Company Summary, Technology Brief, and Business Plan

Created July 01, 2022

General Company Description

Vegg Inc is an AgTech company located in Pulaski, VA that provides technological solutions to modern-day farming and sustainability complications. Utilizing innovative methods in precision agriculture, climate technology, and the revitalization of abandoned historic schools the company aims to create Vertical Farming (VF) operations that are both climate and community smart.

This business model will drastically reduce the costs and carbon footprint in both the construction process (repurposing existing structures) and the operations of the facility (efficient use of technology in vertical farming operations) involved in setting up and running a Vertical Farm.

Our Mission

Our mission is to provide the infrastructure needed for vertical farming operators to combat our Nations agriculture challenges in a climate smart and community focused manner.

Guiding Principles

We pursue our mission by a set of core values that guide how we execute our business model:

- **Innovation**
  Always challenge assumptions; always ask 'why?' We strive to stay curious, as well as create and anticipate change.

- **Teamwork**
  Through collaboration we achieve as a team what individuals alone cannot. We make lasting change possible through the medium of simple cooperation.

- **Community Engagement**
  Engagement with the community requires that not only the process but also every action involved, be done with integrity.

- **Environmental Stewardship**
  Our actions are guided by an unwavering commitment to the air, land, and water as we thoughtfully and deliberately put to good use the earth's resources.

Our Corporate Goals

We first and foremost strive to create things that make our communities, and planet, a better place to live. All decisions and practices are centered around this. By utilizing the resources and infrastructure we have already created we can scale our business model and impact our Nation's agriculture shortfallings.

Our Nation is currently facing great challenges in the Food & Agricultural Industries, something we cover in detail in this business plan. By utilizing the technological advancements of our day, Vegg can create solutions for these food and energy issues in a sustainable manner.

Initial targets are set to offer our infrastructure and technology to vertical farming operators in rural Virginia. The County of Pulaski to be more specific. We want to start where we can make the largest impact in the areas that need it most. Once proven, this business model can be scaled to other urban and suburban geographic focuses across the Commonwealth of Virginia, North America, and in due time the rest of the world.

Vertical Farming

Vertical farming is a new industry and will need some further explanation before proceeding with our business plan. Vertical farming is a method of growing crops in a controlled environment, typically using stacked layers of vertical shelves. This type of farming can be done indoors or outdoors, and can use hydroponics, aquaponics, or other soil-less methods to grow plants.

There are several benefits to vertical farming, including:

> **Increased Crop Yield:** Because vertical farms can be precisely controlled and optimized for plant growth, they can produce higher crop yields per square foot compared to traditional farming methods (10 acres of crop in a 1 acre footprint).
> **Reduced Water Usage:** Vertical farming uses less water than traditional farming methods, as the water can be recycled and reused in the system.
> **Pesticide-free Produce:** Vertical farms can be designed to be completely closed systems, which reduces the risk of pests and the need for pesticides.
> **Year-round Production**: Vertical farms can be located indoors, allowing for year-round production of crops regardless of weather conditions.
> **Reduced Transportation Costs:** Vertical farms can be located in hard to reach rural areas and closer to urban centers, reducing the need for long-distance transportation of produce.

There are also increasing concerns about the environmental impact of traditional agriculture, including fossil fuel reliance, soil erosion, and pesticide runoff. Vertical farming can help to

mitigate these impacts. As mentioned it uses less water and pesticides and generates fewer climate changing gas emissions.

The vertical farming market is still in its early stages, but it is expected to grow significantly in the coming years. According to a market research report by Mordor Intelligence, the global vertical farming market is expected to reach $9.96 billion by 2025, growing at a CAGR of 18.3% from 2020 to 2025. The demand for fresh and locally-grown produce, coupled with the increasing adoption of hydroponics and other soil-less farming techniques, is driving the growth of the vertical farming market.

There are several key players in the vertical farming market. AeroFarms, Bowery Farming, and Plenty are the largest companies and produce the majority of the volume. There are dozens of other small to medium sized growers that are just getting their foothold in the marketplace. These companies are all using advanced technologies such as LED lighting and automation to optimize plant growth and increase efficiency.

There are some challenges to the growth of the vertical farming market. One challenge is the high cost of setting up and operating a high tech farming facility, which can make it difficult for small and medium-sized businesses to enter the market. We will discuss this in detail in the next section and how Vegg aims to solve that problem. Additionally, there is a lack of standardization and regulation in the industry, which can make it difficult for consumers to know what they are buying.

Despite these challenges, the market for vertical farming is expected to continue to grow as more companies enter the space and the technology improves. It is an exciting time for the industry, and there are many opportunities for businesses to enter the market and make a positive impact. To succeed it will be important for companies to differentiate themselves through the use of innovative technologies and continued efficient operations. It will also be important to establish strong partnerships and distribution channels to reach customers and secure a steady supply of inputs such as seeds and nutrients.

Challenges

Quite a few challenges face our National food production and supply chain. Effects of Covid 19 have surfaced a lot of those problems, only to be compounded by effects of climate issues and other agriculture shortcomings. In the following sections we will break down the list of the most prevalent issues facing our country's agriculture, the current Vertical Farming limitations, and just how Vegg, Inc plans to eradicate them.

