

# **XYZ EGG FARM, LLC**

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# **BUSINESS PLAN**

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**MONTH  
YEAR**

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# 1. EXECUTIVE SUMMARY

## COMPANY DESCRIPTION

- XYZ Egg Farm, LLC
- Was established as a limited liability company in Month Year
- Will be headquartered in ABC
- Egg production operations

## THE MANAGEMENT

- John Doe, CEO

## THE PRODUCTS

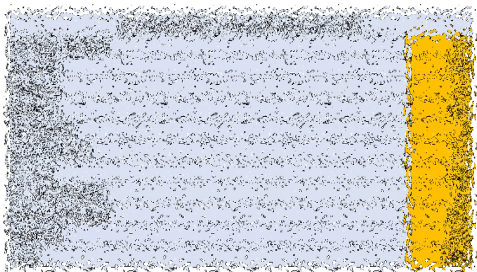
- White table eggs
- Brown able eggs
- Cage-Free eggs
- Organic Free-Range eggs
- Hatched eggs\.
- Poultry Meat

## TARGET MARKET

- Grocery stores
- Restaurants/food service outlets
- Hotels
- Exporters

## ABC EGG MARKET<sup>1</sup>

The ABC Market for table egg and egg products was estimated at \$27 million in during 2016, which is equivalent to more than 33 million dozen eggs and accounting for 13.3% of \$203 million total value of U.S. exports.



## GLOBAL EGG MARKET

The global egg market grew from \$248.4 billion in 2022 to \$270 billion in 2023 at a compound annual growth rate (CAGR) of more than 8%. The egg market is then expected to grow to \$374.8 billion in 2027 at a CAGR of more than 8.5%.

## MARKETING

- Sales
- Internet marketing
- Public relations

## FINANCE

- # shares to be issued = xx,xxx
- Issue price = \$xxx
- **Amount:** \$1,750,000
- **Type:**
  - Equity (xx%) = \$x,xxx,xxx
  - Debt (xx%) = \$xxx,000
- **Uses:**
  - Capital expenditures = \$940,000
    - Land = \$300,000
    - Facility build-out = \$350,000
    - Equipment = \$100,000
    - Furniture & fixtures = \$50,000
    - Motor vehicles = \$120,000
    - Computer hardware & software = \$20,000
    - Working capital = \$835,000

<sup>1</sup> "Import/Export for ABC Egg Suppliers"; ABC; 2023

## 2. COMPANY OVERVIEW

### 2.1. MISSION STATEMENT

XYZ Egg Farm, LLC's mission is to meet the demand for high-quality eggs in ABC and become the leading chicken production company based in ABC.

### 2.2. COMPANY DESCRIPTION

XYZ Egg Farm, LLC (hereinafter referred to as "the Company") will be registered as a limited liability company in May 2023 and headquartered in ABC.

The Company will be owned and led by Jane Doe, who is a very experienced business manager and professional with substantial egg farming expertise and a strong record of professional achievements.

The Company owns 5 acres of farmland in ABC.

The Company will build-out an egg production operation in ABC that will take advantage of favorable industry and market conditions.

The Company will utilize state-of-the-art egg production equipment and facilities outfitted with state-of-the-art technology that supports the highest level of egg production operational efficiency. The goal is to minimize costs and will include the use of energy-efficient and sustainable solutions.

It is expected that there will be sustained growth in the demand for eggs in upcoming years due to projected increase in tourism in ABC and the ABC regional markets, with the end of the pandemic that decreased the tourism activity in the region.

The Company will target supermarkets & grocery stores, butcher shops, food service establishments, and mass market retailers throughout the ABC and neighboring countries.

The Company will pursue growth opportunities in key regional markets. to create educational moments and meaningful connections with buyers from the ABC.

The Company will promote sales via distribution partnerships, Internet marketing, print advertising, public relations, and positive reviews.



### 2.3. FACILITY DESCRIPTION

The Company will acquire approximately 5 acres of land in the ABC.

The egg production facility will include:

- 1 10,000 square foot chicken houses for breeding, growing, and laying.
- Conventional battery cage system
- Enough land to support a cage-free and free-range chicken environment.
- Battery cages equipped with nipple drinkers that supply water to the chickens automatically.

The battery cage system, which is the most popular way to build a commercial egg production operation and involved layered chicken cages designed to confine the laying hens to lay eggs in cages, which is convenient for poultry farmers to raise chickens and collect eggs. The battery cage system is efficient for the purpose of obtaining centralized management of laying hens and maximizing egg production.

The battery cage system uses less space compared to the deep litter system.

The cages will be made of quality mild steel and the surface is heavy-duty galvanized or Galfan coated, strong and durable, with a service life is up to 20 years.

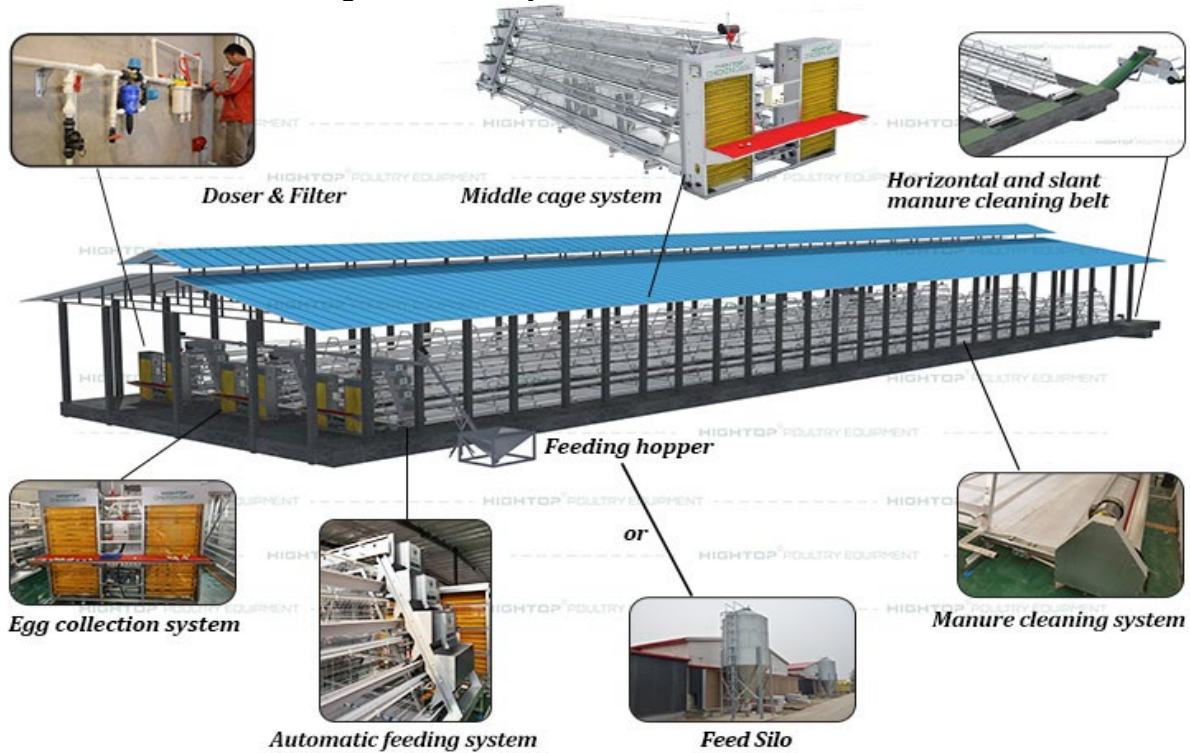
The battery cage system reduces feed wastage (in deep litter system birds can move around and spill feed), ensures easy stock take, makes it easier to identify layer birds which are not producing eggs, and reduces cannibalism and egg eating.

Diseases spread faster in the deep litter system as compared to the layers cages system - this is because the layers cage system limits the movement of birds, and the layer birds do not come into contact with their droppings.

