



# **Business Plan**

**XX**



**Contact Details:**

|                     |                  |
|---------------------|------------------|
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# EXECUTIVE SUMMARY

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## Introduction

The purpose of this Business Plan is to seek funding for a unique project, first of this kind in Xx. The plan outlines the business model in-depth with the development of the project, the market and customer need for the poultry products, the strategies to go to market, financial rewards and future opportunities for this business.

## The Problem

The existing Xx poultry market is small-scale, under-capitalised and inefficient poultry and egg production. <sup>1</sup> The market faces several challenges: inefficient production, under-developed supply chains, weak access to capital, knowledge gaps and high production costs. Many farmers in Xx lack access to high quality inputs and machines.

There is a rising demand for poultry meat. From 2010 to 2022 the consumption of meat increased by more than 35% and the egg consumption rose to 177 eggs per capita per year. Hence, the people of Xx have to rely on the importation of Day-Old Meat Parent chicken from overseas.

## The Solution

Xx needs a local breeding program to replace the importation of Day-Old Meat Parent chicken. The Directors at Xx are in the process of developing a Grand Parent poultry farm in Xx that will enable the breeding Grand Parent Chicken which produces Day-Old Meat Breeder Parent. The Day-Old Parent (PS) will be sold as livestock to local farmers for them to rear and produce Broiler Chickens for the consumer market. The farm will be located within reach of the main city and provides easy access for transport. This project will be the first stage, that will cover the entire supply chain, aimed at improving food security.

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<sup>1</sup> Source – NABC - Poultry Sector Xx – April 2022

## Key Opportunities

The three key opportunities that are available to this business are:

1. To extend the business model that will enable the rearing and production of Broiler Chickens for the consumer market (the remaining stages of the supply chain). This will improve the supply chain throughout Xx thus reducing the reliance on imported chicken.
2. Since Xx is still dependent on the imports of Day-Old Chicks, specialist hatching operations to supply poultry farmers with DOC's or hatching eggs will be a great opportunity.
3. To export excess chicken products to neighbouring countries.

## Market Size

The achieved revenues in the Xx poultry sector in 2020 were 40% less than the MAD 32.5 billion (3 billion EU) turnover achieved in 2019. This decline has been attributed to decreased demand as a result of restaurant and hotel lockdowns and disrupted supply chains.

The sector is poised for growth. High cost of imported poultry input and finished products—due to the Dirham's weak performance relative to international trading currencies—has catalysed interest in domestically manufactured substitutes.

## Competition & Our Advantage

There are no direct local competitors in this segment of the market. Presently, reliance is placed on imported products. No one in the country does grandparent breeding for Day-Old meat parent (PS). There are many competitors throughout the other supply chain processes.

Our competitive advantage is that we will be the first to market with our special breeding program. No one in Xx has taken the opportunity to breed grandparents for Day-Old meat parent. Our business model is unique and will allow us to command the whole supply chain (subject to feasibility studies on future phases).

## Business Legal Structure

Xx is a limited liability company situated in the governorate of Xx, Xx. The directors are Xx and Xx.

The business will be conducting poultry farming to serve the people of Xx rather than having to rely on imported poultry.

## Our Objectives

The business has determined that the following seven strategic objectives are critical for long-term sustainability and viability.

1. Provide a local product with high quality and specifications with a competitive price.
2. The introduction of technology in this area and country self-sufficiency of this product.
3. Reduce the amount of imported Day-Old Parent from overseas.
4. Stability of the local poultry market and reduce chicken meat price fluctuation and rises.
5. Provide new jobs for the workforce and increase their skills and knowledge.
6. The financial benefits of the project to Banks/Funders/Investors.
7. Improve the Xx economy.

## Management Team

Xx, Xx and a team of appointed senior executives (see page 18) will form the management team.

The management team will be responsible for the management of the daily operations whilst ensuring compliance with legislation. The management team will be tasked with the responsibility of determining the future strategic direction of the company including profitable sales growth, increasing market share, implementing change and forming strategic alliances that will help the company achieve its goals.

## Financial Highlights

Most important to us is our financial success and we believe this will be achieved by offering high-quality Day-Old meat parent while minimizing costs. We have created financial projections based on our experience and knowledge of the area.

- With a start -up expenditure of **US\$xx million**, we can generate **US\$xx million** in sales by the end of year 5 and produce good net profits.
- Strengthening cash reserves allows for future expansion into the other mentioned stages.
- Strong liquidity ratios.

## Business Exit Strategy

The business has no immediate plans for exiting. The business plans to be still trading in ten years allowing it the opportunity to expand its business model into other locations across the country. The strength of the Balance Sheet will allow the business to be in a strong position for takeover, seeking further funding or for the director to exit the business. Exit strategies to be considered will be (a) friendly sale, (b) merger or acquisition and (c) IPO.

## KEY HIGHLIGHTS

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**Entrepreneurial Management Team** – We will have an entrepreneurial management team with deep knowledge and experience in the industry sector.



**Unmet Market Need** – We have identified a clear unmet market need for our brand.



**Defined Roadmap to Market** – We have identified and tested a route to market for your brand.



**Positive Impact** - The business has adopted an ethical and responsible approach to the way we conduct our business. Everything we do is for the benefit of our stakeholders and communities that we work in, keeping in mind the impact on the environment.

# INVESTMENT OPPORTUNITY

## Share Issue Details

|   |                               |   |
|---|-------------------------------|---|
| 1 | Company Name                  | Xx  |
| 2 | Company Type                  | Private limited liability company               |
| 3 | Industry Sector               | Agriculture                                     |
| 4 | Class of Shares               | Ordinary  |
| 5 | Funding Required              |   |
| 6 | Percentage of Equity on Offer | To be discussed depending on the above options. |
| 7 | Closing Date                  | June 2023                                       |

## Funding Requirements

The company is seeking **\$xx million (USD)** to fund the milestones necessary to commence the business plus allow for operational expenses. The detailed funding requirements are shown in Appendix 10.1.

## Investor Exit

We would like the investor(s) to be with us for 5 years. We understand that our may wish to exit from the business at an earlier stage. If this is your decision to exit earlier, we request that written notice be given **90 days** before your planned exit. The Company will hold a board meeting to discuss and agree terms of exit depending on the company operational and financials.

The company has the right to the first option to repurchase your shares at the market value of the business then. If the company decides not to buy back your shares, our will have the right to sell your shares to any approved third-party person or company at the market value.

An independent valuer that is unbiased will be appointed to value the business. The independent valuer will be qualified. Both the investor and the company will be bound by the independent valuer's decision.

# 1. ABOUT THE BUSINESS

## 1.1 LEGAL STRUCTURE & HISTORY

### Legal Structure

The legal structure of the business is shown in the table below.

|                     |                                   |
|---------------------|-----------------------------------|
| <b>Company Name</b> | Xx                                |
| <b>Structure</b>    | Private limited liability company |
| <b>Established</b>  | In the governorate of Xx, Xx      |
| <b>Directors</b>    | Xxand Xx                          |

### History

To date, the company has no trading history. The directors are in the process of establishing a poultry farm in Xx. The establishment of a poultry farm will reduce the reliance on imported poultry.

## 1.2 OUR VALUES, VISION AND MISSION STATEMENTS

### Our Purpose

Our purpose for this business is set out below.

- To breed and produce quality and consistent Day-Old parent for the poultry market.
- Educate, embrace, develop and achieve to build a positive team and pursue growth.
- Build open and honest relationships through communication and transparency.
- Be passionate, determined and humble.
- Be rigorous. Get it right.

### Our Core Values

Xx has four core values which are the pillars of the business. These core values are:

#### **1. Service to the Customer**

- a. Customer first: Listen to, anticipate and serve customer wants and needs.
- b. Innovative and agile: Be creative, take smart risks and move with speed.

#### **2. Respect for the Individual**

- a. Listen: Be visible and available, collaborate with others and be open to feedback.
- b. Lead by example: Be humble, teach and trust others to do their jobs, give honest and direct feedback.
- c. Inclusive: Seek and embrace differences in people, ideas and experiences.

#### **3. Strive for Excellence**

- a. High performance: Set and achieve aggressive goals.
- b. Accountable: Take ownership, celebrate successes and be responsible for results.
- c. Strategic: Make clear choices, anticipate changing conditions and plan for the future.

#### **4. Act with Integrity**

- a. Honest: Tell the truth, keep your promises and be trustworthy.
- b. Fair: Do right by others, be open and transparent.
- c. Courageous: Speak up, ask for help, make tough calls and say no when appropriate.

The team strive to achieve these values every day in all of our communications and actions.

### Our Statements

#### **VISION**

Our **VISION** is to be recognised as the leading chicken breeder throughout Xx that reduces reliance on imported product thus providing better economic benefits to the country and its people.

#### **MISSION**

Our **MISSION** is to produce high-quality Day-Old Meat Breeder Parent, for the Xx Farmers, at affordable prices.

### 1.3 STRATEGIC OBJECTIVES

The business has determined that the following major objectives are critical for long-term sustainability and viability. The objectives are classified by short and long-term. The company will regularly monitor these objectives to ensure that they are adequate for the present model.

