

SUNBIRD FORESTRY LIMITED BUSINESS PLAN

Prepared by: November 28 Company
17 APRIL 2024

Table of Contents

CONFIDENTIALITY AGREEMENT	3
EXECUTIVE SUMMARY	3
COMPANY DESCRIPTION	3
Shareholders	3
Products	4
Vision	4
Objectives.....	4
SWOT Analysis.....	4
MARKET ANALYSIS	4
Target Market.....	5
Competitive Advantage	5
Benefits to Customers	5
MARKETING/SALES STRATEGY	5
Marketing Strategy.....	5
Sales Strategy.....	6
Pricing	6
STAFFING AND OPERATIONS	6
Staffing.....	6
Training Plans	7
Operations.....	7
FINANCIAL PROJECTIONS	7
Key Assumptions.....	7
Year One Budget	8

Strictly Private & Confidential

Confidentiality Agreement

The undersigned reader acknowledges that the information provided in this business plan is confidential; therefore, the reader agrees not to disclose it without the express written permission of Sunbird Forestry Limited.

It is acknowledged by the reader that information to be furnished in this business plan is in all respects confidential in nature, other than information that is in the public domain through other means, and that any disclosure or use of this confidential information by the reader may cause serious harm or damage to the Company.

Upon request, this document is to be immediately returned to Sunbird Forestry Limited



Signature

Matt Merrick

Name (printed)

29 April 2024

Date

This is a business plan. It does not imply offering of securities.

© Sunbird Forestry Limited 2024

Executive Summary

Sunbird Forestry Limited (the Company) was incorporated on 04th February 2024 in Tanzania, with the objective manufacturing treated wooden transmission poles in Lundamatwe Village, Irole Ward, Kilolo District.

This business plan has been created for internal consumption by the shareholders of the Company.

This business plan will capture the variables involved in establishing the business and projections on the viability of the business.

- Purpose of the plan
- Services and its advantages
- Market opportunity
- Management team
- Financial projections

Company Description

Shareholders

New Forests Company (Tanzania) Limited is a local company, and the shares are owned as tabled below;

Name Of Shareholders	Citizenship	Percentage of Ownership
Darren Michael Lapp	Canadian	1
New Forests Company Holdings I Limited	Mauritius	99

Products

The Company will provide various products as per regulations of Tanzania. Below is a list of some of the products which will be offered;

- Manufacture of treated wooden poles.
- Manufacture of other wood products .

Vision

To become the preferred supplier of high quality treated wooden poles in East Africa.

Objectives

- To improve the local economy through employment of local Tanzanians and by using local suppliers.
- To stimulate the local forestry industry by sourcing raw material from local tree farmers.
- To become the employer of choice within the Kilolo District.
- To supply large volumes of high quality treated wooden poles into the Tanzanian and East African markets.
- To mitigate environmental impact by sustainable management and supply practises.

SWOT Analysis

The table below provides a brief analysis of the Company's strengths, weaknesses, opportunities and threats.

<p>Strengths</p> <ul style="list-style-type: none"> • Availability of raw material within Iringa Region. • Availability of resources for construction of a pole treatment plant. Central location to be able to supply across Tanzania easily. 	<p>Weaknesses</p> <ul style="list-style-type: none"> • Potential water shortages which would affect expansion opportunities.
<p>Opportunities</p> <ul style="list-style-type: none"> • Growing demand for quality treated wooden poles the East Africa region • Located in the fast-growing economy of Tanzania 	<p>Threats</p> <ul style="list-style-type: none"> • Competition from similar service providers locally and internationally • Frequent changes in law and regulations which directly affect the business e.g. VAT on services and Visa regulations

Market Analysis

The United Republic of Tanzania has been embarking on an ambitious electrification distribution programme across the country for over a decade. This programme plus the routine maintenance requirements of the national grid provides a significant demand for treated wooden poles in the Country.

This demand is further increased by the electrification distribution programmes being conducted by other East African governments. These programmes are scheduled to continue and the strong trade relationships between Tanzania and its neighbouring countries enable easy exportation across the region.

The Company is well positioned to manufacture the high quality treated wooden poles that are needed to fill the demand in Tanzania and in East Africa.

The 2022 Tanzania Census listed the Kilolo District population at 263 559. The population is spread across 83 villages, 12 wards and 3 divisions.

The major socio-economic activities for the Iringa Region and for Lundamatwe Village are agricultural – including livestock keeping and commercial and subsistence forestry activities.

The construction of a pole treatment plant has been proven to drive local economies globally. The local economy will be positively affected through the employment of local staff; use of local contractors; and through the use of local suppliers.

The Company will provide a significant market for local farmers' tree crops thus stimulating and supporting the local economy.

Target Market

The Company intends to support the Tanzanian government's electrification distribution programme by supplying quality treated wooden poles to the REA contractors who are responsible for the construction of the electricity lines. The Company will also supply Tanesco with treated wooden poles for their routine maintenance requirements.

Competitive Advantage

The Company has confidence of succeeding in the business due to the following competitive advantages.

- An experienced and qualified management team
- Competitive pricing
- Availability of raw material locally
- Well trained and experienced staff
- Comprehensive policy and procedures in place to ensure maximum efficiency and product quality
- Use of modern technology and equipment

Benefits to Customers

Our customers will have the following advantages in employing our services.

- Availability of large volumes of high-quality product
- Competitive pricing
- Knowledge that our product is sourced from sustainable sources
- After sales support

Marketing/Sales Strategy

In order to effectively reach out to the target market, the Company has designed a strategy that will give the best results at minimum costs.

Marketing Strategy

The Company's marketing strategy has the following focal points.

