FEASIBILITY STUDY AND BUSINESS PLAN

Integrated Platform for Poultry Genetics and Production – Tanzania

WESTAVES TANZANIA

Confidential – Working version (Base: WestAves Group | 2026)

January/2026

EXECUTIVE SUMMARY

This Feasibility Study evaluates the implementation of an Integrated Poultry Platform for Genetics and Production in Tanzania, designed to operate in a vertically integrated manner and serve the market through three strategic axes of supply: poultry genetic material, chicken destined for the consumer market and commercial eggs, all supported by an integral and traceable production process.

WestAves has extensive experience in the production and marketing of day-old chicks, poultry genetics, breeders and layers. The Brazilian operation has a highly specialized technical team and professionals with more than 20 years in the market, in addition to infrastructure distributed among genetic units, rearing and production farms, hatcheries and logistics and distribution centers.

WestAves' core business is poultry genetics – the structural basis of the global poultry industry. Through an innovation and technology transfer partnership with Embrapa, the company holds rights to replication, genetic improvement, production and global commercialization of genetic material, positioning itself as a direct competitor of the two global leaders in the sector (Aviagen and Cobb).

The project was designed with a focus on scale, operational efficiency and high biosafety standards, ensuring genetic quality, production consistency and cost competitiveness. Implementation will be phased, allowing for gradual expansion in line with operational maturity and market absorption.

In Phase 1, an initial investment of USD 20 million is estimated for the implementation of the integrated complex, creating the productive, sanitary and operational bases for sustainable growth. In subsequent phases, the total investment could reach USD 150 million, consolidating a large-scale industrial platform.

From a socio-economic point of view, the project will be implemented in two complementary properties, strategically located in agricultural hubs with the approval of the local authorities. The first area, with approximately 100 hectares, will be destined to the field farm, concentrating the primary activities of poultry production, including breeders, rearing and productive management. The second area, with about 60 hectares, will house the implementation of the industrial hub,

contemplating the stages of the value chain related to slaughter, processing, refrigeration and storage.

This configuration allows the functional separation between primary production and industrial activities, reinforcing the standards of biosecurity, logistical efficiency, and operational scalability. In addition, the project promotes productive inclusion and territorial development, through structured programs of technical training, technology transfer and specialized supervision, contributing to the generation of employment, increase of local income and sustainable strengthening of the regional economy.

1.1 INSTALLATION AND PROMOTION

The implementation will take place in two areas (~100 hectares and 60 hectares) defined by criteria of biosecurity, logistical efficiency, availability of labor and long-term expansion potential. The installation comprises the assembly of the integrated complex (rearing, production, hatchery, feed mill, slaughterhouse and logistics) and the implementation of standardized operational protocols.

The strategy of dissemination and institutional/commercial relationship will be directed to four fronts:

- Government and local authorities: framing the project as an instrument of food security, import substitution and territorial development.
- Integrators and large buyers: recurring supply contracts with predictable volume and sanitary standard.
- Local producers and partners: integration and technical assistance model to increase productivity and standardization.
- Financial stakeholders: bankable narrative based on traceability, biosecurity, and consistent operating margins.

2. INSTITUTIONAL AND PROJECT FRAMEWORK

2.1 Information about the Legal Entity

Corporate Name: WESTAVES TANZANIA (to be registered according to local legislation).
Tax registration/Tax ID: in progress
Headquarters: Tanzania – location to be defined in the implementation phase (selected agropole).

2.2 Institutional

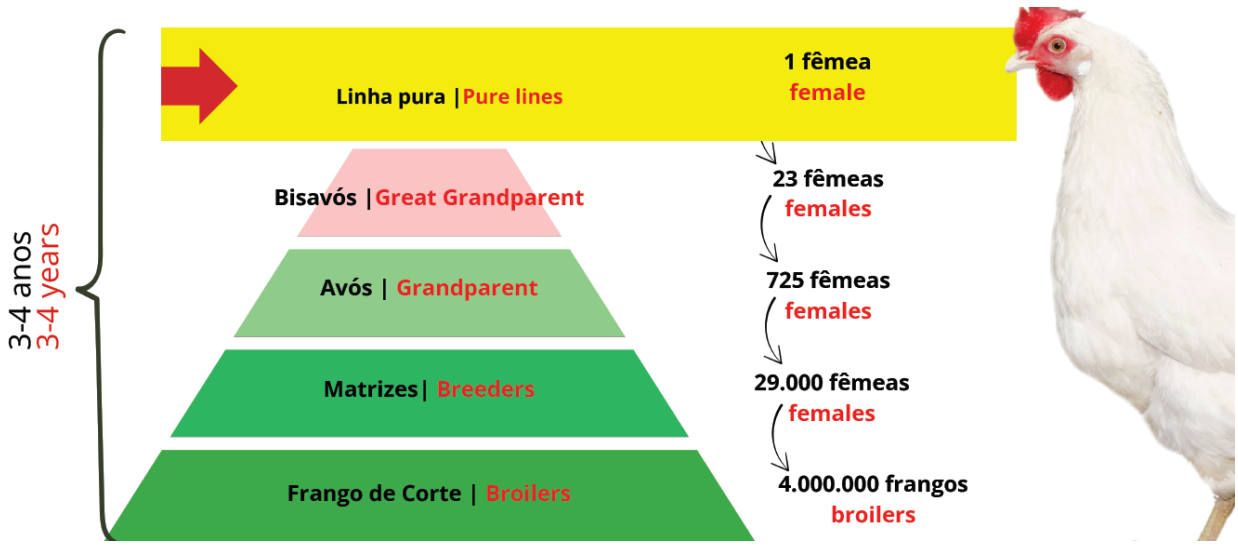
A WestAves has extensive experience in the production and commercialization of day-old chicks, genetics, breeders, and layers. Our team is composed of professionals with more than 20 years of market expertise, supported by a highly specialized technical staff. We operate multiple facilities in Southern Brazil, strategically distributed across Genetics Units (Great-grandparent and Grandparent flocks), Breeder Production and Rearing Farms, Egg Production, Hatcheries, as well as Logistics and Distribution centers, serving poultry industries throughout the region - serving poultry industries throughout the region, including the supply of genetic material, broiler meat for the consumer market, and commercial eggs through a fully integrated production process.