The Company will establish an environment to support egg production under cage-free and free-range conditions enabling the Company to fulfill the increasing demand for eggs produced under cage-free and free-range conditions.



Each chicken house will be designed with a layout as illustrated below:



The design of the egg production facility includes the following components:

- Brooding Equipment
- Chicken Cages
- Drinking system
- Feeding system
- Manure removal system
- Climate control system
  - Lighting system
  - Ventilation system
  - Cooling pad and exhaust fan cooling system
- Hatch equipment
  - Incubator
  - Hatcher
  - Workbench
  - Brooder lamp
  - Other hatching equipment

The Company will initially acquire one chicken house and accessories to accommodate roughly 10,000 layers to start up in Year 1, and then construct additional layer houses and facilities to support its expansion and growth strategy.

## 2.4. GROWTH STRATEGY

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### Ramp-up (9 months)

- Secure \$1.75 million of equity and debt financing
- Acquire the business including 5 acres of land
- Purchase and install equipment
- Purchase and install furniture & fixtures
- Conduct landscaping design & planning
- Construct layer one (1) 10,000-bird layer house and egg production facility
- Hire and train operational management and staff
- Develop a website, marketing materials, and social media profiles

### Start-up Phase (Months 0-12):

- Launch the egg-production facility
- Launch a comprehensive marketing campaign
- Develop efficient operations
- Obtain customers

### Growth Phase 1 (Months 13-24):

- Construct and launch the additional egg production facility
- Construct one (1) additional 10,000-bird layer house
- Purchase and install additional equipment
- Purchase and install additional furniture & fixtures
- Identify new marketing forms
- Increase marketing and sales
- Increase the number of customers
- Increase operational output
- Improve operational efficiency

### Growth Phase 2 (Months 25-60):

- Construct three (3) additional 10,000-bird layer houses
- Purchase additional equipment
- Increase the number of markets channels
- Identify new marketing forms
- Increase marketing
- Increase operational output
- Improve operational efficiency

## 3. THE PRODUCTS

### 3.1. PRODUCT LINE OVERVIEW & STRATEGY

The Company will produce and sell the following four (4) types of eggs and chicken meat:

1. White table eggs
2. Brown table eggs
3. Cage-free chicken eggs
4. Organic free-range chicken eggs
5. Chicken meat.

Brown and white eggs are nutritionally identical. Brown eggs cost more because the brown pigment takes more food - and more money - to produce.

### 3.2. WHITE TABLE EGGS

The Company will produce and sell white table eggs. Table white eggs are the most popular eggs; they are consumed for their health benefits and are a powerhouse of nutrition and bring the best of both the worlds - health and taste.



### 3.3. BROWN TABLE EGGS

The second type of eggs the company will produce, and sell, is brown table eggs. Nutritionally, both brown and white eggs are identical unless the feed has been enhanced for specialty eggs such as Omega-3.



### 3.4 HATCHING EGGS

Some of the Company's eggs will be for hatching new hens that can lay eggs.

### 3.5. CAGE-FREE CHICKEN EGGS

The Company will also produce and sell cage-free chicken eggs. These eggs are laid by hens that are free to roam in a building, room or open area that includes nest space and perches.

### 3.6. ORGANIC FREE-RANGE CHICKEN EGGS

Additionally, the Company will produce and sell free-range: These eggs are the same as cage-free, but the hens must have access to the roam outdoors. Studies have shown that free-range eggs have more nutrients and less cholesterol than both cage-free and regular eggs. With certified humane organic eggs having the highest nutrient levels, it seems happy hens really do produce a healthier egg.

### 3.7. CHICKEN MEAT

The productivity of layers diminishes over the laying cycle. The Company will sell the chicken meat once the layers have reached the stage of the laying cycle where productivity is below a certain level.

### 3.8. PRICING

The Company will set pricing at or near the market or rates to be competitive



## 4. THE MARKET

### 4.1. TARGET MARKET ANALYSIS

#### 4.1.1. OVERVIEW

The Company will market and sell its products directly to its exporters and will also sell to distributors, who will, in turn, sell the products to retailers and hospitality establishments:

- Grocery stores
- Restaurants/food service establishments
- Hotels
- Exporters

#### 4.1.2. GROCERY STORES

There are an estimated 47 grocery stores located on ABC (ABC has 16 grocery stores, ABC has 13 grocery stores, and Curacao has 18 grocery stores).

#### 4.1.3. RESTAURANTS

The ABC collectively has approximately 55 restaurants.

#### 4.1.4. HOTELS

There are approximately 669 hotels and similar establishments operating in ABC (ABC - 266; ABC -117, and ABC -286).

#### 4.1.5. EXPORTERS

The Company will target the export market to take advantage of market opportunities within the ABC market, especially in the islands of the Lesser Antilles that is highly dependent on imported eggs to meet domestic demand.

### 4.2. ABC DEMOGRAPHIC STATS

#### 4.2.1. ABC<sup>2</sup>

As of 1 January 2022, ABC's population totaled 22,573 permanent residents, an increase of nearly 6000 since 2012. Roughly 11.7 thousand of these inhabitants were male, and approximately 10.9 thousand inhabitants were female. The island's total land area is 288 square kilometers (111 sq mi); it is 38.6 kilometers (24.0 mi) long from north to south, and ranges from 4.8-8 km (3.0-5.0 mi) wide from east to west.

ABC was part of ABC until the country's dissolution in 2010, when ABC became a special municipality (officially, a "ABC public body") within the country of ABC. It is one of three special municipalities in the ABC; the others are ABC and ABC 80% of ABC's population are ABC nationals, and nearly 60% of its residents were born in the former ABC and ABC.

#### 4.2.2. ABC<sup>3</sup>

As of 2021, the population of ABC is projected at 0.107 million, up by 0.4% compared with 0.106 million in 2020. ABC is ranked 197 in terms of population and 167th in terms of population growth rate.

There are 1.2 thousand births in ABC in 2021. That is 3 per day, which is ranked 200th. The crude birth rate is 11.91 per 1000 people. There are 1 thousand deaths in ABC in 2021. That is 3 per day, which is ranked 192nd. The crude death rate is 9.52 per 1000 people.

There were 46.9 thousand people living in urban areas, which is 43.87% of ABC

<sup>2</sup> "ABC"; Wikipedia; 2023

<sup>3</sup> "ABC Demographics"; Statistics Times; 2023

population. ABC is ranked 172nd in terms of urbanization.

The sex ratio in ABC in 2021 is 90.17 males per 100 females. There are 50.9 million males and 56.36 million females in ABC. The percentage of female population is 52.58% compared to 47.42% male population. ABC has 5.54 thousand more females than males. ABC is at 15th position out of 201 countries/territories in terms of female to male ratio.

#### 4.2.3. ABC<sup>4</sup>

As of 2021, the population of ABC is projected at 164.8 thousand, up by 0.42% compared with 164.1 thousand in 2020. ABC is ranked 192nd in terms of population and 162nd in terms of population growth rate.

There were 1.74 thousand births in ABC in 2021. That is 5 per day, which is ranked 195th. The crude birth rate is 10.54 per 1000 people. There are 1.52 thousand deaths in ABC in 2021. That is 4 per day, which is ranked 184th. The crude death rate is 9.21 per 1000 people. 146.43 thousand people are living in urban areas, which is 89.04% of ABC population. ABC is ranked 37th in terms of urbanization.

The sex ratio in ABC in 2021 is 85.29 males per 100 females. There are 75.86 thousand males and 88.94 thousand females in ABC. The percentage of female population is 53.97% compared to 46.03% male population. ABC has 13.08 thousand more females than males. ABC is at 3rd position out of 201 countries/territories in terms of female to male ratio.