- To build and maintain a viable and sustainable business model by developing vision and strategy that will promote the growth and benefits all stakeholders.
- To produce significant cash flows that will allow for future business expansion and fair rewards to shareholders.
- To listen to our customers' needs and provide for their needs in an efficient and profitable way.
- Creating and managing high-quality chicken products.
- Imposing safer manufacturing processes and procedures.
- Increasing employee satisfaction.
- Keeping production costs low without affecting quality.

### 1.4 CRITICAL SUCCESS FACTORS

Our successful operation of the business model will depend upon our ability to achieve the following success factors:

**Strategic Focus (Leadership, Management, Planning)** - This refers to the roles of leadership, planning, and management and incorporates these key elements:

- A customer-driven company based on up-to-date surveys from customers.
- The company's core values are seriously taken into consideration by all members.
- Leaders set an example with their commitment to the firm's values.
- Focused on having a competitive and sustainable advantage.
- Purpose-driven goals expressed by an inspiring but realistic vision.
- Tactics, responsibilities, and clear strategy back all goals.

**People (Personnel, Staff, Learning, Development)** - Staff should be chosen based on personal strengths, talent, and attitude. People should be given equal development opportunities and should be rewarded for any desirable high performance, no matter if it's as a team or individual.

**Operations (Processes, Work)** - Processes should be fine-tuned, optimized, and aligned to deliver the best customer value. They should also be explained clearly to all responsible staff, so they understand the responsibility to create and maintain that value.

**Marketing (Customer Relations, Sales, Responsiveness)** - Marketing refers to sales, customer relations, and overall responsiveness. A company should monitor customer values, needs, satisfaction, and feedback. The company's unique brand should be positioned based on sustainable and long-term advantages.

**Finances (Assets, Facilities, Equipment)** - Financial success factors include assets, equipment, and facilities. A business should control cash flow and guarantee profits through efficient financial processes. Management should understand the financial data they track and maintain competitive pricing for the best customer value.

### 1.5 SWOT ANALYSIS

The overall aim of a SWOT analysis is to identify strengths, which can be matched with opportunities, and similarly to identify weaknesses, which should be monitored. The company's strengths and weaknesses are controlled internally whilst opportunities and threats are external drivers that can impact the business. The company has identified its **SWOT** as outlined below.

|                                       |   |
|---------------------------------------|---|
| <p>STRENGTHS</p> <p><b>S.</b></p>     | <ul style="list-style-type: none"> <li>• Management's industry experience.</li> <li>• Location.</li> <li>• Chicken products are always in need.</li> </ul>  |
| <p>WEAKNESSES</p> <p><b>W.</b></p>    | <ul style="list-style-type: none"> <li>• New business model that has not been tested in this market.</li> <li>• A lack of funding to start this business.</li> <li>• High-cost act as a barrier to entry into the market.</li> <li>• Ongoing high cost of feed.</li> </ul>  |
| <p>OPPORTUNITIES</p> <p><b>O.</b></p> | <ul style="list-style-type: none"> <li>• We will be the first company in Xx to Breed GrandParent (GPS) which will produce Parent Chicken (PS).</li> <li>• Reduce Import and be self-sufficient / Independent.</li> <li>• Open to exporting excess chicken products to neighbouring countries.</li> <li>• Taking advantage of new technologies.</li> </ul> |
| <p>THREATS</p> <p><b>T.</b></p>       | <ul style="list-style-type: none"> <li>• Government policies.</li> <li>• Climatic conditions.</li> <li>• Domestic and international economies.</li> <li>• New competitors entering the marketplace with better technologies and pricing.</li> </ul>   |

## 1.6 THE MANAGEMENT TEAM

The management team will consist of executive and non-executive members as shown in the chart below.

| <b>Management Team</b>                           |  |
|--|--|
|  | CEO / President and Veterinarian                       |
|  | Vice CEO / President and Sales and Marketing           |
|  | Chief Financial Officer and Human Resources            |
|  | Technical And Hatchery Manager                         |
|  | Agro-Engineer and Poultry Production                   |
|  | Veterinarian, Technical and Health Control             |
|  | Veterinarian, Disease Prevention and Technical Advisor |
|  | Industrial Automation Technician                       |
| <b>Non-Executive Management / Advisory Board</b> |  |
|  | Lawyer / Business Advisor                              |
|  | Business Consultant and Financial Advisor              |

The primary role of the management team will be to manage the day-to-day business operations plus ensure sufficient profitability and cash flows whilst ensuring compliance with legislation. The management team will be tasked with the responsibility of determining the future strategic direction of the company including profitable sales growth, increasing market share, implementing change and forming strategic alliances that will help the company achieve its goals.

### 1.6.1 BIOGRAPHIES OF THE MANAGEMENT TEAM

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### 1.6.2 STRENGTHS AND WEAKNESSES OF THE MANAGEMENT TEAM

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#### **Strengths**

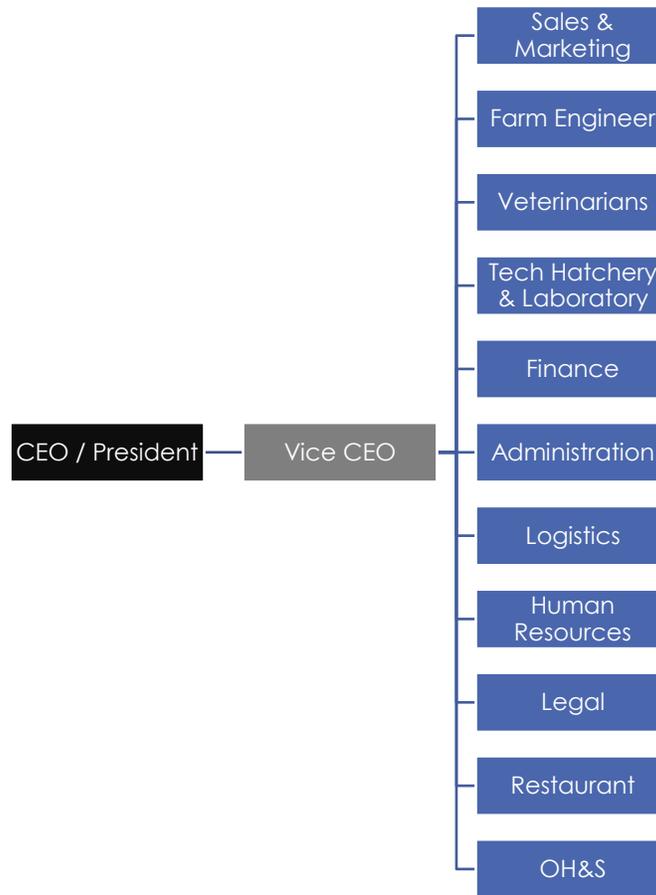
- Decades of Experience in this sector and other areas of the business.
- Loyalty as worked with each other before.
- Good network connections within the industry and business orientated.

#### **Weaknesses**

- Lack of Collaboration.
- Lack of Motivation as sometimes may have to work alone.
- Lack of Appreciation.
- Negative working environment.
- Working away from Home for a long period of time, especially in the early stages of set-up.

### 1.6.3 ORGANISATIONAL CHART

The proposed management organisation chart for this project is illustrated below.



The project will commence with 26 employees as illustrated in the organisation chart shown above.

### 1.6.4 PAYROLL COSTS

The annual payroll costs for the next five years are shown in the table below.

## 1.7 STRATEGIC PARTNERS

| <b>Strategic Partner</b>    | <b>Details</b> |
|-----------------------------|----------------|
| <b>Banker</b>               |                |
| <b>Accountant</b>           |                |
| <b>Lawyer</b>               |                |
| <b>Professional Advisor</b> |                |

## 2. GRAND PARENT POULTRY FARM

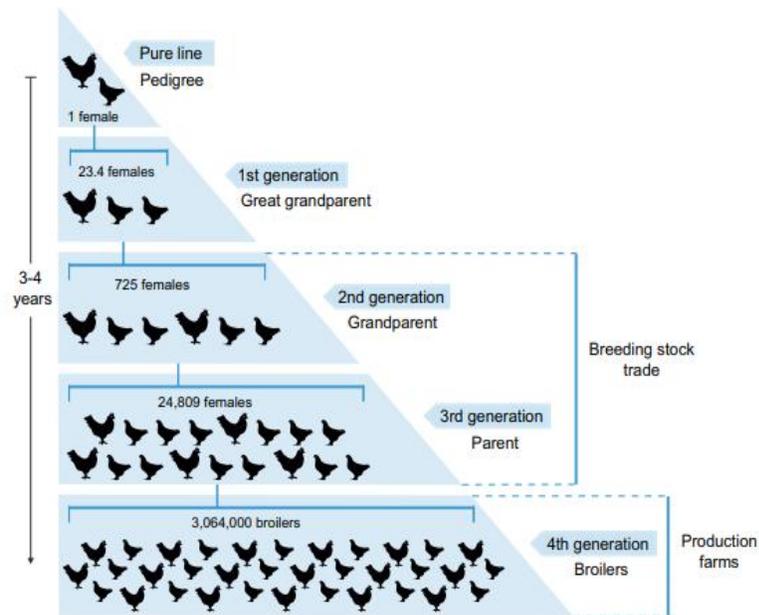
### 2.1 ABOUT THE POULTRY FARM

#### 2.1.1 PROJECT OBJECTIVE

To build a farm breeding Grand Parent Chicken which produces Day-Old Parent (PS). At present, Xx Import Day-Old Meat Parent from Abroad. We will produce Day-Old Parent (PS) which will be sold as livestock to local farmers for them to rear and produce Broiler Chickens for the consumer market.