Our core business is focused on poultry genetics — the foundation of the entire global poultry industry. Through an innovation and technology transfer partnership with Embrapa, we hold patent rights for replication, genetic improvement, production, and worldwide commercialization.

We are proud to be the first Brazilian company to develop industrial and commercial poultry genetic material, positioning ourselves as a direct competitor to the only two global leaders in this field — Aviagen and Cobb.

2.3 Poultry Chain and Genetic Multiplication

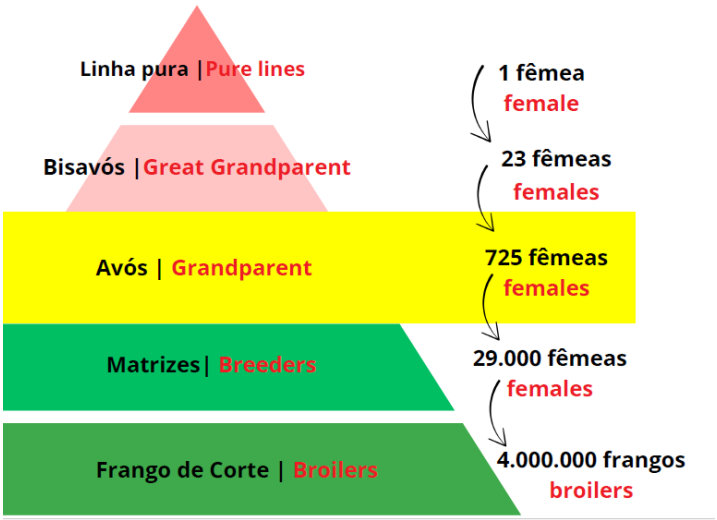
The poultry chain is structured in a pyramidal and highly scalable way, starting in the pure lines and progressively advancing to the commercial production of broilers or layers. It is a biological process of genetic multiplication that occurs over approximately 3 to 4 years**,** ensuring standardization, zootechnical performance and productive predictability.



This structure demonstrates the multiplier effect of poultry genetics, in which a small number of animals at the top of the pyramid are able to sustain food production on an industrial scale.

2. Food Generation Capacity – Broiler

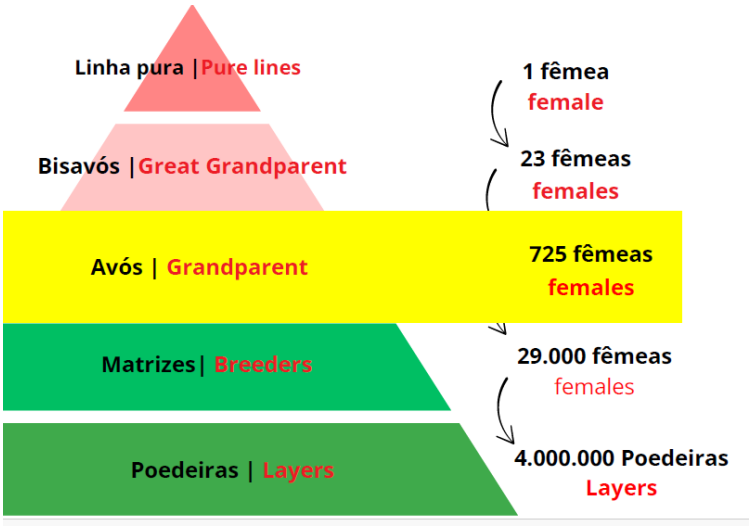
The genetic chain applied to the production of broiler chickens makes it possible to transform high-performance genetics into affordable animal protein with rapid feed conversion**.**
From the same multiplication logic:



This differential highlights the potential for growth in consumption in emerging markets, reinforcing the strategic importance of implementing local genetic and poultry production chains for food security and import substitution**.**

3. Food Generation Capacity – Eggs (Layers)

The same logic of genetic multiplication applies to the egg production chain, with a direct impact on the population's food and nutritional supply.



This scenario demonstrates a significant pent-up demand, indicating relevant room for the expansion of local production, with direct gains in nutrition, food security and economic development**.**

Poultry genetics is a strategic food security asset**,** capable of generating millions of units of animal protein from a reduced genetic base, with high sanitary control, production efficiency and scalability. The implementation of local genetics, matrices, incubation and final production chains allows for reduced external dependence, increased food supply and sustains public and private policies for agro-industrial development.