### 4.3. GLOBAL EGG PRODUCTION MARKET ANALYSIS

#### 4.3.1. FIGURES & TRENDS

The global egg market grew from \$248.4 billion in 2022 to \$270 billion in 2023 at a compound annual growth rate (CAGR) of more than 8%. The egg market is then expected to grow to \$374.8 billion in 2027 at a CAGR of more than 8.5%. The Russia-Ukraine war disrupted the chances of global economic recovery from the COVID-19 pandemic, at least in the short term. The war between these two countries has led to economic sanctions on multiple countries, a surge in commodity prices, and supply chain disruptions, causing inflation across goods and services and affecting many markets across the globe.<sup>5</sup>

The Asia Pacific was the largest region in the global egg market, accounting for 64% of the global market in 2020. North America was the second largest region accounting for 14% of the global egg market, and the Middle East was the smallest region in the global egg market.

Technological advances are expected to drive the egg market during the forecast period. New poultry and egg storage technologies are expected to increase the use of new poultry and egg technologies. Companies involved in the egg market are also expected to integrate big data analytics, IoT, robotics, and other technologies into their practices.

For instance, farmers have started using robots for egg packaging to increase productivity. These technological developments are expected to drive the egg market forward.<sup>6</sup>

<sup>4</sup> "ABC Demographics"; Statistics Times"; 2023

<sup>5</sup> "Key Drivers Influencing the Global Egg Market"; The Business Research Company; February 14, 2023

<sup>6</sup> "Global Egg Market 2021"; PR Newswire; February 22, 2021

### 4.3.2. ABC MARKET SEGMENT

Egg production remains very underdeveloped in the region, and demand is mainly covered from imports from the USA (more than 90%), ABC, ABC, and ABC. ABC egg production varies year-to-year, limiting availability to consumers and others without imports.

ABC Economic Community (CARICOM) countries reliant on imports for 1/3-1/2 of egg consumption. The top markets for dependence on egg imports:

- ABC, ABC, ABC, and ABC, importing half or more of supply, at least in some years.
- ABC, ABC, ABC, ABC, and ABC imported 10-49%

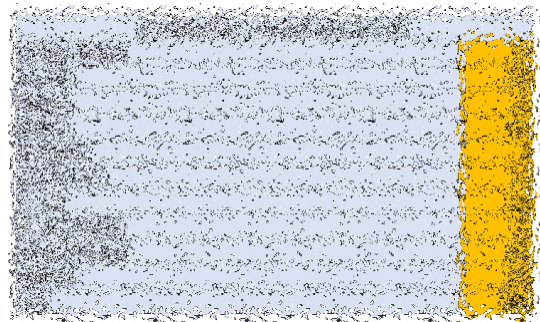
The ABC Market for table egg and egg products was estimated at \$27 million in during 2016, which is equivalent to more than 33 million dozen eggs and accounting for 13.3% of \$203 million total value of U.S. exports<sup>7</sup>. The ABC market represents a strong growth opportunity for US egg exports. For 2017, the ABC ranked third and Mexico ranked fourth in value among U.S. export destinations for table eggs and products. These markets rank behind only Hong Kong and Canada, respectively<sup>8</sup>.

The market assessment conducted by the American Egg Board demonstrates the huge market opportunity presented by the ABC Market<sup>9</sup>. The following factors underline this opportunity:

- Egg product exports, valued at \$3.3 million, accounted for about 4% of total value of U.S. egg product

exports—both values and shares were records.

- More than 40 million people in ABC, excluding U.S. Territories and ABC, ABC, and ABC
- Record 29.3 million overnight tourist arrivals and 26.3 million cruise ship passenger arrivals reported by ABC Tourism Organization in 2016
- Air traffic to ABC projected to grow 3.4% annually over next 20 years, reaching 76.5 million passengers annually by 2035, according to IATA forecasts.
- 2010-14, prior to AI, U.S. egg and products exports to ABC equivalent to 8.8 million dozen annually
- 2016, total jumped to more than 33 million dozen, 1.1 million case-equivalents, more than 90% as table eggs



- January - April 2017, table egg exports dropped sharply, while egg products grew.

The market opportunity presented by the ABC market segment was summed up as follows:

<sup>7</sup> "Import/Export for ABC Egg Suppliers"; ABC; 2023

<sup>8</sup> "ABC Wants to Increase the Egg Exports to the ABC and ABC Markets" Euro Meat News:

<sup>9</sup> "Import/Export for ABC Egg Suppliers"; ABC; 2023

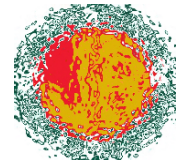
- Egg consumption underdeveloped in much of region.
- Combination of potential demand growth from local populations and tourists
- Use of egg products especially low
- Health and nutrition challenges, especially among mothers and young children and elderly and school children
- High levels of obesity, 53-69%, except in Haiti, with significant levels of hypertension, diabetes and cardiovascular disease
- Increasing egg consumption can potentially be part of strategy to improve nutrition and health.
- Tripling export value from 2016 level, going forward, with medium-term goal of 150 eggs per capita average consumption, likely attainable and allows for stronger local production.

ABC is positioned as the largest egg producer in the region, although it still needs to import eggs of around 4,000 tons a year from the USA, while Barbados imports around 1,000 tons a year.<sup>10</sup>

## 4.4. PROFILE OF DIRECT COMPETITORS

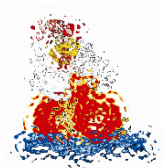
### 4.4.1. XYZ

- **Headquarters** - ABC, ABC
- **Overview:**
  - Hatchery
  - Chicken Farm
  - Poultry
- **Revenues** - \$xxx.xM
- **Layers** - xxx,xxx
- **Employees** - x,xxx



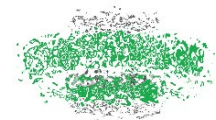
### 4.4.2. XYZ

- **Headquarters** - ABC, ABC
- **Overview:**
  - Hatchery
  - Chicken Farm
  - Poultry
- **Revenues** - \$xxx.xM



### 4.4.3. XYZ

- **Headquarters** - ABC, ABC
- **Overview:**
  - Chicken Farm
  - Poultry
- **Revenues** - \$xxM



### 4.4.4. XYZ

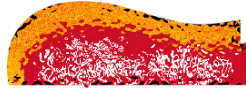
- **Headquarters** - ABC, ABC
- **Overview:**
  - Hatchery
  - Chicken Farm
  - Poultry
- **Revenues** - \$xxM
- **Employees** - xxx



<sup>10</sup> " Economy & poultry production in ABC"; Veterinaria Digial; December 27, 2022

#### 4.4.5. XYZ

- **Headquarters** - ABC, ABC
- **Overview:**
  - Hatchery
  - Chicken Farm
- **Revenues** - \$xxM
- **Employees** - xxx



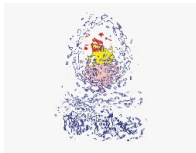
#### 4.4.6. XYZ

- **Headquarters** - ABC, ABC
- **Overview:**
  - Poultry
  - Chicken Farm
- **Revenues** - \$xM
- **Layers** - xxx,xxx
- **Employees** - 422



#### 4.4.7. XYZ

- **Headquarters** - ABC
- **Overview:**
  - Hatchery
  - Chicken Farm
  - Poultry
- **Layers** - 1.2M



#### 4.4.8. XYZ

- **Headquarters** - ABC, ABC
- **Overview:**
  - Hatchery
  - Chicken Farm
  - Poultry
- **Layers** - xM



#### 4.4.9. XYZ

- **Headquarters** - ABC, ABC
- **Overview:**
  - Hatchery
  - Chicken Farm
  - Poultry

#### 4.4.10. XYZ

- **Headquarters** - ABC, ABC
- **Overview:**
  - Hatchery
  - Chicken Farm
  - Poultry

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### 4.5. COMPETITIVE ANALYSIS

The industry is composed of several large players and a host of small chicken and egg farms.

The companies with the largest operations based in ABC are XYZ and XYZ, which both have in excess of 1 million layers.

The next tier of competitors are XYZ in ABC and XYZ in ABC, which both produce xxx,xxx layers.