#### 2.1.2 STAGES OF THE PROCESS

The chart shows the hereditary cycle of chickens that can be used in the poultry production process.



**Breeding pyramid of industrialized poultry production.** Poultry flock sizes derived from a single pedigree female chicken

### 2.1.3 LOCATION

This project will be located in the xx, in the centre of an area that is climatically stable. It is halfway between the major cities, where there is majority of the Meat Breeders Farms, water availability and is easily accessible for transport.

The total area of the land is 100 Hectares and will be utilised as mentioned in the next section.

### 2.1.4 KEY COMPONENTS TO THE FIRST STAGE OF THIS PROJECT

The first stage of this project will entail the following:

#### 1. Grand Parent Farm

There will be 10 Chicken Houses to accommodate 8000 Flocks per house.



#### 2. Feed Meal Plant

We will erect and install all the equipment, machinery and accessories for the supply feed.



### 3. Hatchery.

The hatcheries will accommodate the flocks and will include all equipment, machinery and accessories.

This component will serve the purpose of hatching eggs produced by the Grand Parent Breeders and producing Meat breeding parents.



### 4. Laboratory for the project.

A laboratory is included in this project for the testing of Grand Parent Breeders and the young chicks hatched to ensure that the stock is healthy. The laboratory will hold all necessary equipment and instruments to enable the technicians to be able to undertake routine checking.



The laboratory will also contain all equipment that is necessary to test the environment that the Grand Parent Breeders live in - temperature, air quality, humidity and light. Failure to provide the adequate environment during the breeding period will reduce profitability, resulting in reduced growth and development, poorer feed conversion, and increased disease, condemnation and mortality.

### **5. Administration for the project.**

There will need to be an office on site to cover the daily operations and administration necessary for this project.



### **6. Housing for workers**

The project will include a housing section for the workers. Some workers will need to live in as this project is in full operation every hour of the day. The housing will include sufficient accommodation, furniture and appliances to house the workers in a comfortable environment.

### **7. Restaurant.**

The last component is the development of a restaurant onsite so that customers can come and inspect the facility, then relax thereafter. The restaurant will be staffed by experienced people and will have sufficient seating capacity.

### **8. Infrastructure, Roads, Power, Energy and Waste Management**

All of these extra inclusions will be planned around the whole operation.

## **2.2 VALUE PROPOSITION**

Xx will be supplying healthy, and sustainable Chicken Poultry supplies to farmers in sufficient quantities by developing, testing, and retaining environmental health and quality. This will benefit the end consumer knowing that they are consuming local bred chicken rather than imported chicken.

### 2.3 FUTURE PRODUCTS

The directors intend to extend the business with the inclusion of the following stages in future years:

- Parent Breeding to produce Broiler Chicken Egg Hatchery
- Broiler Slaughterhouse and packaging

These stage extensions will be subject to undertaking further feasibility studies and additional funding.



### 2.4 BREEDING ESTIMATES

Expected demand for the product in the first year of operation will exceed production. The second year will reach 100% production and thereafter increase up to 125% over the coming years, reaching to total project capacity. At this rate we may consider the possibility of export of parental day-old chicks to other countries.

|                 | 2024 | 2025 | 2026 | 2027 | 2028 |
|-----------------|------|------|------|------|------|
| Parent Breeders |      |      |      |      |      |

### 2.5 THREATS

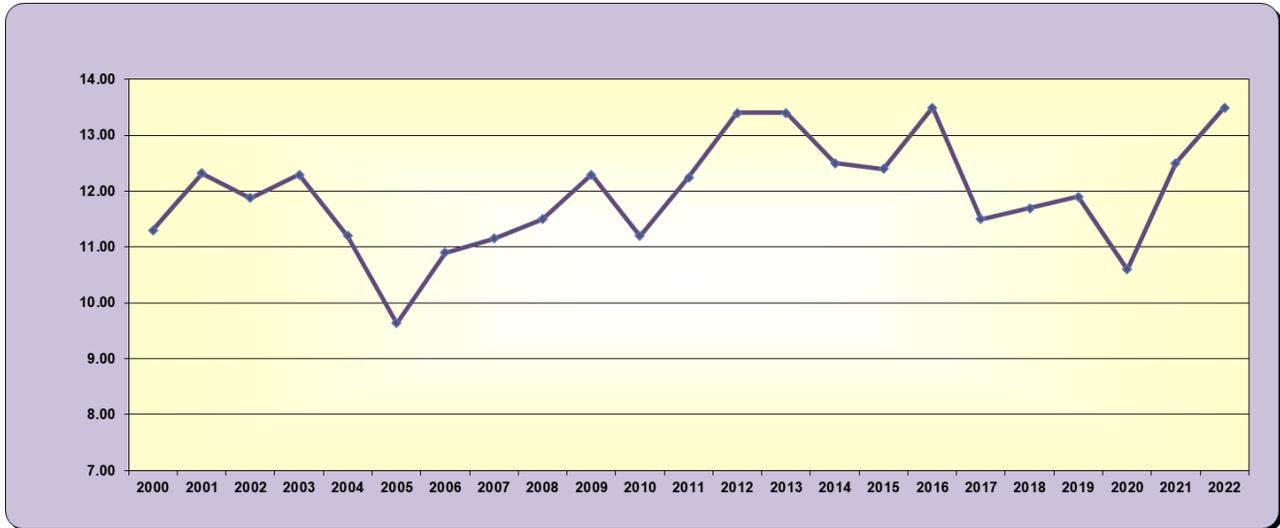
**Bird Flu** - Bird Flu or Avian Influenza is a chicken viral disease that spreads in crowded poultry farms. It's significant to mention it here that it doesn't happen often. When it does happen, then it would destroy the entire livestock of your farm.

**Regulations** - The animal welfare movements and NGOs are protesting for the better treatment of chickens in poultry farms. If any such legislation is passed, then it would increase the management cost.

**Increasing Cost** - Rents, insurance, transportation, distribution, chicken feed, and many other administrative and operational costs increase the expenses of the poultry farm.

## 2.6 PRICING STRATEGY

The annual evolution of the average selling price of broiler chicken at the farm (Dhs/Live Kg) over the last 22 years is shown below.



The price has continued to increase in 2023 as follows:

| Week No. | Price xx/Kg vif |
|----------|-----------------|
| 1        | 12.64           |
| 2        | 14.14           |
| 3        | 15.93           |
| 4        | 17.00           |
| 5        | 16.86           |
| 6        | 16.00           |
| 7        | 14.07           |
| 8        | 12.79           |
| 9        | 13.29           |
| 10       | 14.29           |

It is our intention to sell the Parent Breeders starting at US\$4.00 in the beginning gradually increasing to US\$4.70.

The chicken meat price of \$4.77 (MAD 50) for 1 kg is the average price in Xx in December 2022. The average price is for frozen chicken meat ready to cook according to Global Product Prices (Source:

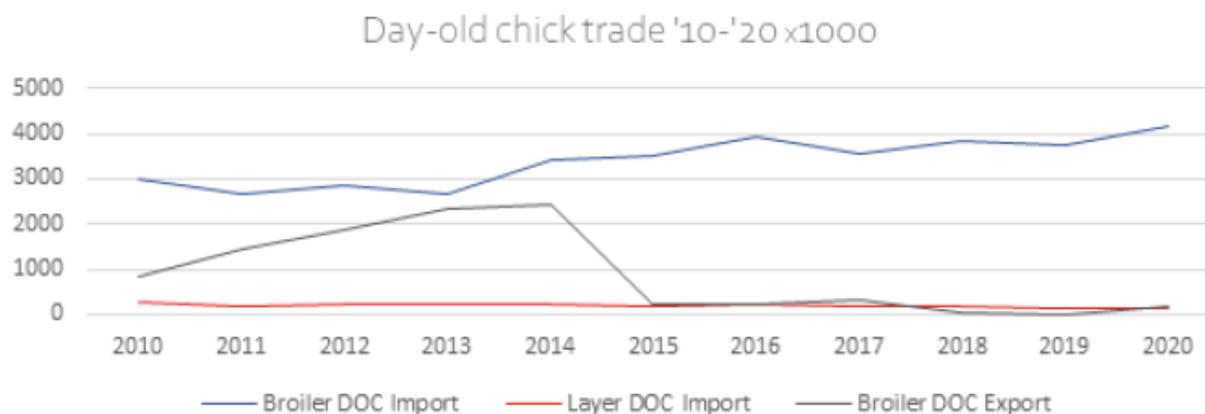
[https://www.globalproductprices.com/Xx/poultry\\_prices/](https://www.globalproductprices.com/Xx/poultry_prices/))

## 3. THE MARKET

### 3.1 INDUSTRY AND MARKET ANALYSIS

The Xx poultry sector has been growing steadily over the last few years and has become 100% self-sufficient in meat and egg production. Nonetheless, the sector faces internal obstacles that will seriously hamper future growth if not addressed. Market constraints, such as feed prices and DOC imports, combined with unsanitary practices and systemic deficiencies in the organisation and integration of the value chain, can also be regarded as opportunities.