2.4 Technological Partnership with Embrapa – Structure and Patent Rights

West Aves has entered into a Research, Development, and Innovation (R&D&I) Partnership Agreement with Embrapa Swine and Poultry, focusing on the co-development of poultry genetic assets — including pure lines and commercial products for the production of white and brown eggs, industrial and colonial broilers, and naked neck chickens (white and red lines).

Each party contributed its own proprietary genetic lines (pre-existing assets), whose intellectual property remains exclusively owned by the respective holders. These assets are used exclusively within the scope of the project, with no transfer of ownership.

As a result of the partnership, new technological assets (strains, processes, products) have been developed, with intellectual property to be shared (joint ownership) between West Aves and Embrapa. These assets are protected under the applicable legislation (Industrial Property Law, Plant Variety Protection Law, among others).

West Aves holds the right of first refusal and exclusivity for the commercial exploitation of the developed assets, supported by the following contractual guarantees:

- Exclusive and royalty-bearing license,
- Right to sublicense nationally and internationally;
- Economic conditions aligned with the investments made;
- Freedom to commercially exploit the licensed assets, with royalty payments to Embrapa as per the mutually agreed terms.

The licensing has been formalized by means of a Specific Legal Agreement signed by the parties, encompassing the rights to use registered trademarks as well.

This legal framework offers asset protection and strategic security, granting West Aves exclusive access to the technology developed in partnership with Embrapa, with high potential for impact in the national and international poultry genetics market.

2.5 Competitive Benchmarking and evaluation

a. Westaves comparison against relative international competitors including Aviagen, Cobb, Hendrix, EW, etc.).

Competitive Benchmarking – West Aves vs. International Competitors		
Element	**Aviagen / Cobb / EW / Hendrix**	**West Aves**
Global Scale	Consolidated international presence in over 100 countries	Growing national operation, focusing on the Brazilian market and beginning expansion into Gulf countries, LATAM, Asia and Africa
Genetic Pipeline	Very high investment in R&D, genomics, artificial intelligence	Partnership with Embrapa provides access to high-performance national genetics with national intellectual property
Production	Model based on subsidiaries, licensing, and imports	Vertically integrated model with own hatchery, breeders, logistics, and distribution
Cost	Economies of scale, but dependent on imports and exchange rates	Competitive cost in the domestic market, 100% local production, exchange rate independence
Adaptation to Tropical Climate	Genetics mostly adapted to temperate climate	Strains adapted to tropical conditions, including broiler, layer, and low-density lines.
Customer Proximity	Service via representatives, not always with local technical support	Direct technical support, strong regional presence and proximity to producers
IP and Licensing	Strongly protected by international patents	Protection via Brazilian laws (cultivars, industrial property) and exclusive contracts

Below is also a technical comparison between the brands:

CROSSBREEDING	B.W.01	B.W.07	B.W.14	B.W.21	B.W.28	B.W.35	B.W.42	CARCASS YIELD	Average Breast %	FCR_7	FCR_14	FCR_21	FCR_28	FCR_35	FCR_42
LINE Coob	46	200	495	1110	1811	2446	3723	79	33,1	1.046	1.268	1.274	1.410	1.494	1.577
LINE Ross	46	179	512	1016	1649	2459	3625	81	31,8	1.062	1.185	1.294	1.507	1.512	1.599
LINE WE01 (west)	38	163	432	954	1519	2277	3474	77	31,2	1.024	1.248	1.249	1.407	1.490	1.567
LINE WE02 (west)	39	157	417	887	1516	2142	3415	75	29,8	1.025	1.223	1.268	1.474	1.511	1.581

** Technical comparison based on internal figures.*

**B.W. (Body Weight, grams)*

**FCR (Feed Conversion Ratio)*

2.3. Legal framework

The project is a strategic agro-industrial investment, and can be structured to access credit lines and incentives applicable to food security initiatives, import substitution, rural development and job creation. Regulatory compliance covers environmental and sanitary licensing, corporate and tax registrations, as well as import requirements for equipment and genetic material, when applicable.

2.3 Social and Economic Framework

The project is structured to play a strategic role in diversifying Tanzania's economy and sustainably strengthening the national agro-industry, acting as a vector of economic and social transformation. The initiative promotes the generation of direct and indirect jobs, the training and technical qualification of local labor and the productive integration of rural communities, raising the level of income and creating permanent economic opportunities in historically underserved regions.

By establishing a modern, technically structured and vertically integrated poultry production chain, the project contributes to the structural reduction of dependence on animal protein imports, with a positive impact on the trade balance and the preservation of foreign exchange. Consistently increasing local production strengthens food security and sovereignty, ensuring a stable supply of essential food at competitive prices for the Tanzanian population.

In addition, the project induces regional development, stimulating associated economic chains — such as grain production, logistics, services, energy and trade — and promoting the transfer of technology and knowledge, which are fundamental for the modernization of the agro-industrial sector. In this way, a resilient, inclusive and long-term productive base is consolidated, aligned with Tanzania's economic and social priorities, with multiplier effects on employment, income and social well-being.