- Introduce the Company to stakeholders across the REA programme
- Register and tender for government tenders to supply Tanesco with treated wooden poles for maintenance programmes.
- Maintain an online and social media presence advertising the Company's products and

© Sunbird Forestry Limited 2024

environmental and social impact.

- An advertising campaign to introduce the Company to the local and East African market

Sales Strategy

Our sales team will use the following sales methods.

- Direct Sales
- Sales representatives
- Website
- Social Media
- Government tenders

Pricing

The Company will set the price charged for products while considering the following aspects.

- Operation costs and overheads
- Market demand
- Level of competition in the market
- Price inflation
- Perception of quality-price relationship by customers

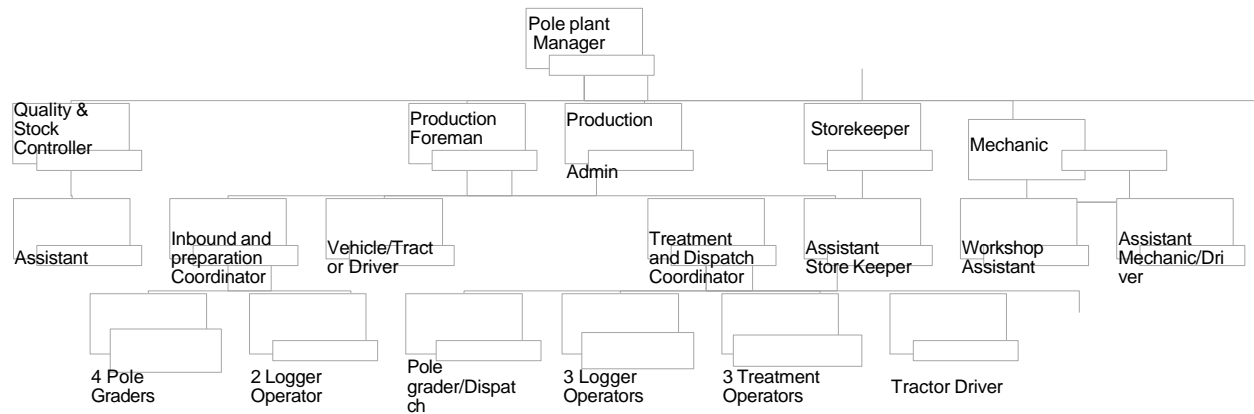
Staffing and Operations

The Company's Board composition is detailed below.

Names	Citizenship	Position
Darren Michael Lapp	Canadian	Director
Matthew Keith Merrick	South African	Director

Staffing

The proposed organizational structure is described below. The Company will employ experienced and qualified staff for both production and management purposes.



Training Plans

On induction all staff will receive training across the following subjects (the list is not exhaustive):

- HR manual and policies
- Health and Safety
- Environmental policy
- Quality Management Systems
- Production techniques and processes
- Customer satisfaction

Operations

- The Company main office will be located in Iringa
- The Company will require the following equipment (this list is not exhaustive):
 - Complete pole treatment facility.
 - Bell loggers.
 - Tractors and trailers.
 - Workshop equipment.
 - Office equipment.

Financial Projections

Key Assumptions

The Company has used the following key assumptions used in preparing the financial projections.

- Income sources
- Number of employees projected for each year and their intended salaries
- Projected investment in equipment and materials
- Projected R&D costs
- Depreciation allowed for
- Expected rent and rates charges
- Creditor days expected and debtor days allowed
- Expense calculations

Five Years Projections

The table below provides projections for the first five (5) years of business in USD

Trading Summary					"000
	FY25	FY26	FY27	FY28	FY29
Sales	5,905	7,535	9,645	12,384	16,099
Poles - External	5,905	7,535	9,645	12,384	16,099
Biomass	0	0	0	0	0
Poles - Inter Group	0	0	0	0	0
Sawlogs - Internal	0	0	0	0	0
Cost of Sales	4,285	4,414	4,546	4,682	4,823
Poles	2,197	2,263	2,331	2,401	2,473
Chemicals	1,334	1,374	1,415	1,458	1,501
Transport	373	384	396	408	420
Gang Nails	97	100	103	106	109
Sales Agent Commission	-	-	-	-	-
Stock write-off	118	122	125	129	133
Resizing	-	-	-	-	-
Cess tax	166	171	176	181	187
Other	0	0	0	0	0
Tanesco Guarantee Charges	0	0	0	0	0
Gross Profit	1,620	3,121	5,099	7,701	11,276
GP Margin	27.40%	27.60%	28.00%	28.40%	30.00%
Industrial Expenses	523	539	555	571	589
Industrial Expenses %	9%	9%	10%	10%	10%
Salary & Payroll	257	265	273	281	289
Vehicles	87	90	92	95	98
Office Expense	180	185	191	197	203
EBITDA	1,096	1,315	1,591	1,941	2,388
EBITDA Margin %	19%	20%	21%	22%	23%
Depreciation	166	166	166	166	166
Interest	1%	1%	1%	1%	1%
Industrial Profit	929	159	188	223	268
Industrial Profit %	16%	17%	18%	19%	20%
Pole Statistics					
# of Poles Sold					

© Sunbird Forestry Limited 2024

Number of Poles Sold					
9m L+M	32,773	40,966	51,208	64,010	80,012
10m M + S	25,824	32,280	40,350	50,438	63,047
11m M	984	1,230	1,538	1,922	2,402
12m M+ I	4,786	5,983	7,478	9,348	11,685
12m S	2,409	3,011	3,764	4,705	5,881
13m M	38	48	59	74	93
13m S	595	744	930	1,162	1,453
14m+14mS	0	0	0	0	0
# Poles Sold External	67,409	84,261	105,327	131,658	164,573



Matt Merrick
Country Operations Director