The production of broiler Day-old chicks (DOC) has been growing slowly in Xx over the last decade.<sup>2</sup> Collectively the country produced around 350 million broiler DOCs in 2010, growing to an all-time high of 490 million in 2017 before dropping back to 380 million in 2020 after reaching 480 million in 2019. The production of layer DOCs has been even more unpredictable, moving from 14 million in 2010 to 15 million in 2020 while peaking at 20 million in both 2011 and 2014. The Xx poultry sector is still dependent on Day-old chick imports as shown in the chart below.



Locally bred DOC quality depends on the genetics and circumstances of the parent stock. The parent stock needs to have access to clean water, plenty of nutrients, hygienic environment. A weak parent stock will inevitably lead to weak chicks, who will be more susceptible to disease. Since Xx imports most of their DOC's and this is reflected back in the poultry price, more hatcheries are needed to supply the local market.

<sup>2</sup> Source – NABC - Poultry Sector Xx – April 2022

### 3.2 POULTRY MARKET STATISTICS

Data sourced from FISA Xx for 2018 and 2020, shows the historical data for production and prices in this market. <sup>3</sup>

|                        |                                      | UNIT                  | 2010   | 2011   | 2012   | 2013   | 2014   | 2015   | 2016   | 2017   | 2018   | 2019   | 2020   |
|------------------------|--------------------------------------|-----------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Production             | Flesh chicks                         | Millions of birds     | 350    | 380    | 350    | 340    | 380    | 450    | 400    | 490    | 450    | 480    | 380    |
|                        | laying hens (in millions)            | Millions of birds     | 14     | 20     | 15     | 15.6   | 20     | 16     | 14     | 14     | 15     | 16     | 15     |
|                        | Consumption eggs                     | Billion               | 3.7    | 4.3    | 4.3    | 4.5    | 5      | 5.1    | 4.1    | 5.5    | 5.8    | 6.1    | 5.5    |
|                        | Poultry Feed                         | Million metric tonnes | 2.6    | 2.9    | 2.8    | 2.75   | 3      | 3.2    | 2.75   | 3.3    | 3.4    | 3.7    | 3      |
|                        | Poultry meat through slaughter-house | Metric tonnes         | 30.674 | 36.214 | 38.046 | 35.867 | 42.635 | 42.797 | 39.992 | 44.963 | 45.636 | 55.494 | 46.710 |
| Import                 | Broiler Day-old chicks               | Thousands             | 2.981  | 2.685  | 2.848  | 2.653  | 3.404  | 3.537  | 3.926  | 3.540  | 3.835  | 3.739  | 4.160  |
|                        | Broiler hatching eggs                | Thousands             | -      | -      | -      | -      | -      | -      | 2828   | -      | -      | -      | -      |
|                        | Layer Day-old chicks                 | Thousands             | 279    | 183    | 219    | 229    | 220    | 168    | 216    | 167    | 170    | 132    | 134    |
|                        | Layer Hatching eggs                  | Thousands             | -      | -      | -      | -      | -      | -      | 1207   | -      | -      | -      | -      |
|                        | Consumption eggs                     | Thousands             | -      | -      | -      | -      | -      | -      | 4658   | -      | -      | -      | -      |
| Export                 | Broiler hatching eggs                | Thousands             | 3.266  | 6.566  | 6.692  | 10.296 | 13.235 | 16.860 | 10.476 | 18.497 | 21.330 | 27.460 | 44.796 |
|                        | Broiler Day-old chicks               | Thousands             | 841    | 1.467  | 1.889  | 2.332  | 2.412  | 225    | 222    | 302    | 44     | 10     | 175    |
|                        | Consumption eggs                     | Thousands             | -      | -      | -      | -      | 14176  | 6010   | -      | 1783   | 563    | 33     | -      |
| Prices                 | Chicken selling price                | Dhs/kg Alive          | 11.2   | 12.25  | 13.4   | 13.4   | 12.5   | 12.4   | 13.5   | 11.5   | 11.7   | 11.9   | 10.6   |
|                        | Consumption eggs                     | Dhs/oeuf              | 0.64   | 0.67   | 0.82   | 0.79   | 0.66   | 0.76   | 0.98   | 0.7    | 0.75   | 0.58   | 0.69   |
| Consumer patterns      | Poultry meat                         | Kg./person/year       | 17.2   | 17.8   | 16.7   | 16     | 16.9   | 18.9   | 17.4   | 19.7   | 20.5   | 22.1   | 19.2   |
|                        | Eggs                                 | Egg/person/year       | 138    | 154    | 152    | 156    | 168    | 169    | 140    | 180    | 188    | 195    | 177    |
| Cumulative investments |                                      | Billions of Dhs       | 9.4    | 9.8    | 9.8    | 10     | 10.4   | 11     | 11.3   | 12     | 12.9   | 13.5   | 13.7   |
| Turnover               |                                      | Billions of Dhs       | 23.2   | 28.3   | 29.6   | 29.8   | 27.9   | 29.6   | 29.1   | 28.5   | 31     | 32.5   | 27.4   |
| Direct jobs            |                                      | Thousands             | 110    | 120    | 115    | 113    | 123    | 136    | 120    | 145    | 150    | 160    | 140    |
| Indirect jobs          |                                      | Thousands             | 250    | 270    | 255    | 250    | 280    | 310    | 280    | 330    | 345    | 370    | 320    |

With an average growth rate over the last four decades of about 6% in poultry meat production and 6.1% in egg production for consumption, the poultry sector is one of the most dynamic agricultural activities. in Xx.

Given their relatively low prices compared to other animal foodstuffs, poultry products are consumed by the entire population and constitute the only recourse for improving our country's food security in terms of proteins of animal origin.

With production in 2020 of 635,000 tons of poultry meat and 5.5 billion table eggs, the sector currently covers:

- 100% of poultry meat requirements representing 55% of total consumption of all meats combined.

<sup>3</sup> Source – NABC - Poultry Sector Xx – April 2022

- 100% of table egg requirements.

### **Poultry Sector Infrastructures**

- 43 compound feed manufacturing plants.
- 51 hatching units.
- 230 breeding farms authorized.
- 7627 authorized broiler farms.
- 885 broiler turkey farms authorized.
- 251 authorized laying hen farms.
- 27 approved poultry slaughterhouses.
- 19 consumer egg packaging units.
- 03 consumer egg processing units.
- 27 approved poultry slaughterhouses.
- 18 mechanically separated meat preparation units.

### **Poultry Sector in Figures (2020)**

In 2020, the sector provided:

- Annual production:
  - 535,000 tons of broiler meat
  - 100,000 tons of turkey meat
  - 380 million broiler chicks
  - 10.6 million local poultry
- 2 million poultry imported.
- 15 million laying chicks.
- 5.5 billion eggs for consumption.
- 3 million tons of compound feed for poultry.

Cumulative investments: 13.7 billion dirhams

Turnover: 27.4 billion dirhams

Jobs: 140,000 direct jobs - 320,000 indirect jobs

More than a third of the animal protein in the average food intake of the Xx consumer is provided by the poultry sector.

### 3.3 TARGET MARKET & CUSTOMERS

The target market is Xx. The intended customers are the local farmers who will rear and produce Parent (PS) Broiler Chickens for the consumer market in the initial stage. Later on, the business will expand its business model to take on the role of being the local farmer.

### 3.4 MARKET SIZE

The achieved revenues in the Xx poultry sector in 2020 were 40% less than the MAD 32.5 billion (3 billion EU) turnover achieved in 2019. <sup>4</sup> This decline has been attributed to decreased demand as a result of restaurant and hotel lockdowns and disrupted supply chains.

With respect to Broiler production in Xx, production will almost meet the consumption estimates through to 2025 according to NABC.

| <b>Table 8: poultry production prognosis<sup>21</sup></b> | <b>2019</b> | <b>2020</b> | <b>2021</b> | <b>2022</b> | <b>2023</b> | <b>2024</b> | <b>2025</b> |
|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Poultry production, '000 tonnes                           | 782.0       | 800.0       | 820.0       | 855.0       | 887.0       | 910.0       | 930.0       |
| Poultry production, % y-o-y                               | 8.6         | 2.3         | 2.5         | 4.3         | 3.7         | 2.6         | 2.2         |
| Poultry consumption, '000 tonnes                          | 759.2       | 776.7       | 811.6       | 858.7       | 905.9       | 953.9       | 990.2       |
| Poultry consumption, % y-o-y                              | 4.0         | 2.3         | 4.5         | 5.8         | 5.5         | 5.3         | 3.8         |
| Poultry consumption, kg per capita                        | 20.8        | 21.0        | 21.7        | 22.7        | 23.7        | 24.7        | 25.4        |
| Poultry production balance, '000 tonnes                   | 22.8        | 23.3        | 8.4         | -3.7        | -18.9       | -43.9       | -60.2       |