PART I – TECHNICAL STUDY

1. Characterization of the Activity

The main activity of the project consists of the implementation and operation of a fully integrated poultry chain, focusing on the development and multiplication of genetic material, the supply of chicken to the market and the production and marketing of eggs, fully covering the entire production chain.

The operating model is designed to integrate, in a coordinated and efficient way, all critical stages of the poultry chain, from genetics and primary production to processing and final distribution. This approach ensures high levels of production standardization, sanitary traceability, and operational efficiency, allowing continuous quality control, risk reduction, and predictability of results throughout the production cycle.

The integrated structure of the project includes: (i) the rearing and production of matrices under strict zootechnical and sanitary control; (ii) the collection, classification and technical management of fertile eggs, ensuring quality and traceability; (iii) the industrial processes of incubation and hatching, with precise control of ambience, biosecurity and productive performance; (iv) internal and external logistics for the storage, conservation and distribution of products; and (v) the own production of feed, combined with slaughtering and processing operations in slaughterhouses, ensuring nutritional control, cost stability and high sanitary standards throughout the chain.

3.1 Location of the Farm

The farm will be implemented in two complementary properties, with areas of approximately 100 hectares, intended for primary production (rearing and production of breeders), and 60 hectares, intended for the implementation of the industrial hub, including incubation, hatching, refrigeration, refrigeration, storage and logistics, both strategically located in an agricultural hubdefined, with local approval. The choice of areas considered strict technical criteria, such as sanitary distancing from other poultry farms, access control, availability and quality of water resources, access to local labor, logistical efficiency and capacity to support productive and industrial infrastructure, ensuring high standards of biosecurity, operational efficiency and potential for future expansion.

4. Productive Activities and Sanitary Control

Biosafety is one of the main critical factors for the success of the enterprise. The physical design of the poultry complex, combined with the operational procedures adopted, was conceived to minimize health risks, ensure production predictability and meet international standards of health, traceability and process control.

The integrated model allows strict control at all stages of the production chain, reducing the probability of introduction and dissemination of pathogens, preserving the health of the herd and ensuring operational and economic stability over time.

Biosafety and operational control protocols are designed to simultaneously protect the production of genetic material, chicken for the market and commercial eggs, ensuring sanitary and economic stability throughout the platform.

4.1 Farm isolation and containment barriers

The project provides for the implementation of a complete physical isolation system, consisting of perimeter fencing, sanitary ordinances and clearly defined containment zones. Access control will be strict, limiting entry only to people, vehicles and materials duly authorized and subject to health protocols.

The outer perimeter will be kept with a clean strip free of vegetation, reducing shelter and circulation of rodents, wild birds and other potential vectors. These measures are essential to reduce external sanitary pressure and preserve the integrity of the production environment.

4.2 Control of the traffic of people, vehicles and materials

A centralized and traceable control of entries and exits will be adopted, with registration, verification and segregation of flows according to the level of health risk. Access to the production areas will occur exclusively after compliance with mandatory hygiene and disinfection procedures.

The locker rooms will be structured with a unidirectional flow, clearly separating the "dirty" and "clean" areas, ensuring complete change of clothing and use of exclusive PPE for each production unit. Vehicles will be subjected to washing and disinfection at sanitary barriers, reducing the risk of cross-contamination between areas.

4.3 Vector control

The project includes a continuous and systematic program of vector control**,** recognized as important agents of pathogen dissemination in poultry production. Preventive actions include:

- Fencing and physical isolation of production areas;
- Adequate sanitary disposal of waste, waste and carcasses, through controlled composting**;**
- Strict control of access, organization and sealing of feed and input deposits;
- Periodic monitoring, with operational records and immediate implementation of corrective actions when necessary.

These measures significantly reduce the health risk and contribute to the maintenance of a controlled and safe production environment.

4.4 Water and feed quality

The implementation of its own feed mill will allow full control of nutritional formulation, storage and distribution, reducing health risks and ensuring adherence to Good Manufacturing Practices (GMP). Internal control mitigates the possibility of microbiological contamination and ensures cost stability and zootechnical performance.

The water used in the production system will be continuously monitored through physical-chemical and microbiological analyses, carried out at different points in the supply network. The objective is to ensure adequate, continuous and contaminant-free supply, preserving the health of the herd and production efficiency.

4.5 Management of dead birds and waste

The disposal of dead birds and organic waste will follow strict sanitary protocols, with the use of structures dedicated to controlled composting. The process will have operational records, temperature control and proper management, reducing the attraction of vectors and the pressure of infection on the facilities.

This practice ensures environmental compliance, biosafety, and sustainability of the production system.

4.6 Health program and monitoring

A structured health program will be implemented, including vaccination, monitoring and continuous surveillance for pathogens of zootechnical and economic relevance, such as Salmonella spp. and Mycoplasma spp.

The program will include periodic inspections, environmental sampling, laboratory analysis and a contingency plan, allowing a quick and effective response to any non-conformities, preventing dissemination and minimizing production impacts.

4.7 Cleaning and Disinfection

Between production cycles, strict cleaning and disinfection protocols will be adopted, including disassembly and sanitization of equipment, complete removal of organic waste, high-pressure washing, application of disinfectants, and fumigation when applicable.