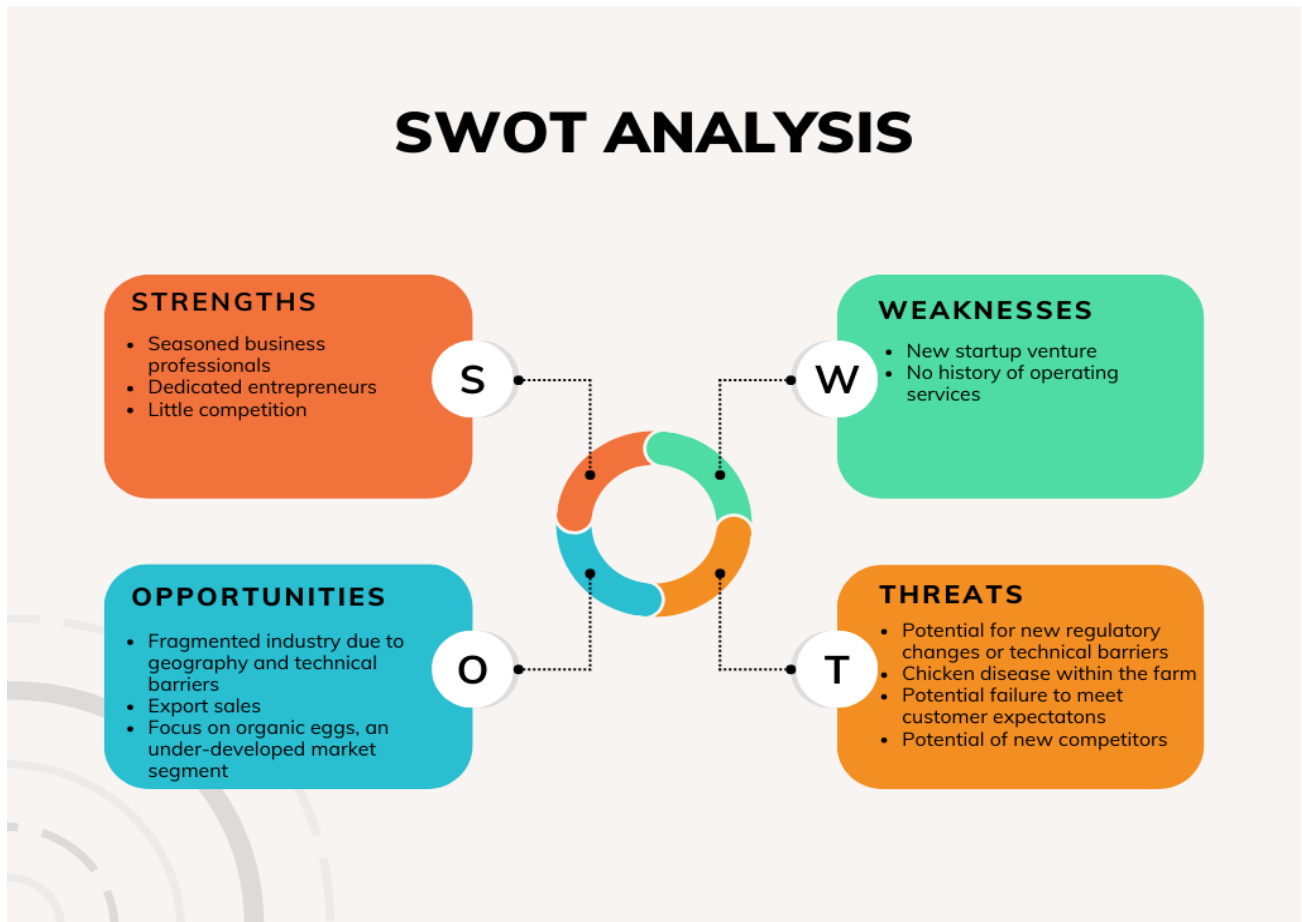
The next tier of competitors includes XYZ, XYZ, and XYZ, which are all egg producers that supply the ABC region and are direct competitors for the ABC eggs market.

None of the largest players are located in ABC or in ABC (ABC, ABC, and ABC).

Only three of the direct competitors, XYZ, XYZ, and XYZ are located in ABC. These are small players with less than \$xM in revenues.

XYZ. is a small player and is not located in the ABC or the any of the other ABC island.

## 4.6. SWOT ANALYSIS



## 5. MARKETING PLAN

### 5.1. MARKETING OVERVIEW & STRATEGY

XYZ Egg Farm, LLC will implement a dynamic but highly focused marketing campaign to enter and drive business growth and promote its brand within the egg initially within ABC, and neighboring areas. The marketing campaign will include:

- Branding
- Sales promotions
- Distribution partnerships
- Internet marketing
- Industry trade shows & events
- Public relations

### 5.3. BRANDING STRATEGY

The Company's branding strategy will promote its image as one that is committed to corporate social responsibility, environmental friendliness, and the highest standards of operations.

### 5.4. SALES

The Company will earn revenue through the sales of eggs and chickens.

### 5.5. DISTRIBUTION PARTNERSHIPS

The Company will establish partnerships with distributors in the ABC, ABC, and ABC, that can distribute the products through the targeted sales channels.

### 5.6. INTERNET MARKETING

The Company's internet marketing will include display advertising, PPC advertising, and search engine optimization.

The Company's website will be visually appealing, highly functional, secure, and disclose detailed information regarding the Company and its full list products and services. The Company will maintain a presence on *Google*, *Bing*, *Yelp*, and other online directories, search engines, and apps.

The Company will ensure that the Company's website and articles will be found in searches related to poultry. The Company will utilize social media as well, which includes *LinkedIn*, *Facebook*, *Instagram*, and *Twitter*.

### 5.7. INDUSTRY TRADE SHOWS & EVENTS

The following are several industry trade shows & events that the Company will consider attending and/or hosting a trade show booth at:

*ABC Food Crops Society Meeting*  
July 2022

*ABC Food & Beverage Trade Show - A*  
Taste of the ABC  
July 28th, 2023  
ABC, ABC

*ABC Week of Agriculture (CWA)*  
MarketPlace  
October 2022  
ABC, ABC

### 5.8. PUBLIC RELATIONS

The Company will pursue a strong public relations campaign to gain public awareness and credibility that will lead to good relationships with the local community, vendors, and customers. The campaign will include garnering press in television news, social media platforms, magazines, newspaper, and online articles.

## 6. OPERATIONAL PLAN

### 6.1. OPERATIONAL OVERVIEW

#### 6.1.1. HOURS OF OPERATIONS

##### Sorting & Packaging operations:

- Monday to Friday: 8AM - 4PM
- Saturday/Sunday: 5AM - 3PM

##### Farm operations:

- Monday to Friday: 6AM - 4PM
- Saturday/Sunday: 5AM - 3PM

#### 6.1.2. LEGAL STRUCTURE

The Company was established as a limited liability company in the ABC.

#### 6.1.3. OPERATIONAL GROWTH PLAN

The Company will potentially expand to additional locations within 3-5 years.

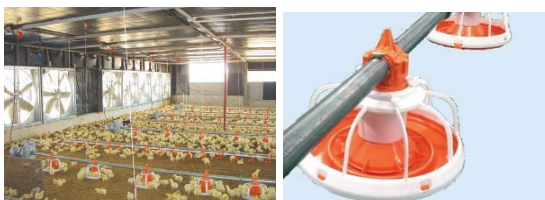
### 6.2. CHICKEN BREEDING

Chicken breeding will occur throughout the poultry house and staff will establish an appropriate rooster to hen ratio.

- Ensure that roosters remain near hens.
- Monitor rooster behavior.
- Check eggs for fertilization.
- Store and set eggs.

### 6.3. CHICKEN FEEDING

The Company will feed chickens daily by filling feed bins with food. Chickens are omnivores and enjoy a variety of fruits, vegetables, grains and even table scraps.