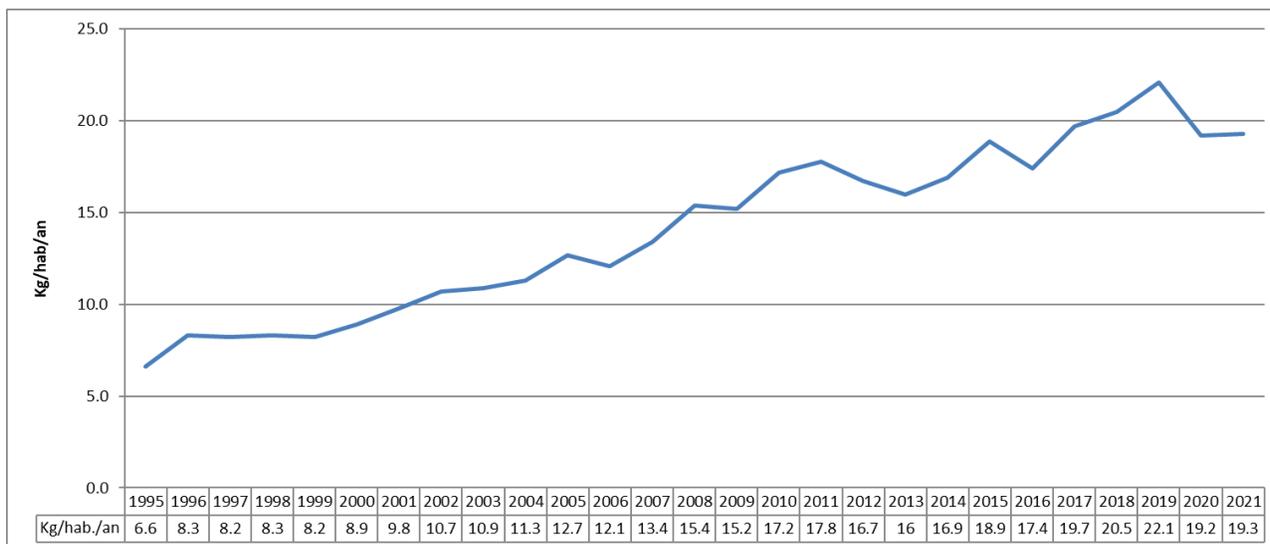
The sector is poised for growth. High cost of imported poultry input and finished products—due to the Dirham's weak performance relative to international trading currencies—has catalysed interest in domestically manufactured substitutes.

There is also a strong demand in Xx for Mechanically Separated Meat (MSM), a by-product of the industrial slaughter process. Currently, MSM has a strong market in Xx but is mostly imported. Producing MSM locally requires additional treatment technology and packaging equipment. Only three companies in Xx currently have the technology to produce MSM.

<sup>4</sup> Source – NABC - Poultry Sector Xx – April 2022

### 3.5 REASONS FOR MARKET GROWTH AND TRENDS

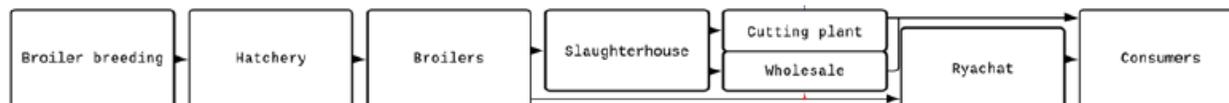
The consumption of poultry meats has increased over the last 25+ years from 6.6 kg/hab/an in 1995 to 19.3 kg/hab/an in 2021. To meet this increased consumption demand, poultry had to be imported.



The convergence of the above-mentioned economic and demographic changes has set in motion a transformation of dietary preferences in Xx. <sup>5</sup> First, with a growing middle-income population, animal protein is increasingly preferred over plant-based protein, with poultry produce accounting for close to a third of animal protein consumed in Xx. Secondly, given time demands and a need for convenience, the growing urban population is increasingly substituting the consumption of foods with long preparation times for processed and ready-to-eat foods. These two consumer dietary trends present opportunities for the Xx poultry sector.

### 3.6 POULTRY MARKET SUPPLY CHAIN

The Xx supply chain for the poultry market is illustrated below. The Ryachat is termed for the local butcher.



<sup>5</sup> Source – NABC - Poultry Sector Xx – April 2022

### 3.7 MARKET NEEDS

Xx has a population of 38 million habitat and nearly 60% are living in larger cities with the average consumption of poultry meat per capita is 15kg per year. Whereas the average consumption of poultry meat in the world is 45kg per capita per year compared to others Arab countries, such as Kuwait 42kg per capita, Qatar 43kg per capita, Saudi Arabia 42kg per capita chicken meat.

There is a rising demand for poultry meat (chickens), due to being one of the main food sources and good for protein. From 2010 to 2020 the consumption of meat increased by 11.1% and the egg consumption rose to 177 eggs per capita per year. <sup>6</sup>

Xx has had to rely on the importation of parent meat as it did not have any local breeders. The chart shows import quantity of parent meat for the period from January 2010 through to April 2022.

#### IMPORT EVOLUTION OF PARENTS BREEDERS (PS ) MEAT TYPE

|              | 2012             | 2013             | 2014             | 2015             | 2016             | 2017             | 2018             | 2019             | 2020             | 2021             | 2022             | 2023           |
|--------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|----------------|
| January      | 360,461          | 131,569          | 329,221          | 240,609          | 411,760          | 325,684          | 193,700          | 213,428          | 248,650          | 231,549          | 482,480          | 378,860        |
| February     | 191,595          | 131,530          | 204,860          | 345,536          | 170,108          | 172,669          | 441,078          | 315,686          | 449,483          | 303,610          | 258,650          | 59,660         |
| March        | 237,844          | 313,418          | 169,541          | 255,770          | 395,856          | 353,163          | 161,413          | 334,705          | 399,229          | 233,875          | 343,578          |                |
| April        | 161,069          | 235,723          | 480,221          | 326,488          | 355,531          | 209,389          | 420,711          | 198,486          | 483,208          | 340,330          | 188,290          |                |
| May          | 258,356          | 292,313          | 274,619          | 339,308          | 334,769          | 473,615          | 405,719          | 384,370          | 215,318          | 292,813          | 381,146          |                |
| Jun          | 130,715          | 207,672          | 262,913          | 365,364          | 370,274          | 156,934          | 198,439          | 357,269          | 391,820          | 374,473          | 185,960          |                |
| Jully        | 296,164          | 235,159          | 331,307          | 139,295          | 194,537          | 314,380          | 351,733          | 323,450          | 192,654          | 248,076          | 399,612          |                |
| August       | 191,533          | 187,911          | 233,008          | 307,309          | 421,693          | 343,794          | 312,466          | 407,767          | 411,036          | 244,450          | 273,990          |                |
| Septem       | 244,800          | 385,016          | 388,587          | 355,592          | 390,400          | 309,353          | 427,260          | 264,900          | 245,466          | 347,350          | 364,775          |                |
| October      | 262,459          | 210,577          | 209,856          | 385,160          | 291,160          | 271,753          | 275,840          | 242,810          | 357,414          | 330,482          | 373,234          |                |
| Nobemb       | 296,780          | 139,926          | 314,695          | 270,502          | 301,374          | 324,842          | 360,658          | 288,760          | 346,870          | 417,832          | 371,587          |                |
| Decem        | 216,538          | 182,273          | 205,777          | 206,239          | 289,255          | 284,154          | 286,250          | 408,216          | 419,782          | 171,190          | 311,860          |                |
| <b>TOTAL</b> | <b>2,848,314</b> | <b>2,653,087</b> | <b>3,404,605</b> | <b>3,537,172</b> | <b>3,926,717</b> | <b>3,539,730</b> | <b>3,835,267</b> | <b>3,739,847</b> | <b>4,160,930</b> | <b>3,536,030</b> | <b>3,935,162</b> | <b>438,520</b> |

<sup>6</sup> Source – NABC - Poultry Sector Xx – April 2022

### 3.8 DEMOGRAPHICS

The current population of Xx is 38,029,531 as of December 2022, based on Worldometer elaboration of the latest United Nations data which is equivalent to 0.47% of the total world population. <sup>7</sup>

The pre-pandemic growth decade brought about a steady expansion of Xx's middle class. In the same period, Xx had recorded a population growth rate of 1.28% per annum<sup>4</sup>, with a current population size of 36.4 million. A total of 63% of Xx's population lives in urban areas with an expected increase of city-dwellers of 2% a year.

Xx is a demographically young country with 27% of its population under the age of 15, 18% between the ages of 15 and 24, 42% between 25 and 54 years old, 7% between the ages of 55 and 64 and just 6% 65 years and older. <sup>8</sup> The median age of Xxs is just 29 years old as of 2018, with a life expectancy of 77.1 years of age.

Most of the estimated 100,000 foreign residents in Xx are also French, while France is home to the largest concentration of Xx migrants outside of Xx. A percentage of the population is descended from colonists, working mostly for large European countries, while others settled in the country. Before its independence, Xx was home to more than 500,000 Europeans.