The effectiveness of the procedures will be validated by laboratory sampling, ensuring that the facilities are suitable for the accommodation of new batches, in adequate sanitary conditions.

4.8 Production of fertile eggs

The production of fertile eggs will follow standardized zootechnical protocols, with environmental control, balanced feeding, sanitary management and efficient collection. The eggs will be classified, identified and stored under controlled conditions of temperature and humidity.

The entire process will feature batch and date traceability, ensuring quality, incubation predictability and consistent reproductive performance.

4.9 Production of day-old chicks

The hatchery will operate at an industrial standard, with strict control of temperature, humidity and biosecurity, from the receipt of fertile eggs to the dispatch of day-old chicks.

The incubation, hatching, selection, handling and dispatch processes will be standardized and fully registered, ensuring uniformity, health and quality of the chicks, in line with market requirements and the project's production objectives.

4.10 Slaughterhouse and Processing

The project provides for the implementation of an integrated slaughterhouse, responsible for the stages of slaughter, processing, refrigeration, storage and shipment of poultry products. The facilities will be designed with a functional layout, segregated flows and strict hygiene control, in compliance with applicable sanitary and biosafety standards.

The operation will have a continuous and monitored cold chain, ensuring sanitary quality, food safety and product traceability. The slaughterhouse will be fully integrated into the complex's biosafety protocols, contributing to operational stability, logistical efficiency and adding value to the final product.

5. Characterization of Investments and Addressed Market

In Tanzania, poultry protein consumption is still significantly lower than in more mature markets. The per capita consumption of chicken meat is estimated at approximately 6 to 8 kg per inhabitant/year, while the consumption of eggs is around 100 to 110 units per inhabitant/year, reflecting a relevant repressed demand. Considering a population of about 65 million inhabitants, the potential annual consumption of chicken meat is between 390 thousand and 520 thousand tons, while the consumption of eggs exceeds 6.5 billion units per year. National production, mostly based on informal and small-scale systems, is insufficient to meet this volume of demand in a regular, standardized and sanitary-safe way, resulting in recurrent imports of chicken meat, eggs and poultry products, especially to supply large urban centers. In this context, it is necessary to implement a structured local production capacity, capable of supplying tens of thousands of additional tons of chicken meat per year and billions of eggs, promoting import substitution and creating a basis for the sustainable growth of per capita consumption in the country.

In addition to the domestic market, Tanzania is part of an expanded regional market, within the framework of East Africa (AOC) and COMESA, which together bring together a population of more than 300 million inhabitants in East Africa and more than 500 million inhabitants in the COMESA

bloc. These markets have characteristics similar to those of Tanzania, with low per capita consumption of chicken meat (generally between 5 and 10 kg/inhabitant/year) and egg consumption between 80 and 120 units per inhabitant/year, evidencing a structural deficit in regional supply.

Tanzania's inclusion in these blocks, combined with the availability of land, labor, agricultural inputs and preferential trade agreements, positions the country as a strategic platform for regional production and supply, allowing the implementation of an integrated poultry chain to primarily serve the domestic market and, progressively, address productive surpluses to the COA and COMESA markets. contributing to regional food security and reducing dependence on extra-regional imports.

5. Characterization of Investments – PHASE 01

The initial CAPEX of USD 20 million refers to Phase 1 of the implementation of the integrated poultry complex, corresponding to the initial start-up stage of the project. This phase includes the necessary investments to enable the start of operations on an industrial scale, encompassing production infrastructure, biological assets, hatchery, feed mill, operational logistics and working capital for start-up.

The allocation of resources in Phase 1 prioritizes the constitution of a robust production base, the implementation of strict sanitary control and biosafety systems, and the complete integration of the production chain, establishing the technical, operational, and sanitary conditions necessary for the phased and sustainable expansion of the project in the subsequent stages.

5.1–5.7 Summary of Investments (USD) – Phase 1

Item	Description	Investment (USD)
1	Slaughterhouse	3,703,703.70
2	Feed Mill	1,500,000.00
3	1 Hatchery	1,000,000.00
4	2 Rearing Farms	1,851,851.85
5	4 Production Farms	3,703,703.70
6	Genetics	1,851,851.85
7	35 Broiler Grow-Out Houses	3,240,740.74
8	Egg Inspection Facility	185,185.19
9	Commercial Egg Production Farm	925,925.93
10	Logistics/Vehicules	370,370.37
11	Working Capital	1,666,666.67
	TOTAL	20,000,000.00

Investment Assumptions – Technical and Operational Assumptions

1. Refrigerator

- The investment includes the implementation of an integrated poultry slaughterhouse**,** with a slaughter capacity of 20,000 chickens per day**.**
- The unit will be designed to meet industrial, sanitary and traceability standards, ensuring operational efficiency and regularity in processing.
- It includes slaughtering, cooling, cutting, basic processing, cold rooms and sanitary control areas.
- The installed capacity is compatible with the initial scale of the project and allows for future expansions within the integrated model.

2. Feed Mill

- The feed mill will have a production capacity of 15 tons per hour, ensuring continuous supply for breeders, layers and broilers.
- In-house production allows for complete nutritional control, cost optimization, and reduced dependence on external suppliers.