### 6.4. EGG PRODUCTION CYCLE

Chickens usually start to lay at around five months (20-21 weeks) of age and continue to lay for 12 months (52 weeks) on average, laying fewer eggs as they near the molting period. The typical production cycle lasts about 17 months (72 weeks) and involves three distinct phases, as follows.



**Phase 1: Small chicks or brooders.** This phase lasts from 0 to 2 months (0-8 weeks) during which time small chicks are kept in facilities (brooder houses) separate from laying birds.

**Phase 2: Growers.** This phase lasts about 3 months, from the ninth to the twentieth week of age. Growers may be either housed separately from small chicks or continue to be reared in brooder-cum-grower houses. It is important to provide appropriate care to the growers particularly between their seventeenth and twentieth week of age as their reproductive organs develop during this period.

**Phase 3: Layers.** Growers are transferred from the grower house to the layer house when they are 18 weeks old to prepare for the laying cycle. Birds typically lay for a twelve-month period starting when they are about 21 weeks old and lasting until they are about 72 weeks old.

#### Production planning

On average a bird produces one egg per day; furthermore, not all birds start to lay exactly when they are 21 weeks old. The Company will therefore plan for egg production to be constant so as to meet market demand.



A schedule will be developed, which will indicate on average satisfactory levels of production for a flock of birds.

The business plan projects that the laying birds will produce on average of between 180 and 200 eggs per year, less than in more temperate climates where layers are expected to produce on average of between 250 and 300 eggs per year.

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## 6.5. PRODUCTION COST ECONOMICS

**Production.** The plan is for a start-up facility with 20,000 layers and expanding to 30,000 in Year 2, 40,000 layers in Year 3, 60,000 layers in Year 4, and 80,000 layers in Year 5.

The assumption is that layers will produce 200 eggs per year, or 17 eggs per month. This translates into 4,000,000 million eggs per year in start-up scale, growing to 16,000,000 eggs per year in Year 5.

**Costs.** Cost of revenues is estimated to be 53.5%.

Purchases will account for approximately 44.8% of revenues, with feed costs accounting for the bulk of purchasing costs. Other purchases include replacement of laying hens periodically, veterinary services, manure collection and disposal, and bedding materials.

Costs for the laying cycle include:

- Rearing - rearing brooders until they become layers.
- Housing - building or maintaining laying house and brooder house.
- Equipment - the cost of miscellaneous items such as feeders, buckets, etc.
- Feed - total feed used during the year.
- Labor - labor costs incurred to support the day-to-day operations.
- Vaccinations - medicines and veterinary visits.

- Mortality - loss of laying birds due to disease, etc.; and
- Various utility expenses - lighting, water, etc.

Direct labor cost in this financial model accounts for approximately 22% of total revenues over the 5-Year period.

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## 6.6. INVENTORY MANAGEMENT

The inventory management functions will be carried out by the Company's administrative staff using inventory accounting management systems that are well established in the industry. This involves planning and forecasting to ensure that supplies are adequate to meet production levels based on the sales plan.

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## 6.7. QUALITY CONTROL

The Company will develop and implement global standard quality control policies and procedures to ensure that the products meet required quality standards. The operations will use automatic candling technology where machines are used to conduct light spectrum analysis of the inside of the egg. This enables detection of any internal defects, to determine which eggs are to be separated from the first quality eggs.

Quality control also includes procedures on the grading floor to check for tiny cracks that might not be visible to the human eye and measuring the height of the albumen (egg white) and shell thickness. Automatic acoustic crack detectors contain lots of small probes that gently tap the eggs at extremely fast speeds as they pass through the machine. If there is a crack in the eggshell, no matter how small, the tapping energy will be absorbed, resulting in a duller sound.

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## **6.8. EQUIPMENT & SUPPLIES**

### **Equipment:**

- Automatic layer feeding systems.
- Feed lines
- Feed pipes
- Feed sensors
- Fan shutters
- Feed bins
- Breeder nest systems
- Cooling system
- Fans
- Poultry drinkers
- Feeders
- Brooders
- Smart controls

### **Supplies:**

- Cartons
- Working platforms
- Scalding barrels
- Pot barrels
- Bell scraper
- Thermometers
- Torches
- Knocking pens
- Bleeding hooks
- Wash trough sanitation
- Hand wash basin
- Implement sterilizers

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## **6.9. COMPUTER HARDWARE & SOFTWARE**

The Company will obtain the essential software for inventory management, payroll administration, sales management, accounting, and financial analysis.

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## **6.10. LEGAL & INSURANCE**

The Company will retain the services of an attorney for legal advice related to regulatory compliance, contract administration, employment, and more. The Company will secure liability insurance to minimize business exposure.

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## **6.11. ACCOUNTING**

The Company staff will perform accounting functions using accounting software and will produce the standard monthly financial reports, with detailed reports for accounts payable, accounts receivable, and payroll. The Company will engage a CPA to conduct the necessary fiscal filings and provide audited financial statements if necessary.

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## **6.12. LICENSING & PERMITS**

The Company will obtain all the required licenses and permits that are required for building and operating egg production facilities from the relevant authorities.

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## **6.13. CLEANING & MAINTENANCE**

The Company will comply with all sanitation laws governing the poultry industry and will keep all facilities clean and in working condition.

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## **6.14. TRASH REMOVAL**

The Company will engage a trash removal company to remove trash and any bio-hazardous materials from the Company's site.

# 7. THE MANAGEMENT

## 7.1. EXECUTIVE MANAGEMENT

7.1.1. JOHN DOE, CHIEF EXECUTIVE OFFICER



7.1.2. JOHN DOE, CHIEF FINANCIAL OFFICER



# 8. FINANCING

## 8.1. CAPITAL REQUIREMENTS

The Company will secure USD \$1.75 million, consisting of thirty percent (30%) in debt financing and seventy percent (70%) in equity financing.

Table 1 (Below) presents the details on the use of these resources.

<b>Capital expenditures:</b>	
Land (5 acres @ \$60,000 per acre)	\$300,000
Buildings & facilities (5,000 chickens)	\$350,000
Equipment, furniture, & fixtures	\$150,000
Motor vehicles	\$120,000
Computer hardware & software	\$20,000
<b>Total capital expenditures</b>	<b>\$940,000</b>
<b>Working capital:</b>	
Marketing	\$85,000
Inventory	\$150,000
Cost of production	\$325,000
General & administrative	\$250,000
<b>Total working capital</b>	<b>\$810,000</b>
<b>Total capital requirements</b>	<b>\$1,750,000</b>

## 8.2 RISK ANALYSIS

XYZ Egg Farm is a start-up entity and will be managed by a professional executive team. The risks associated with this venture are related to future uncertainties in the poultry marketplace and fall within the medium risk segment of the investment spectrum. Such uncertainties are associated with competition, changing industry patterns, technological innovation, compliance, and fraud, supply-chain disruptions due to global events, diseases that can wipe out the flock of birds, and general economic conditions and business risks related to startup ventures.

Management believes that the demand for eggs within its target geographic market will remain strong in the foreseeable future. While there can be no guarantees that the Company will be able to effectively manage the business risks associated with the economic cycle, management is confident that it will be able to effectively sustain revenues with marketing strategy.

## 8.3. EXIT STRATEGY

The Company will position itself to take advantage of exit opportunities to insure a liquidity event for its investors. The exit strategies that may be contemplated include a sale of the Company to an industry player, or a merger with a publicly traded entity. Management intends to execute the option that would be most favorable to the Company, and its shareholders based on potential acquisition opportunities. The strategy over the next 5 years will be to build the business along a path of sustained profitability and strong operating margins and making it an attractive acquisition target.

