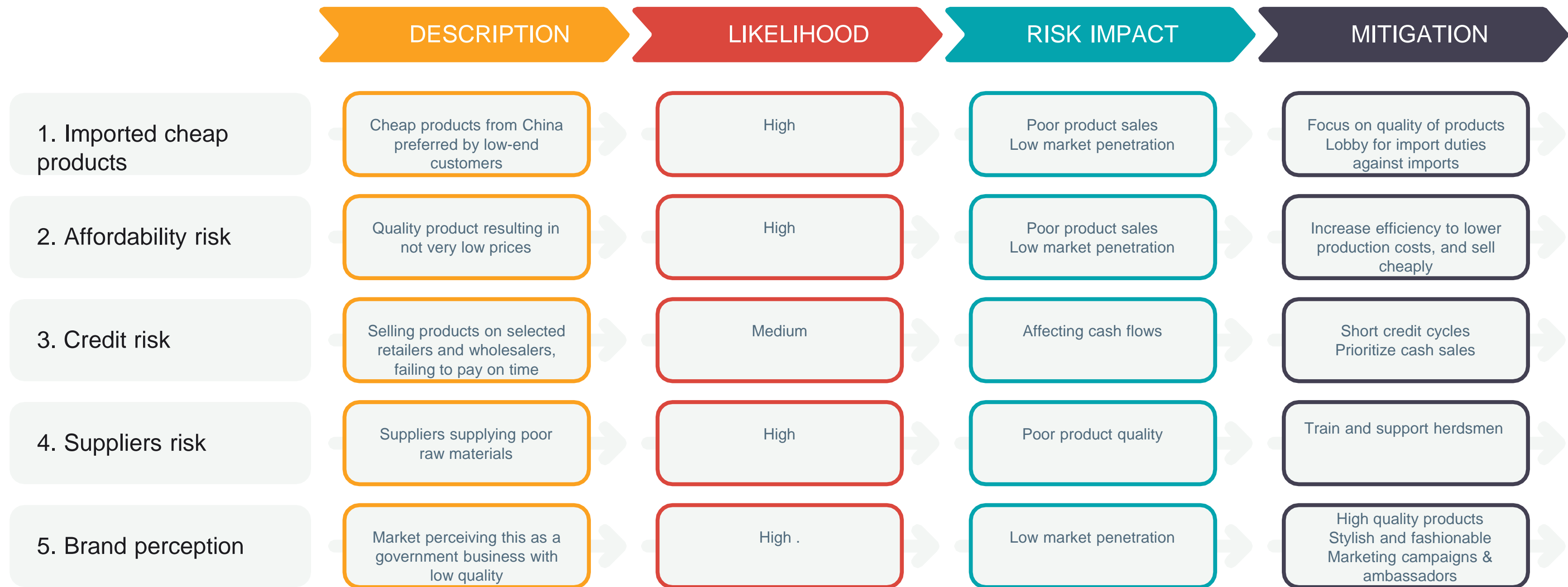
OPERATIONAL RISKS



NON-DIVERSIFIABLE RISKS



BUSINESS RISKS



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IMPLEMENTATION ROADMAP

IMPLEMENTATION OF THE BUSINESS PLAN