- The investment includes raw material receiving, milling, mixing, pelletizing, silos and automated distribution systems.
- It is one of the main drivers of cost, zootechnical performance and biosafety of the operation.

3. Hatchery

- The hatchery has been scaled to a capacity of 1,000,000 day-old chicks per month**.**
- It includes air-conditioned egg rooms, incubators, hatchers, selection, sexing, vaccination and dispatch areas.
- It ensures high hatch rates, chick uniformity and strict biosecurity protocols.
- It serves both internal integration and external marketing of day-old chicks.

4. Rearing Farms (2 Units)

- The rearing farms are intended for the initial stage of development of the sows, ensuring adequate body weight, uniformity and sexual maturity.
- They have automated feeding systems, controlled ambience and sanitary barriers.
- They are essential to ensure high productive performance in the production phase of fertile eggs**.**

5. Production Farms (4 Units)

- The production farms are dedicated to the production of fertile eggs**,** housing the breeders during the production cycle.
- Equipped with automatic egg collection, environmental control, automated feeding and strict sanitary management.
- The sizing ensures regularity in the supply of fertile eggs, compatible with the capacity of the hatchery.

6. Genetics

- This investment refers to the acquisition and implementation of high-performance poultry genetics, sourced from WestAves' genetic base.
- It includes imports, sanitary certifications and gradual implementation of breeder batches.

- It establishes the genetic basis of the entire production chain**,** directly impacting feed conversion, fertility, hatchability and profitability.
- Genetics is one of the main competitive differentials of the project.

7. Fattening Sheds (35 Units)

- The project includes 35 fattening sheds, each sized for high production capacity (approx. 500 thousand birds per installed capacity, according to the operational model).
- Equipped with automated air conditioning, food and beverage systems, as well as biosafety infrastructure.
- They ensure alignment between genetics, feed, slaughter capacity and market demand.
- They allow operational flexibility and efficient batch scaling.

8. Egg Inspection

- Unit dedicated to the inspection, classification and quality control of eggs, before incubation or commercial disposal.
- Ensures sanitary compliance and separation of non-standard eggs.
- It reduces production losses, improves incubation rates and strengthens the traceability of the process.
- It acts as a critical point of quality control within the integrated chain.

9. Commercial Egg Production Farm

- Specific unit for the production of commercial eggs (consumption), separate from the production of fertile eggs.
- It aims to serve the domestic market, diversifying the project's sources of revenue.
- It has automated systems for collection, classification and storage.
- It contributes to cash flow stability and increased market presence.

10. Working Capital

- Working capital was structured to support the initial operational ramp-up period**.**
- Includes:
    - Feed cost, necessary to maintain the initial production cycles;

- Cost of chicks/breeders, for the formation of the flock;
- Operational and maintenance costs**,** including labor, energy, sanitation, logistics, and running expenses.

- It ensures liquidity and financial stability until the operation reaches full scale and recurring cash generation.

Phase 02 — National Expansion: Comprehensive Service of the Tanzanian Market

After the implementation of Phase 01, with an initial investment of US$ 20 million, the project enters Phase 02, aimed at expanding production and industrial capacity to fully serve the Tanzanian market and, concomitantly, the markets of the East African Community (AOC). For this stage, an estimated investment of approximately US$ 80 million is planned, corresponding to the first installment of the remaining investment.

The resources from Phase 02 will be directed to the coordinated expansion of the production and industrial structure, including the increase in slaughter and processing capacity, the expansion of fattening farms, hatcheries and feed mills, the strengthening of the genetic base and biological assets, as well as investments in logistics, cold chain, distribution and operating working capital. This expansion will allow not only the full coverage of the Tanzanian market, but also the regional supply of the COA countries, taking advantage of trade agreements, geographical proximity and logistical integration.

With the completion of Phase 02, the project consolidates itself as an integrated poultry platform with immediate national and regional reach, enabling structural import substitution, stabilization of chicken meat and egg supply, and strengthening food security in both Tanzania and COA countries.

Phase 03 — Expanded Regional Expansion: Service to COMESA Markets

Once the operation is consolidated at the immediate national and regional level, the project evolves to Phase 03**,** aimed at expanding into the Common Market markets of Eastern and Southern Africa. For this stage, an additional investment estimated at approximately US$ 50 million is planned**,** corresponding to the second installment of the remaining investment.

Phase 03 focuses on the replication and selective expansion of production and logistics capacity, adaptation of plants for export, strengthening of the cold chain, expansion of international logistics

and obtaining the sanitary and commercial certifications required by COMESA's markets. This expansion will build on the already consolidated platform in Tanzania, enabling growth with lower operational risk and greater incremental capital efficiency**.**

At the end of Phase 03, the project positions itself as a regional poultry production hub**,** capable of competitively, sanitarily safe and sustainably serving the East and Southern African markets, significantly expanding the addressed market and creating new opportunities for long-term growth.

PART II – ECONOMIC AND FINANCIAL ANALYSIS

6.1 SWOT Analysis

Strengths

- WestAves' proven know-how in poultry genetics and integrated production.
- Technological partnership with Embrapa and genetic standardization.
- Vertical integration (feed, hatchery and logistics) with cost and quality control.
- Biosafety and traceability protocols oriented to international standards.