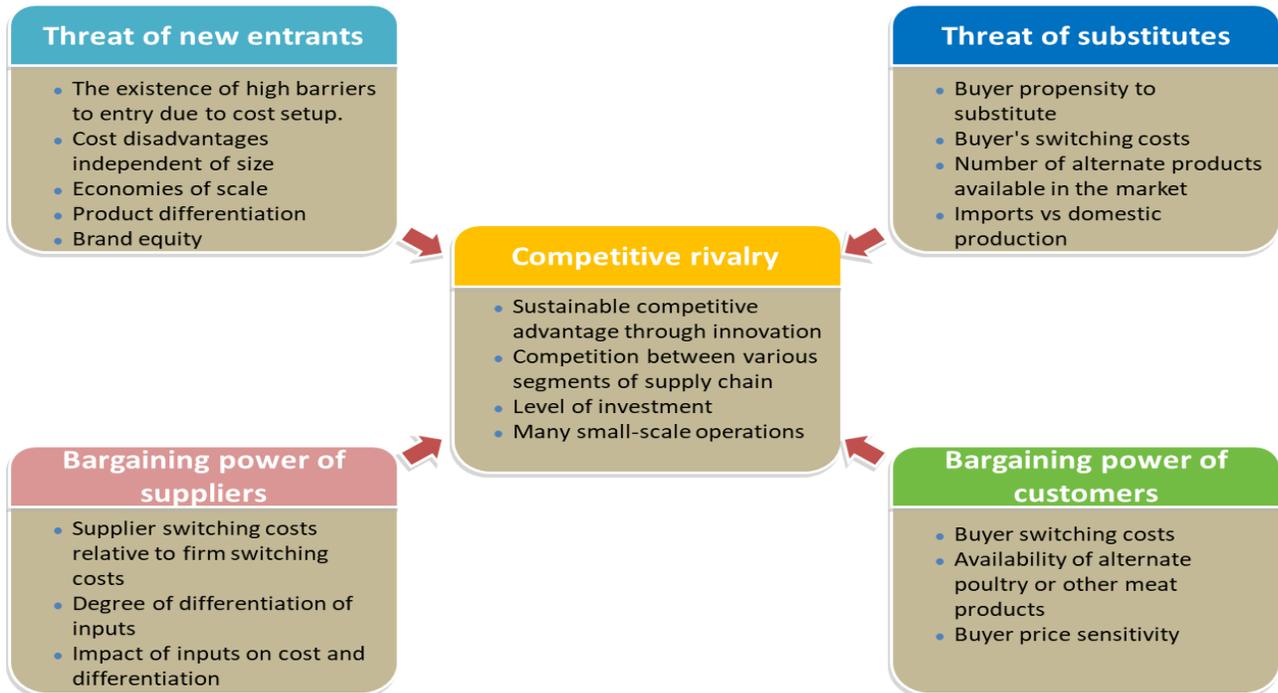


<sup>7</sup> Source – Worldometers - Xx Population

<sup>8</sup> Source – World Population Review - Xx Population 2022

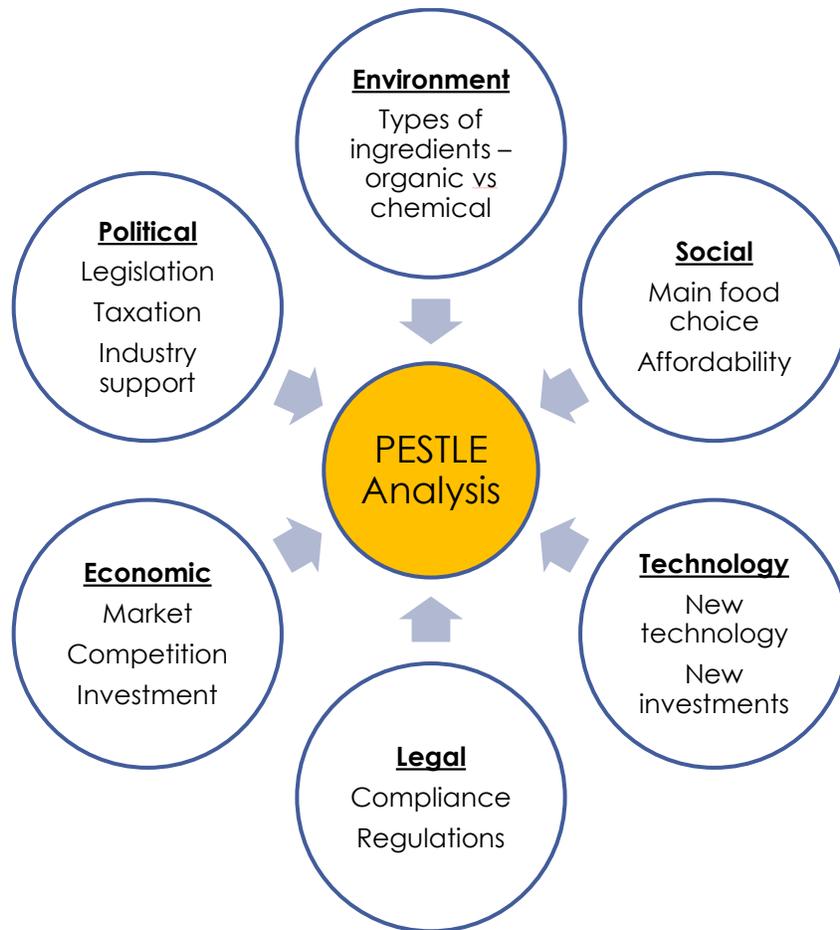
### 3.9 PORTER'S FIVE FORCES ANALYSIS

**Porter's five forces** include three **forces** from 'horizontal' competition--the threat of substitute products or services, the threat of established rivals, and the threat of new entrants--and two others from 'vertical' competition--the bargaining power of suppliers and the bargaining power of customers.



### 3.10 PESTLE ANALYSIS

**PESTLE** stands for "Political, Economic, Social, Technological, Legal and Environmental" and is used for business and strategic planning, marketing planning, organizational change, business and product development and research reports. The company can maximize the opportunities and minimize the threats by understanding the external environments.



### 3.11 COMPETITOR ANALYSIS

#### 3.11.1 COMPETITIVE LANDSCAPE

There is a fierce competition for market share between factories, leading to a continuous quest to improve costs and quality at the other end of the supply chain.

Hatcheries can at times be fiercely competitive with prices dropping sharply for a period of time. As a result, poultry prices are highly cyclical, following periods of over- and underproduction.

#### 3.11.2 DIRECT COMPETITORS

There are no direct local competitors in this segment of the market. Presently, reliance is placed on imported products. No one in the country does grandparent breeding for Day-Old meat parent (PS). There are many competitors throughout the other supply chain processes.

The chart below shows the main production locations for poultry in Xx. <sup>9</sup> The urban areas of Rabat, Xx, Marrakech and Fez are also the main production areas for poultry products.



#### 3.11.3 COMPETITIVE ADVANTAGE

We will be the first to market with our special breeding program. No one in Xx has taken the opportunity to breed grandparents (GPS) for Day-Old meat parent (PS). Our business model is unique and will allow us to command the whole supply chain (subject to feasibility studies).

<sup>9</sup> Source – NABC - Poultry Sector Xx – April 2022

## 4. MARKETING & SALES STRATEGIES

### 4.1 MARKETING OBJECTIVES

In this section, we outline the marketing strategies necessary to make our business model successful. Our marketing objectives are to:

- a) Develop brand awareness through a steady, month to month increase of new farmers and export customers.
- b) To select the most effective marketing strategies that will entice the customer in a most cost-effective way that will return a significant return on investment
- c) To ensure that our marketing campaigns produce an effective return on investment both offline and online

### 4.2 TARGETING STRATEGY

Our targeting strategy for the first stage of this project will be simple throughout using a combination of offline and online marketing strategies designed to entice new and retain existing customers in both the domestic and export markets.

**Offline** – The company will utilise traditional marketing strategies to entice new farmers. We will be able to retain these farmers by providing quality chickens to them constantly. Networking with business and industry leaders will be the key marketing strategies to be employed. Participation at local markets will enable us to showcase our chickens to potential customers.

**Online** - The company will also actively manage its website and social media accounts, keeping its customers up to date with its latest products. Customers will also get updated on local events and sponsorship through these online platforms.

### 4.3 SALES STRATEGY

In order to realise success, the business will execute the following strategies:

| Sales Strategy                | Activities  | Timeline   | Success Criteria  |
|-------------------------------|---|--|---|
| Brand publicity and promotion | <ul style="list-style-type: none"> <li>The company will sponsor or contribute to various promotional activities.</li> <li>The team will be involved with networking with industry and business groups.</li> </ul> | <ul style="list-style-type: none"> <li>Within the first 12 months.</li> </ul>            | <ul style="list-style-type: none"> <li>The brand will be recognized through events, through professionals who represent the brand, networking, social media and website.</li> </ul> |
| Online store                  | <ul style="list-style-type: none"> <li>Set up a company website which will also serve as its online store. This will be managed regularly.</li> </ul>   | <ul style="list-style-type: none"> <li>By the second month after the opening.</li> </ul> | <ul style="list-style-type: none"> <li>Customers are successfully able to order through the website.</li> </ul>   |

#### 4.4 DISTRIBUTION CHANNELS

The distribution channel for this first stage of chicken product will be local farmers only. Other distribution outlets such as distributors will be considered at a later date.

|                             | Direct to Farmers   | Online  |
|-----------------------------|---|---|
| <b>Ease of Entry</b>        | We expect entry into the market to be easy as we are only competing against imported brands.      | Entry into the market will be easy with the development of a website and social medial platforms.   |
| <b>Geographic Proximity</b> | Domestic only.  | Domestic and international.   |
| <b>Costs</b>                | Building trust takes time. Costs should be low as we will be dealing directly with the customers. | There is a low cost for establishing a website. The use of social media platforms will also be low cost with the (a) building of a community and (b) digital advertising. |

#### 4.5 PROMOTION AND ADVERTISING STRATEGY

The business will make use of traditional advertising along with modern methods to create brand awareness. The promotional strategy will consist of using a combination of traditional offline and online marketing strategies to target our primary target market.

| Offline Strategies  | Online Strategies   |
|---|---|
| Press releases<br>Public relations<br>Product endorsements<br>Networking with industry and business groups<br>Trade shows and events<br>Local markets<br>Sponsorships | Website<br>Social media such as Facebook and Instagram<br>Social media influencers<br>YouTube<br>Cross banner advertising<br>Google Advertisements<br>Search Engine Optimisation<br>Blogs<br>Email newsletters<br>Online testimonials |

## 5. FUTURE MILESTONES

The developmental strategy takes into perspective the requirements needed to grow this business. The key areas that need to be properly planned include seeking finance, gaining regulatory licenses and accreditations, developing operational procedures, acquiring the land, buildings and equipment, developing a website, recruiting specialists and marketing. There are other key areas to be considered. Each strategy to be adopted must follow a logical sequence.