# 9. FINANCIALS

## 9.1. SALES

### 9.1.1. SALES ASSUMPTIONS

	M5-12	Year 2	Year 3	Year 4	Year 5	
# layers	20,000	30,000	40,000	50,000	60,000	total # layers
# eggs produced	16.67	16.67	16.67	16.67	16.67	# eggs/layer
# cartons (dozen)	12.00	12.00	12.00	12.00	12.00	# cartons of eggs
<b>Grocery store sales:</b>	<b>M5-12</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>Year 5</b>	
<b># cartons sold</b>	40%	40%	34%	34%	34%	% sales of eggs
White table eggs - small	15.0%	20.0%	20.0%	20.0%	20.0%	% grocery stores sales
White table eggs - large	15.0%	20.0%	20.0%	20.0%	20.0%	% grocery stores sales
Brown table eggs - small	20.0%	15.0%	15.0%	15.0%	15.0%	% grocery stores sales
Brown table eggs - large	20.0%	15.0%	15.0%	15.0%	15.0%	% grocery stores sales
Cage-free eggs - small	4.0%	4.0%	4.0%	4.0%	4.0%	% grocery stores sales
Cage-free eggs - large	4.0%	4.0%	4.0%	4.0%	4.0%	% grocery stores sales
Organic free-range eggs - small	6.0%	6.0%	6.0%	6.0%	6.0%	% grocery stores sales
Organic free-range eggs - large	6.0%	6.0%	6.0%	6.0%	6.0%	% grocery stores sales
Hatching eggs	10.0%	10.0%	10.0%	10.0%	10.0%	% grocery stores sales
	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	
<b>Restaurant sales:</b>						
<b># cartons sold</b>	30.0%	30%	26%	26%	26%	% sales of eggs
White table eggs - small	15.0%	20.0%	20.0%	20.0%	20.0%	% food service sales
White table eggs - large	15.0%	20.0%	20.0%	20.0%	20.0%	% food service sales
Brown table eggs - small	23.0%	15.0%	15.0%	15.0%	15.0%	% food service sales
Brown table eggs - large	23.0%	15.0%	15.0%	15.0%	15.0%	% food service sales
Cage-free eggs - small	5.0%	7.0%	7.0%	7.0%	7.0%	% food service sales
Cage-free eggs - large	5.0%	7.0%	7.0%	7.0%	7.0%	% food service sales
Organic free-range eggs - small	7.0%	8.0%	8.0%	8.0%	8.0%	% food service sales
Organic free-range eggs - large	7.0%	8.0%	8.0%	8.0%	8.0%	% food service sales
	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	
<b>Hotel sales:</b>						
<b># cartons sold</b>	30.0%	30%	25%	25%	25%	% sales of eggs
White table eggs - small	15.0%	20.0%	20.0%	20.0%	20.0%	% hotel sales
White table eggs - large	15.0%	20.0%	20.0%	20.0%	20.0%	% hotel sales
Brown table eggs - small	23.0%	15.0%	15.0%	15.0%	15.0%	% hotel sales
Brown table eggs - large	23.0%	15.0%	15.0%	15.0%	15.0%	% hotel sales
Cage-free eggs - small	5.0%	7.0%	7.0%	7.0%	7.0%	% hotel sales
Cage-free eggs - large	5.0%	7.0%	7.0%	7.0%	7.0%	% hotel sales
Organic free-range eggs - small	7.0%	8.0%	8.0%	8.0%	8.0%	% hotel sales
Organic free-range eggs - large	7.0%	8.0%	8.0%	8.0%	8.0%	% hotel sales
	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	
<b>Export sales:</b>						
<b># cartons sold</b>	0.0%	0%	15%	15%	15%	% sales of eggs
White table eggs - small	15.0%	20.0%	20.0%	20.0%	20.0%	% export sales
White table eggs - large	15.0%	20.0%	20.0%	20.0%	20.0%	% export sales
Brown table eggs - small	23.0%	15.0%	15.0%	15.0%	15.0%	% export sales
Brown table eggs - large	23.0%	15.0%	15.0%	15.0%	15.0%	% export sales
Cage-free eggs - small	5.0%	7.0%	7.0%	7.0%	7.0%	% export sales
Cage-free eggs - large	5.0%	7.0%	7.0%	7.0%	7.0%	% export sales
Organic free-range eggs - small	7.0%	8.0%	8.0%	8.0%	8.0%	% export sales
Organic free-range eggs - large	7.0%	8.0%	8.0%	8.0%	8.0%	% export sales
	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	
<b>Poultry meat sales (lbs. sold)</b>		70,000	90,000	135,000	180,000	monthly sales (lbs.)

<b>Grocery store revenues:</b>						
White table eggs - small	\$5.08	\$5.15	\$5.22	\$5.29	\$5.37	per carton
White table eggs - large	\$5.46	\$5.54	\$5.61	\$5.69	\$5.77	per carton
Brown table eggs - small	\$5.20	\$5.27	\$5.34	\$5.42	\$5.49	per carton
Brown table eggs - large	\$5.59	\$5.67	\$5.74	\$5.82	\$5.90	per carton
Cage-free eggs - small	\$5.80	\$5.88	\$5.96	\$6.04	\$6.13	per carton
Cage-free eggs - large	\$6.24	\$6.32	\$6.41	\$6.50	\$6.59	per carton
Organic free-range eggs - small	\$6.00	\$6.08	\$6.17	\$6.25	\$6.34	per carton
Organic free-range eggs - large	\$6.45	\$6.54	\$6.63	\$6.72	\$6.81	per carton
<b>Total grocery stores revenues</b>						
<b>Restaurant revenues:</b>						
White table eggs - small	\$5.08	\$5.15	\$5.22	\$5.29	\$5.37	per item
White table eggs - large	\$5.46	\$5.54	\$5.61	\$5.69	\$5.77	per item
Brown table eggs - small	\$5.20	\$5.27	\$5.34	\$5.42	\$5.49	per item
Brown table eggs - large	\$5.59	\$5.67	\$5.74	\$5.82	\$5.90	per item
Cage-free eggs - small	\$5.80	\$5.88	\$5.96	\$6.04	\$6.13	per item
Cage-free eggs - large	\$6.24	\$6.32	\$6.41	\$6.50	\$6.59	per item
Organic free-range eggs - small	\$6.00	\$6.08	\$6.17	\$6.25	\$6.34	per item
Organic free-range eggs - large	\$6.45	\$6.54	\$6.63	\$6.72	\$6.81	per item
<b>Total restaurants/food service revenues</b>						
<b>Hotel revenues:</b>						
White table eggs - small	\$5.08	\$5.15	\$5.22	\$5.29	\$5.37	per item
White table eggs - large	\$5.46	\$5.54	\$5.61	\$5.69	\$5.77	per item
Brown table eggs - small	\$5.20	\$5.27	\$5.34	\$5.42	\$5.49	per item
Brown table eggs - large	\$5.59	\$5.67	\$5.74	\$5.82	\$5.90	per item
Cage-free eggs - small	\$5.80	\$5.88	\$5.96	\$6.04	\$6.13	per item
Cage-free eggs - large	\$6.24	\$6.32	\$6.41	\$6.50	\$6.59	per item
Organic free-range eggs - small	\$6.00	\$6.08	\$6.17	\$6.25	\$6.34	per item
Organic free-range eggs - large	\$6.45	\$6.54	\$6.63	\$6.72	\$6.81	per item
<b>Total hotel revenues</b>						
<b>Export revenues:</b>						
White table eggs - small	\$5.08	\$5.15	\$5.22	\$5.29	\$5.37	per item
White table eggs - large	\$5.46	\$5.54	\$5.61	\$5.69	\$5.77	per item
Brown table eggs - small	\$5.20	\$5.27	\$5.34	\$5.42	\$5.49	per item
Brown table eggs - large	\$5.59	\$5.67	\$5.74	\$5.82	\$5.90	per item
Cage-free eggs - small	\$5.80	\$5.88	\$5.96	\$6.04	\$6.13	per item
Cage-free eggs - large	\$6.24	\$6.32	\$6.41	\$6.50	\$6.59	per item
Organic free-range eggs - small	\$6.00	\$6.08	\$6.17	\$6.25	\$6.34	per item
Organic free-range eggs - large	\$6.45	\$6.54	\$6.63	\$6.72	\$6.81	per item
<b>Total export revenues</b>						
<b>Male chick revenues</b>	\$3.00	\$3.17	\$3.34	\$3.52	\$3.72	per item
<b>Poultry meat revenues</b>		\$2.03	\$2.06	\$2.09	\$2.11	per pound
<b>Total revenues</b>						
<b>Cost of sales:</b>						
Cost of production (labor + supplies)	35.0%	34.3%	33.6%	32.9%	32.3%	of revenues
Cost of distribution	2.5%	2.4%	2.3%	2.1%	2.0%	of revenues
Cost of freight	2.5%	2.4%	2.3%	2.1%	2.0%	of revenues
<b>Total cost of sales</b>	<b>40.0%</b>	<b>39.1%</b>	<b>38.1%</b>	<b>37.2%</b>	<b>36.4%</b>	