Weaknesses

- Relevant initial investment and dependence on implementation schedule for ramp-up.
- Initial import of part of equipment and genetics, with logistical lead times.

Opportunities

- Import substitution and public policies for food security.
- Growing demand for supply stability and sanitary standard.
- Formation of local chains (inputs, services and logistics) and integration with regional producers.

Threats

- Exogenous health risks if protocols are not strictly maintained.
- Grain volatility and logistics costs, mitigated by contracts and supply strategy.
- Infrastructure risks (energy/water) mitigable by redundancy and supporting investments.

6.2 Marketing

The marketing strategy prioritizes technical and institutional positioning: genetic quality, health predictability and reliability of supply. The brand will be built with professional communication and presence with integrators, sector associations and public agencies.

6.3 Sales

The project's commercial model is structured to serve the B2B and B2C markets, focusing on three main lines of supply: genetic material, chicken for the market and commercial eggs, all produced from a fully integrated production process.

The platform covers everything from genetics and reproduction, through production and fattening, to processing, inspection and distribution, ensuring standardization, traceability and sanitary control throughout the chain. This approach allows for supply stability, commercial predictability, and alignment of supply with market needs, underpinning a structured, efficient, and long-term growth strategy

. Operating Costs

7.1 COGS/COGS

The project's cost of sales is mainly concentrated in feed, zootechnical inputs and operational consumables, reflecting the intensive and biologically dependent nature of poultry activity. Feed represents the main cost driver, directly impacting feed conversion indicators, productive performance and economic predictability of the operation.

The implementation of its own feed mill is a strategic differential of the project, allowing cost stabilization, reduction of exposure to the volatility of input prices in the market and strict control of nutritional and sanitary quality. This level of control ensures greater zootechnical efficiency, mitigation of health risks and greater predictability of operating margins, especially in an environment of expansion of scale and import substitution.

Cost of Sales by Business Line (USD)

Description	Broiler Meat (USD)	Laying Egg (USD)	Total (USD)
Feed	17,777,778	1,440,000	19,217,778
Chick Cost / Initial Formation	988,889	—	988,889
Farm Operating Costs	366,667	185,185	551,852
Hatchery (Cost Allocation)	300,000	—	300,000
Packaging	—	166,667	166,667
Egg Inspection & Quality Control	—	111,111	111,111
Internal Logistics	88,889	—	88,889
Processing / Slaughterhouse	2,000,000	—	2,000,000
Delivery Logistics	111,111	66,667	177,778
Genetics	11,111,111	—	11,111,111
TOTAL COST OF SALES	**32,744,444**	**1,969,630**	**34,714,074**

7.2 Human Resources

The HR structure combines local staff with specialized technical support in the ramp-up, focused on knowledge transfer and operational standardization. Costs evolve according to the expansion of the herd and production capacity.

7.3 External Supplies and Services

They include energy, water, maintenance, fuel, logistics and support services. The management seeks energy efficiency, preventive maintenance and consumption control.

7.4 Financing of the Operation

The financing of the operation will be carried out entirely through a local financial institution, in accordance with current regulations and policies to promote productive development. The use of local funding contributes to the strengthening of the national financial system, exchange rate alignment of the operation, mitigation of financial risks and greater adherence to the country's economic development guidelines.

8. INVESTMENT STRUCTURE

8.1 Investments

Phase 1 investments are estimated at USD 20 million. Later phases could bring total investment up to $150 million as capacity expansion and additional industrial integration are achieved.

- The project considers financing of USD 20.0 million**,** intended for the implementation of Phase 1 of the integrated poultry complex**.**
- The total term of the operation is 120 months (10 years), compatible with the maturation cycle of the asset and the cash generation horizon of the project.
- The contracted interest rate is 7.0% per year**,** equivalent to a monthly rate of 0.565%, in line with long-term financing operations for agro-industrial projects.
- The amortization system adopted is the Price method, with fixed monthly installments**,** providing predictability of disbursements and better cash flow planning.
- The amount of the fixed monthly installment is USD 230,006.60**,** resulting in:
    - Total interest over the course of the contract**:** USD 7,592,072.00
    - Total amount **payable:** USD 27,592,072.00

8.2 Debt Service Capacity

- The projected operating cash generation demonstrates full capacity to service the debt**,** even during the initial ramp-up period.
- The amortization structure with fixed installments reduces financial risk and ensures compatibility between cash generation and financial obligations**.**
- The profile of increasing net results reinforces the financial robustness of the project over the financing period.

8.3 Evolution of Results and Cash Generation

- The project presents consistent growth in net income, reflecting the progressive expansion of the herd, gains in scale and operational efficiency:
    - **2025:** USD 6.84 million
    - **2026:** USD 13.12 million
    - **2027:** USD 19.26 million
    - **2028:** USD 25.20 million
    - **2029:** USD 30.90 million

- **2030:** USD 36.29 million
- The accumulated cash flow becomes positive in the short term, showing a rapid recovery of the invested capital.