The timeline below illustrates the key milestones that will need to be achieved after receiving funding.

| Milestone  | Time Period                |
|--|----------------------------|
| Complete business plan and pitch deck  | April 2023                 |
| Organise bank funding  | May -June 2023             |
| Organise investor funding  | May -June 2023             |
| Obtain business registrations  | May -June 2023             |
| Lease the land and building or purchase outright subject to finance approval | July 2023                  |
| Purchase of equipment  | July – August 2023         |
| Building fit-out   | July – August 2023         |
| Recruitment and training of employees across all departments                 | July – August 2023         |
| Purchase of chickens   | September 2023 and ongoing |
| Development of operational + financial policies and procedures               | May 2023 and ongoing       |
| Establish Board of Directors   | May 2023                   |
| Develop corporate governance policies and processes                          | May 2023 and ongoing       |

## 6. LEGAL, TAXATION & OPERATIONS

### 6.1 INTELLECTUAL PROPERTY, TRADEMARKS & PATENTS

Xx has a relatively comprehensive regulatory and legislative system for the protection of intellectual property. The rules in place in Xx are set out in Law No. 17-97 on the protection of industrial property, as amended and supplemented by Law No. 23-13, in force since 18 December 2014.

Trademarks that can be graphically represented and signs that can distinguish the goods or services of any natural or legal person. The following, in particular, may be registered:

- denominations in all forms such as words, a combination of words, surnames and geographical names, pseudonyms, letters, numerals, abbreviations.
- figurative signs such as: devices, labels, seals, selvages, reliefs, holograms, logos, synthesised images; shapes, particularly those of a product or its packaging or those that identify a service; arrangements, combinations or shades of colour.
- audible signs such as sounds and musical phrases.
- olfactory marks.

The contact details for the Patents Office are as follows:

### 6.2 TAXATION

According to PwC, the Xx Tax Code considers that all revenues and capital gains generated in Xx are subject to Xx taxation. Companies are taxed on the difference between their trading income and expenditure. Business expenses incurred in the operation of the business are generally deductible unless specifically excluded.

### 6.3 INVENTORY

The company will not be holding inventory. The cost of acquiring Day Old GPS Chicks will be expensed as a direct cost in the year when purchased.

### 6.4 CREDIT POLICIES

Our credit policy will allow local farmers to enjoy 14-day credit terms. Credit terms will not be extended past fourteen days. Failure to pay within these terms will place farmers at risk of receiving future supplies.

## 6.5 OCCUPATIONAL HEALTH AND SAFETY

The Occupational Health and Safety Regulation contains legal requirements that must be met by all workplaces.

The purpose of the Regulation is to promote occupational health and safety and to protect workers and other persons present at workplaces from work-related risks to their health, safety, and well-being. Compliance with the requirements provides the basis on which workers and employers, in cooperation, can solve workplace health and safety problems. The requirements are not an end in themselves but are a foundation upon which to build an effective health and safety program.

We will have our own set of OH&S procedures in place based on the government regulations. All employees will undergo induction and ongoing training. We will have responsible employees in place who will report on OH&S breaches to the Board of Directors.

## 7. FINANCIALS

In this section, the company illustrates the financial projections that have been prepared based on its knowledge of the industry, market and experience. The financial projections reflect conservative growth each year.

A complete set of financial projections can be found in the second booklet. The second booklet will individual revenue and costs by item and by year.

### 7.1 FINANCIAL HIGHLIGHTS & ASSUMPTIONS

#### 7.1.1 HIGHLIGHTS

- Revenue projected to reach US\$xx million in the fifth year.
- Strengthening cash reserves allows for future expansion into the other mentioned stages.
- Strong liquidity ratios.

| PROFIT AND LOSS PROJECTIONS    | 2024 | 2025 | 2026 | 2027 | 2028 |
|--------------------------------|------|------|------|------|------|
| Revenue                        |      |      |      |      |      |
| Expenses                       |      |      |      |      |      |
| <b>Net Profit Before Tax</b>   |      |      |      |      |      |
| <b>Net Profit Before Tax %</b> |      |      |      |      |      |
| <b>BALANCE SHEET</b>           |      |      |      |      |      |
| <b>ASSETS</b>                  |      |      |      |      |      |
| CURRENT ASSETS                 |      |      |      |      |      |
| FIXED ASSETS                   |      |      |      |      |      |
| <b>TOTAL ASSETS</b>            |      |      |      |      |      |
| <b>LIABILITIES</b>             |      |      |      |      |      |
| <b>CURRENT LIABILITIES</b>     |      |      |      |      |      |
| NON-CURRENT LIABILITIES        |      |      |      |      |      |
| <b>TOTAL LIABILITIES</b>       |      |      |      |      |      |
| <b>NET ASSETS</b>              |      |      |      |      |      |
| <b>EQUITY</b>                  |      |      |      |      |      |

### 7.1.2. ASSUMPTIONS

The following assumptions have been made when preparing the financial projections:

- The first year of operation is 2024.
- Financing is based on Option 1 which is investor funding of US\$5.5 million and bank loan of US\$8 million.

## 7.2 REVENUE

The assumptions that have been used to prepare the revenue projections are as follows:

- Unit pricing remains relative stable throughout the forecast period increasing by US\$0.50 in the third year and US\$0.10 per year thereafter.

### **7.3 DIRECT COSTS**

The direct costs are shown below.

### **7.4 OPERATIONAL EXPENSES EXCLUDING DEPRECIATION & INTEREST**

The operational expenses over the five-year period are relatively stable.

### **7.5 COST OF FINANCING**

## 7.6 KEY PERFORMANCE RATIOS

The table below illustrates the different ratios that apply to the business.

| Ratio Analysis              | 2024 | 2025 | 2026 | 2027 | 2028 |
|-----------------------------|------|------|------|------|------|
| <b>Profitability Ratios</b> |      |      |      |      |      |
| Projected Growth in Revenue |      |      |      |      |      |
| Gross Margin %              |      |      |      |      |      |
| EBITDA %                    |      |      |      |      |      |
| Net Profit Before Tax %     |      |      |      |      |      |
| Return on Sales (NPAT) %    |      |      |      |      |      |
| Return on Assets %          |      |      |      |      |      |
| Return on Investment %      |      |      |      |      |      |
| Interest Coverage           |      |      |      |      |      |
| <b>Liquidity</b>            |      |      |      |      |      |
| Quick Ratio                 |      |      |      |      |      |
| Current Ratio               |      |      |      |      |      |
| Debt to Equity Ratio        |      |      |      |      |      |

## 7.7 STATEMENT OF FINANCIAL POSITION (BALANCE SHEET)

The company has prepared its projected Balance Sheet based on its belief in the financial position throughout each of the next five years. The Balance Sheet highlights the Assets, Liabilities and Equity of the business at any given point in time.

| ASSETS                                | 2024 | 2025 | 2026 | 2027 | 2028 |
|---------------------------------------|------|------|------|------|------|
| <b>Current Assets</b>                 |      |      |      |      |      |
| Cash and short-term investments       |      |      |      |      |      |
| Accounts receivable                   |      |      |      |      |      |
| Inventory                             |      |      |      |      |      |
| <b>Total current assets</b>           |      |      |      |      |      |
| Property and Equipment                |      |      |      |      |      |
| <b>Capital Assets</b>                 |      |      |      |      |      |
| Less Accumulated depreciation expense |      |      |      |      |      |
| <b>Total Property and Equipment</b>   |      |      |      |      |      |
| <b>TOTAL ASSETS</b>                   |      |      |      |      |      |
| <b>LIABILITIES</b>                    |      |      |      |      |      |
| <b>Current Liabilities</b>            |      |      |      |      |      |
| Accounts payable                      |      |      |      |      |      |
| Short-Term Debt                       |      |      |      |      |      |
| Income Tax Payable                    |      |      |      |      |      |
| <b>Total Current Liabilities</b>      |      |      |      |      |      |
| <b>Debt</b>                           |      |      |      |      |      |
| Long-term debt/loan                   |      |      |      |      |      |
| <b>Total Debt</b>                     |      |      |      |      |      |
| <b>TOTAL LIABILITIES</b>              |      |      |      |      |      |
| <b>NET ASSETS</b>                     |      |      |      |      |      |
| <b>EQUITY</b>                         |      |      |      |      |      |
| Paid-in capital                       |      |      |      |      |      |
| Retained earnings                     |      |      |      |      |      |
| <b>TOTAL EQUITY</b>                   |      |      |      |      |      |