## 9.1.2. REVENUE PROJECTIONS

Table 2 XYZ, LLC Revenue Forecast					
	Year 1	Year 2	Year 3	Year 4	Year 5
<b>Revenues:</b>					
Revenues from grocery stores sales	\$441,560	\$991,020	\$1,123,156	\$1,403,945	\$1,684,734
Revenues from food services sales	\$369,073	\$834,773	\$964,626	\$1,205,783	\$1,446,939
Revenues from hotel sales	\$369,073	\$834,773	\$927,525	\$1,159,406	\$1,391,288
Revenues from export sales	\$0	\$0	\$556,515	\$695,644	\$834,773
Poultry meat sales	\$0	\$142,100	\$185,212	\$281,638	\$380,681
<b>Total revenues</b>	<b>\$1,179,707</b>	<b>\$2,802,665</b>	<b>\$3,757,034</b>	<b>\$4,746,416</b>	<b>\$5,738,414</b>
<b>Cost of sales:</b>					
Cost of production (labor + supplies)	\$413,334	\$961,742	\$1,263,309	\$1,563,962	\$1,852,929
Cost of distribution	\$29,524	\$66,593	\$84,796	\$101,763	\$116,875
Cost of freight	\$29,524	\$66,593	\$84,796	\$101,763	\$116,875
<b>Total cost of sales</b>	<b>\$472,382</b>	<b>\$1,094,928</b>	<b>\$1,432,901</b>	<b>\$1,767,488</b>	<b>\$2,086,678</b>
<b>Gross margin</b>	<b>\$707,325</b>	<b>\$1,707,737</b>	<b>\$2,324,133</b>	<b>\$2,978,927</b>	<b>\$3,651,736</b>

## 9.2. EXPENSES

### 9.2.1. G & A EXPENSES

Table 3 XYZ, LLC General & Administrative Expenses					
	Year 1	Year 2	Year 3	Year 4	Year 5
<b>Wages &amp; salaries</b>	\$298,600	\$357,223	\$376,870	\$498,113	\$627,093
<b>Payroll expense</b>	\$23,888	\$28,578	\$30,150	\$39,849	\$50,167
<b>Benefits</b>	\$17,916	\$21,433	\$22,612	\$29,887	\$37,626
<b>Liability insurance</b>	\$8,857	\$21,029	\$28,187	\$35,607	\$43,047
<b>Legal &amp; consulting</b>	\$6,000	\$7,920	\$10,368	\$12,960	\$14,904
<b>Licenses &amp; Permits</b>	\$5,000	\$6,000	\$7,200	\$7,200	\$7,200
<b>Supplies</b>	\$12,000	\$15,840	\$20,736	\$25,920	\$29,808
<b>Telephone &amp; communications</b>	\$9,000	\$11,880	\$15,552	\$19,440	\$22,356
<b>Utilities</b>	\$10,200	\$13,464	\$17,626	\$22,032	\$25,337
<b>Travel</b>	\$9,000	\$11,880	\$15,552	\$19,440	\$22,356
<b>Meals &amp; entertainment</b>	\$6,000	\$7,920	\$10,368	\$12,960	\$14,904
<b>Total general &amp; administrative expenses</b>	<b>\$406,461</b>	<b>\$503,168</b>	<b>\$555,221</b>	<b>\$723,409</b>	<b>\$894,798</b>

### 9.2.2. SELLING & MARKETING EXPENSES

Table 4 XYZ, LLC Selling & Marketing Expenses					
	Year 1	Year 2	Year 3	Year 4	Year 5
<b>Sales commission</b>	\$29,524	\$70,098	\$93,957	\$118,692	\$143,492
<b>Internet marketing</b>	\$48,000	\$48,000	\$50,640	\$53,425	\$56,364
<b>Public relations</b>	\$24,000	\$24,000	\$25,320	\$26,713	\$28,182
<b>Total selling &amp; marketing expenses</b>	<b>\$101,524</b>	<b>\$142,098</b>	<b>\$169,917</b>	<b>\$198,829</b>	<b>\$228,037</b>

### 9.2.3. STAFF HEADCOUNT & SALARIES

Table 5 XYZ, LLC Staff Headcount (Year-End Totals)					
	Year 1	Year 2	Year 3	Year 4	Year 5
Chief Executive Officer	1	1	1	1	1
Chief Operating Officer	1	1	1	1	1
Operations Manager	2	2	2	1	1
Production Supervisor	0	0	1	1	1
Poultry Farm Worker (Field Worker)	6	10	14	18	18
Packaging Worker	0	0	1	1	1
Operations Assistant	0	0	0	1	2
Sales & Marketing Manager	1	1	1	1	1
Account Executive	1	1	1	2	2
Finance Manager	1	1	1	1	1
Accountant/Bookkeeper	1	2	2	3	4
<b>Total staff headcount</b>	<b>14</b>	<b>19</b>	<b>25</b>	<b>31</b>	<b>33</b>

Table 6 XYZ, LLC Staff Annual (Full-Time) Salaries					
	Year 1	Year 2	Year 3	Year 4	Year 5
Chief Executive Officer	\$54,000	\$56,970	\$60,103	\$63,409	\$66,897
Chief Operating Officer	\$55,000	\$58,025	\$61,216	\$64,583	\$68,135
Operations Manager	\$50,000	\$52,750	\$55,651	\$58,712	\$61,941
Production Supervisor	\$40,000	\$42,200	\$44,521	\$46,970	\$49,553
Poultry Farm Worker (Field Worker)	\$37,500	\$39,563	\$41,738	\$44,034	\$46,456
Packaging Worker	\$30,000	\$31,650	\$33,391	\$35,227	\$37,165
Operations Assistant	\$42,000	\$44,310	\$46,747	\$49,318	\$52,031
Sales & Marketing Manager	\$54,000	\$56,970	\$60,103	\$63,409	\$66,897
Account Executive	\$45,600	\$48,108	\$50,754	\$53,545	\$56,490
Marketing Assistant	\$42,000	\$44,310	\$46,747	\$49,318	\$52,031
Finance Manager	\$50,000	\$52,750	\$55,651	\$58,712	\$61,941
Accountant/Bookkeeper	\$40,000	\$42,200	\$44,521	\$46,970	\$49,553