8.4 Investment Payback

- The project has a payback of the initial investment in approximately 2 years and 2 months**,** considering the generation of operating cash.
- As of 2027, the project is already fully recovered, starting to generate positive net cash on a recurring basis.
- In subsequent years, the partial payback within each fiscal year reinforces the strong capacity to generate value**.**

8.5 Cash Flow and Present Value (NPV) Analysis

- Discounted cash flow demonstrates high economic value creation:
  - Initial Investment (Period 0): -USD 20.0 million
  - Increasing positive flows from the second operating period onwards.
- The accumulated Net Present Value (NPV) reaches approximately USD 329.9 million**,** reflecting the high profitability of the project even after discounting future flows.
- The percentage indicators point to returns above 110%–115%, reinforcing the attractiveness of the investment from the perspective of long-term capital.

8.7 Amortizations

For planning, useful lives are suggested: infrastructure (20 years), equipment (10 years), biological assets (2 years) and fleet (4-5 years), adjusting to the local accounting standard.

9. Income Statement (projection – USD)

N. of Breeding Sows												
Description	YEAR 01 (CRUIZE)		YEAR 2		YEAR 3		YEAR 4		YEAR 5		YEAR 6	
GROSS REVENUE	$ 83.360.000		$ 91.554.400		$ 100.562.576		$ 110.465.679		$ 121.352.966		$ 133.322.611	
BROILER MEAT SALES	$ 81.000.000	97%	$ 89.100.000	97%	$ 98.010.000	97%	$ 107.811.000	98%	$ 118.592.100	98%	$ 130.451.310	98%
TABLE EGG SALES	$ 2.360.000	3%	$ 2.454.400	3%	$ 2.552.576	3%	$ 2.654.679	2%	$ 2.760.866	2%	$ 2.871.301	2%
(-) Deductions	$ -		$ -		$ -		$ -		$ -		$ -	
NET REVENUE	$ 83.360.000	100%	$ 91.554.400	100%	$ 100.562.576	100%	$ 110.465.679	100%	$ 121.352.966	100%	$ 133.322.611	100%
(-) COGS	$ -34.714.074		$ -38.067.304		$ -41.751.129		$ -45.798.421		$ -50.245.329		$ -55.131.611	
(-) Cost of Sales - BROILER MEAT	$ -32.744.444	-40%	$ -36.018.889	-40%	$ -39.620.778	-40%	$ -43.582.856	-40%	$ -47.941.141	-40%	$ -52.735.255	-40%
(-) Cost of Sales - LAYING EGG	$ -1.969.630	-83%	$ -2.048.415	-83%	$ -2.130.351	-83%	$ -2.215.565	-83%	$ -2.304.188	-83%	$ -2.396.356	-83%
LUCRO BRUTO/GROS PROFIT	$ 48.645.926	58%	$ 53.487.096	58%	$ 58.811.447	58%	$ 64.667.258	59%	$ 71.107.637	59%	$ 78.191.000	59%
(-) Operating Expenses	$ -2.363.856	-2,8%	$ -2.600.242	-2,8%	$ -2.860.266	-2,8%	$ -3.146.292	-2,8%	$ -3.460.922	-2,9%	$ -3.807.014	-2,9%
(-) Administrative Expenses	$ -313.200	-0,4%	$ -344.520	-0,4%	$ -378.972	-0,4%	$ -416.869	-0,4%	$ -458.556	-0,4%	$ -504.412	-0,4%
(-) Fuel and Vehicles	$ -1.667.200	-2,0%	$ -1.833.920	-2,0%	$ -2.017.312	-2,0%	$ -2.219.043	-2,0%	$ -2.440.948	-2,0%	$ -2.685.042	-2,0%
(-) Maintenance	$ -166.720	-0,2%	$ -183.392	-0,2%	$ -201.731	-0,2%	$ -221.904	-0,2%	$ -244.095	-0,2%	$ -268.504	-0,2%
(-) Vaccines	$ -216.736	-0,3%	$ -238.410	-0,3%	$ -262.251	-0,3%	$ -288.476	-0,3%	$ -317.323	-0,3%	$ -349.055	-0,3%
(-) Water	$ -	0,0%	$ -	0,0%	$ -	0,0%	$ -	0,0%	$ -	0,0%	$ -	0,0%
OPERATION INCOME	46.282.070		50.886.855		55.951.181		61.520.966		67.646.715		74.383.986	
NET PROFIT FOR THE PERIOD	$ 46.282.070		$ 50.886.855		$ 55.951.181		$ 61.520.966		$ 67.646.715		$ 74.383.986	
EBTIDA (%) - NET REVENUE	56%		55,6%		55,6%		55,7%		55,7%		55,8%	

10.2 Conclusion

The implementation of the integrated poultry platform in Tanzania demonstrates full technical and economic feasibility, supported by the use of high-performance genetics, the vertical integration of the production chain, the adoption of strict sanitary control and biosecurity systems, and a scalable model, capable of keeping up with the growth in demand in an efficient and sustainable way. The project plays a structuring role by contributing directly to food security, import substitution, training and qualification of the local workforce and balanced territorial development.

The successful execution of the project is conditioned to the maintenance of high standards of sanitary discipline, the efficient management of strategic supplies, especially grains and feed, operational excellence in all stages of the chain and the definition of a capital structure compatible with the production ramp-up period. Observing these assumptions, the investment has high potential for economic sustainability, operational resilience and consistent value generation in the long term, aligning financial returns with lasting positive impacts for the Tanzanian economy and society.

Concordia, Brazil, January 22th of 2026.

WEST AVES