## 7.8 STATEMENT OF FINANCIAL PERFORMANCE

The Statement of Financial Performance, also known as the Profit & Loss Statement, highlights the revenues generated by the business less the operational expenses. The company has prepared revenue and expense projections based on its knowledge of the industry.

| PROFIT AND LOSS PROJECTIONS               | 2024 | 2025 | 2026 | 2027 | 2028 |
|---|------|------|------|------|------|
| <b>Revenue</b>                            |      |      |      |      |      |
| <b>All Revenue Streams</b>                |      |      |      |      |      |
| <b>Total revenue</b>                      |      |      |      |      |      |
| <b>Direct Costs</b>                       |      |      |      |      |      |
| <b>Opening Stocks</b>                     |      |      |      |      |      |
| <b>All Direct Costs</b>                   |      |      |      |      |      |
| <b>Closing Stocks</b>                     |      |      |      |      |      |
| <b>Cost of goods sold</b>                 |      |      |      |      |      |
| <b>Gross Profit</b>                       |      |      |      |      |      |
| <b>Gross Profit %</b>                     |      |      |      |      |      |
| <b>EXPENSES</b>                           |      |      |      |      |      |
| <b>Operating expenses</b>                 |      |      |      |      |      |
| <b>Operational Expenses</b>               |      |      |      |      |      |
| <b>Depreciation</b>                       |      |      |      |      |      |
| <b>Interest expense on long-term debt</b> |      |      |      |      |      |
| <b>Total operating expenses</b>           |      |      |      |      |      |
| <b>TOTAL EXPENSES</b>                     |      |      |      |      |      |
| <b>NET PROFIT BEFORE TAX</b>              |      |      |      |      |      |
| <b>NET PROFIT BEFORE TAX %</b>            |      |      |      |      |      |
| <b>Income Tax</b>                         |      |      |      |      |      |
| <b>NET PROFIT</b>                         |      |      |      |      |      |

## 7.9 STATEMENT OF CASH FLOWS

The Statement of Cash Flows records the movement of cash into and out of the business over a certain period. The movement in Cash Flow will differ from what is shown in the Income Statement due to taking into account items shown in the Balance Sheet such as capital expenditures, taxes and dividends.

| Operating activities              | 2024 | 2025 | 2026 | 2027 | 2028 | Total |
|-----------------------------------|------|------|------|------|------|-------|
| <b>Net income</b>                 |      |      |      |      |      |       |
| <b>Depreciation</b>               |      |      |      |      |      |       |
| <b>Tax Expenses</b>               |      |      |      |      |      |       |
| <b>EBITDA</b>                     |      |      |      |      |      |       |
| <b>Accounts receivable</b>        |      |      |      |      |      |       |
| <b>Inventories</b>                |      |      |      |      |      |       |
| <b>Accounts payable</b>           |      |      |      |      |      |       |
| <b>Cash from operations</b>       |      |      |      |      |      |       |
| <b>Tax Paid</b>                   |      |      |      |      |      |       |
| <b>Total operating activities</b> |      |      |      |      |      |       |
| <b>Investing activities</b>       |      |      |      |      |      |       |
| <b>Capital expenditures</b>       |      |      |      |      |      |       |
| <b>Total investing activities</b> |      |      |      |      |      |       |
| <b>Financing activities</b>       |      |      |      |      |      |       |
| <b>Capital Injection</b>          |      |      |      |      |      |       |
| <b>Short Term Debts</b>           |      |      |      |      |      |       |
| <b>Long Term Debt</b>             |      |      |      |      |      |       |
| <b>Total financing activities</b> |      |      |      |      |      |       |
| <b>Cumulative cash flow</b>       |      |      |      |      |      |       |
| <b>Beginning cash balance</b>     |      |      |      |      |      |       |
| <b>Ending cash balance</b>        |      |      |      |      |      |       |

## 8. RISK MANAGEMENT

The purpose of the section is to identify, assess and control threats to the company capital and earnings. These threats, or risks, could stem from a wide variety of sources, including financial uncertainty, legal liabilities, strategic management errors, accidents and natural disasters.

The four types of risk that the business is likely to come across are:

1. Strategic risk
2. Compliance and regulatory risk
3. Financial risk
4. Operational risk

| RISK                                     | LIKELIHOOD    | IMPACT | STRATEGY  |
|--|---------------|--------|---|
| <b>Strategic Risks</b>                   |               |        |   |
| New competitors                          | Highly likely | Medium | To remain at the forefront by maintaining a competitive advantage and using the latest technology.  |
| New technologies                         | Highly likely | Medium | To keep investing in new technology providing that it returns a solid ROI, improves profitability and operational efficiency.                                   |
| Environmental disasters                  | Likely        | Low    | To have adequate insurance in place covering all aspects of the business.<br><br>To activate and monitor Risk Minimisation procedures so as to reduce downtime. |
| <b>Compliance &amp; Regulatory Risks</b> |               |        |   |
| Government regulations                   | Likely        | Medium | Regulations will affect the industry. We need to be at the forefront of knowing and understanding the changes to legislation.                                   |

| <b>RISK</b>                  | <b>LIKELIHOOD</b> | <b>IMPACT</b> | <b>STRATEGY</b>  |
|------------------------------|-------------------|---------------|--|
| Compliance                   | Likely            | High          | To have an internal and external audit to ensure that we are compliant with all government regulations.  |
| Corruption                   | Highly likely     | Medium        | To apply our corporate governance policies and ensure that all employees are aware of the policies. Penalties will apply to those employees found to be involved with corruption.                                |
| <b>Financial Risks</b>       |                   |               |  |
| Inflation                    | Highly likely     | High          | To consider bulk purchasing and locked-in pricing with suppliers for one year term.<br>Diversify our supply chain.   |
| Interest rates               | Highly likely     | High          | We need to review the economic outlook for financing the initial investment – fixed or variable interest rates.<br>For exports, the interest rate risk can also be mitigated through various hedging strategies. |
| Customers not paying on time | Likely            | Medium        | To ensure that our employees are aware of our strict credit control policies and implement them with the customers.  |
| Cost control                 | Likely            | Medium        | To maintain strict cost control through supervision of ordering and payments, implementation of internal budgets by department.  |

| RISK  | LIKELIHOOD    | IMPACT  | STRATEGY  |
|---|---------------|---------|---|
| <b>Operational Risks</b>                    |               |         |   |
| Health and safety issues for the livestock. | Highly Likely | Medium, | Tight control on all aspects of Hygiene and Cross Contamination by providing regular training and assessments. Each area of the process will have a senior to oversee the operations and health and safety. |
| Health and safety issues for employees.     | Likely        | Medium  | Maintaining sufficient staff numbers and cover, employee safety and up-to-date skills.<br>Health & Safety Policies & Procedures Manual.   |
| Failure of key suppliers                    | Likely        | Medium  | To have on hand a list of suppliers across all food, medical and operational supplies to be ready.  |
| Technology not working                      | Unlikely      | Low     | To have a manual operations process and procedures on hand to implement should technology not be working.   |

## 9. CORPORATE GOVERNANCE

### 9.1 BOARD OF DIRECTORS

The size and composition of the Board of Directors has yet to be confirmed. This process will be undertaken within the next few months. The composition of the Board of Directors will be based on:

- Their industry experiences.
- The skills that match our needs.
- Investor.
- Access to a customer database.

### 9.2 CORPORATE GOVERNANCE

The company is in the process of developing its corporate governance policy. As such, the policy will guide the directors on the composition of the board, acting lawfully and the management of risks.

### 9.3 ACTING LAWFULLY, ETHICALLY AND RESPONSIBLY

We shall instil and continually reinforce a culture across the organization of acting lawfully, ethically and in a socially responsible manner in everything we do. This action will start with the Board of Directors and follow through with each employee to ensure that we act lawfully, ethically and responsibly with our stakeholders.

### 9.4 IDENTIFICATION AND MANAGEMENT OF RISKS

Five basic steps are taken to manage risk; these steps are referred to as the risk management process. It begins with identifying risks, goes on to analyse risks, then the risk is prioritized, a solution is implemented, and finally, the risk is monitored. We will be adopting the following five steps of the Risk Management Process to identify and manage our internal and external risks:

**Step 1:** Identify the Risk. The first step is to identify the risks that the business is exposed to in its operating environment (internal and external).

**Step 2:** Analyse the Risk. Once a risk has been identified it needs to be analysed. To determine the severity and seriousness of the risk it is necessary to see how many business functions the risk affects.

**Step 3:** Evaluate or Rank the Risk. Risks need to be ranked and prioritized. Most risk management solutions have different categories of risks, depending on the severity of

the risk. A risk that may cause some inconvenience is rated lowly; risks that can result in catastrophic loss are rated the highest.

**Step 4:** Treat the Risk. Every risk needs to be eliminated or contained as much as possible.

**Step 5:** Monitor and Review the Risk. Not all risks can be eliminated – some risks are always present. Market risks and environmental risks are just two examples of risks that always need to be monitored.

# 10. APPENDICES

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## APPENDIX 10.1 FUNDING REQUIREMENTS

The detailed funding requirements are shown in the table below.