## 9.3. PRO-FORMA ANNUAL FINANCIAL

### 9.3.1. INCOME STATEMENT

XYZ, LLC					
Projected Income Statement					
	Year 1	Year 2	Year 3	Year 4	Year 5
<b>Revenues:</b>					
Revenues from grocery stores sales	\$441,560	\$991,020	\$1,123,156	\$1,403,945	\$1,684,734
Revenues from food services sales	\$369,073	\$834,773	\$964,626	\$1,205,783	\$1,446,939
Revenues from hotel sales	\$369,073	\$834,773	\$927,525	\$1,159,406	\$1,391,288
Revenues from export sales	\$0	\$0	\$556,515	\$695,644	\$834,773
Poultry meat sales	\$0	\$142,100	\$185,212	\$281,638	\$380,681
<b>Total revenues</b>	<b>\$1,179,707</b>	<b>\$2,802,665</b>	<b>\$3,757,034</b>	<b>\$4,746,416</b>	<b>\$5,738,414</b>
Cost of goods sold	\$413,334	\$961,742	\$1,263,309	\$1,563,962	\$1,852,929
Cost of distribution	\$29,524	\$66,593	\$84,796	\$101,763	\$116,875
<b>Total cost of sales</b>	<b>\$472,382</b>	<b>\$1,094,928</b>	<b>\$1,432,901</b>	<b>\$1,767,488</b>	<b>\$2,086,678</b>
<b>Gross margin</b>	<b>\$733,991</b>	<b>\$1,771,037</b>	<b>\$2,399,818</b>	<b>\$3,078,738</b>	<b>\$3,778,096</b>
<b>Expenses:</b>					
Marketing expense	\$101,524	\$142,098	\$169,917	\$198,829	\$228,037
General & administrative	\$406,461	\$503,168	\$555,221	\$723,409	\$894,798
<b>Expenses - Total</b>	<b>\$507,985</b>	<b>\$645,265</b>	<b>\$725,138</b>	<b>\$922,238</b>	<b>\$1,122,835</b>
<b>Income before taxes</b>	<b>\$140,841</b>	<b>\$1,029,527</b>	<b>\$1,560,790</b>	<b>\$2,033,496</b>	<b>\$2,544,284</b>
Income taxes	\$0	\$0	\$0	\$0	\$0
<b>Net income</b>	<b>\$140,841</b>	<b>\$1,029,527</b>	<b>\$1,560,790</b>	<b>\$2,033,496</b>	<b>\$2,544,284</b>

### 9.3.2. STATEMENT OF CASH FLOWS

Schedule 2					
XYZ, LLC					
Projected Statements of Cash Flows					
	Year 1	Year 2	Year 3	Year 4	Year 5
<b>Cash flows from operations</b>					
Net Income:	\$140,841	\$1,029,527	\$1,560,790	\$2,033,496	\$2,544,284
Depreciation	\$36,500	\$56,500	\$84,000	\$104,000	\$104,000
Increase (decrease) in accrued liabilities	\$14,184	\$2,785	\$933	\$5,759	\$6,127
Increase (decrease) in accrued taxes	\$0	\$0	\$0	\$0	\$0
Increase (decrease) in accounts payable	\$7,197	\$1,865	\$1,943	\$2,018	\$2,036
(Increase) decrease in accounts receivable	(\$122,973)	(\$71,743)	(\$66,276)	(\$68,707)	(\$68,889)
(Increase) decrease in inventory	(\$191,202)	(\$28,164)	(\$27,882)	(\$26,599)	\$0
<b>Net cash flows from operations</b>	<b>-\$115,454</b>	<b>990768.6158</b>	<b>\$1,553,509</b>	<b>2049967.409</b>	<b>\$2,587,557</b>
<b>Cash flows from investing activities:</b>					
Capital expenditures	\$920,000	\$325,000	\$450,000	\$325,000	\$0
Research & development expenditures	\$0	\$0	\$0	\$0	\$0
Prepaid expenses	(\$0)	\$0	\$0	\$0	\$0
<b>Net cash flows from investing</b>	<b>\$920,000</b>	<b>325000</b>	<b>\$450,000</b>	<b>325000</b>	<b>\$0</b>
<b>Cash flows from financing:</b>					
Proceeds from issuance of debt	\$525,000	\$0	\$0	\$0	\$0
Proceeds from sale of stock	\$1,225,000	\$0	\$0	\$0	\$0
Debt service payments	(\$77,763)	(\$77,125)	(\$101,410)	(\$112,029)	(\$123,759)
<b>Net cash flows from financing</b>	<b>\$1,672,237</b>	<b>(\$77,125)</b>	<b>(\$101,410)</b>	<b>(\$112,029)</b>	<b>(\$123,759)</b>
<b>Net increase (decrease) in cash</b>	<b>\$636,783</b>	<b>\$588,643</b>	<b>\$1,002,099</b>	<b>\$1,612,939</b>	<b>\$2,463,798</b>
<b>Beginning cash balance</b>	<b>\$0</b>	<b>\$636,783</b>	<b>\$1,225,427</b>	<b>\$2,227,526</b>	<b>\$3,840,465</b>
<b>Ending cash balance</b>	<b>\$636,783</b>	<b>\$1,225,427</b>	<b>\$2,227,526</b>	<b>\$3,840,465</b>	<b>\$6,304,263</b>

### 9.3.3. BALANCE SHEET

Schedule 3 XYZ, LLC Projected Balance Sheet					
	Year 1	Year 2	Year 3	Year 4	Year 5
<b>Assets:</b>					
<b>Current assets:</b>					
Cash & marketable items	\$636,783	\$1,225,427	\$2,227,526	\$3,840,465	\$6,304,263
Accounts receivable	\$122,973	\$194,716	\$260,992	\$329,699	\$398,588
Inventory	\$191,202	\$219,367	\$247,249	\$273,848	\$273,848
Prepaid expenses	(\$0)	\$0	\$0	\$0	\$0
<b>Total current assets</b>	<b>\$950,959</b>	<b>\$1,639,510</b>	<b>\$2,735,767</b>	<b>\$4,444,012</b>	<b>\$6,976,698</b>
<b>Non-current assets:</b>					
Land	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000
Buildings & facilities	\$350,000	\$600,000	\$950,000	\$1,200,000	\$1,200,000
Equipment, furniture, & fixtures	\$150,000	\$225,000	\$325,000	\$400,000	\$400,000
Motor vehicles	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000
Computer hardware & software	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000
<b>Gross operational assets</b>	<b>\$920,000</b>	<b>\$1,245,000</b>	<b>\$1,695,000</b>	<b>\$2,020,000</b>	<b>\$2,020,000</b>
<b>Accumulated depreciation</b>	<b>\$36,500</b>	<b>\$93,000</b>	<b>\$177,000</b>	<b>\$281,000</b>	<b>\$385,000</b>
<b>Net operational assets</b>	<b>\$883,500</b>	<b>\$1,152,000</b>	<b>\$1,518,000</b>	<b>\$1,739,000</b>	<b>\$1,635,000</b>
<b>Other assets:</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Total assets</b>	<b>\$1,834,459</b>	<b>\$2,791,510</b>	<b>\$4,253,767</b>	<b>\$6,183,012</b>	<b>\$8,611,698</b>
<b>Liabilities &amp; Shareholders' Equity</b>					
<b>Current liabilities</b>					
Accounts payable	\$7,197	\$9,063	\$11,006	\$13,024	\$15,060
Accrued liabilities	\$14,184	\$16,968	\$17,901	\$23,660	\$29,787
Accrued taxes	\$0	\$0	\$0	\$0	\$0
<b>Total current liabilities</b>	<b>\$21,381</b>	<b>\$26,031</b>	<b>\$28,907</b>	<b>\$36,685</b>	<b>\$44,847</b>
<b>Long-term Liabilities</b>					
Long-term debt	\$447,237	\$345,698	\$241,732	\$126,879	(\$0)
Total long-term liabilities	\$447,237	\$345,698	\$241,732	\$126,879	(\$0)
<b>Total Liabilities</b>	<b>\$468,618</b>	<b>\$371,729</b>	<b>\$270,639</b>	<b>\$163,564</b>	<b>\$44,847</b>
<b>Shareholders' equity</b>					
Common stock	\$1,225,000	\$1,225,000	\$1,225,000	\$1,225,000	\$1,225,000
Retained earnings	\$140,841	\$1,170,367	\$2,731,158	\$4,764,654	\$7,308,937
<b>Total shareholders' equity</b>	<b>\$1,365,841</b>	<b>\$2,395,367</b>	<b>\$3,956,158</b>	<b>\$5,989,654</b>	<b>\$8,533,937</b>
<b>Total liabilities and equity</b>	<b>\$1,834,459</b>	<b>\$2,767,096</b>	<b>\$4,226,797</b>	<b>\$6,153,217</b>	<b>\$8,578,784</b>