Agriculture & Environmental Issues(s)

Agriculture Issues	Vegg Solutions
• Environmental Impacts of Current Farming Practices • Droughts, Natural Disasters, and Limited Resources • Limited Production and Supply Chain Constraints • Rural Access to Fresh, Healthy Produce	• Building the first Climate Smart Vertical Farming Facility • Crops are protected from natural disasters and resource shortcomings • VF's Allow farmers to grow 10 acres worth of product In 1 acre footprint • Hyper-local growing increases accessibility, reduces transportation, and lowers waste

Our current agriculture system is facing a number of issues when it comes to producing food for consumption. Some of these issues include:

Environmental Impacts: Traditional agriculture can be resource-intensive, with large amounts of water, pesticides, and fertilizers being used to grow crops. This can have a negative impact on the environment, including soil degradation and water pollution.

The agriculture sector is a major contributor to climate changing gas emissions, which contribute to climate change. As the global population continues to grow, there is a need to produce more food in a way that is sustainable and does not contribute to climate change.

Natural Disasters & Limited Resources: Natural disasters such as floods, droughts, and extreme weather events can cause significant damage to crops, leading to food shortages and price spikes. Leaving farmers with no hope and no way to provide any income for their families or for their communities.

Access to Fresh, Healthy Produce: In many areas, access to fresh, healthy produce can be limited, particularly in low-income neighborhoods. This can lead to dietary issues and health problems such as obesity and diabetes.

Addressing these issues will require a shift towards more sustainable and innovative farming practices, such as vertical farming. By producing fresh, healthy produce in a controlled environment using fewer resources, vertical farming has the potential to help address a lot of the challenges facing the agriculture sector.

Vertical Farming Issue(s)

VF Operations Issues	Vegg Solutions
• New Build Construction & Equipment Costs • Difficult to Find Real Estate • Expensive Operating Costs Drive Down Margins • Carbon Footprint in Construction & Operations	• Unique method offers up to 60% reduction in construction costs & equipment • Creates low cost leasing options • More efficient while employing climate smart practices

There are a number of issues to consider when a company is constructing and operating vertical farming facilities. The current methodologies used to build and manage Vertical Farming operations are outdated and inefficient.

Construction Cost: Building a vertical farming facility can be expensive, with costs including the construction of the facility, the purchase of equipment, and the cost of labor. Additionally, operating costs such as energy, water, and nutrients can be high.

Space: Vertical farming facilities require a significant amount of space, and finding suitable real estate in urban and even rural areas can be a challenge. This can also drive up the cost of construction.

Operating Costs: Operating costs can be a significant burden for vertical farmers. The highest on the list are typically energy costs, mortgaged building and equipment, and skilled labor and maintenance.

Environmental impact: Vertical farming operations can have an impact on the environment. This includes fossil fuel outputs, energy consumption and the disposal of waste. It will be important for businesses to consider the environmental impact of their operations and to implement sustainable practices.

By carefully planning and addressing these issues, Vegg can successfully construct and operate vertical farming facilities in a sustainable and cost effective manner while contributing to the growth of the industry.

Solution Overview

We've listed the shortcomings of our agriculture system as well as the challenges facing the vertical farming operator. Now what do we do about it? As we move forward we will explain in detail our concept and how we plan to implement it. As with all companies that find solutions to

big issues, there are bound to be pivots along the way. We aim to always keep our overall mission in mind as we diligently work on solving these problems.

In its simplest form our concept takes historic schools and redevelops them into sustainable vertical farming infrastructure. We use a capital stack model that utilizes Historic Tax Credit programs (HTC's) and other assistance programs available specific to these types of developments (sources discussed further in *Funding and Govt Assistance* section). The Vegg model is about community development at its core. By rebuilding America's historic infrastructure and adding a community focused agriculture technology solution, we can change the landscape of rural and urban areas affected by economic challenges.

Through redevelopment facilitated by the tax credits these facilities will be upfit with cutting edge technology that hosts state of the art Vertical Farming operators. Through strategic partnerships and advancements in energy/climate technologies we aim to deliver a Vertical Farming product that is the first to have a carbon negative output. The facility will implement sustainable practices from its construction all the way down to the operations.

The question now is how does this become a reality? In the subsequent sections we will describe how we plan to deliver these initiatives to the public and private sectors and how our business model addresses most, if not all, of the agriculture and vertical farming issues listed previously. We believe our model will be the leading case in creating scalable farming solutions in an environmentally sustainable manner.

The Jefferson School

The Jefferson School, located in the downtown industrial area of Pulaski, VA, is the genesis, or pilot project, of the Vegg, Inc concept. Our vision is to deliver these schools as white box

structures for vertical farmers and their operators. It is imperative that we prove the concept here as we look to scale the model into other localities.

The building is approximately 25,000 square feet of unoccupied space. Vegg, Inc is under contract to acquire the building for $120,000 through its fundraising efforts. The building will be purchased from members that secured the building in 2022 from a private owner for the project. They secured the building through funding sources provided by both the County and Town of Pulaski until Vegg could be formed and raise the capital to purchase (local buy-in is a major key to the success of the project). This purchase price equates to approximately $4 per square foot. Early estimates suggest once redeveloped and stabilized the building will be worth $4-$5M. The school falls in both the historic district and enterprise zones within the County.

In the past few years, Pulaski, VA has seen a wave of redevelopment with the enthusiastic support of the localities. Vegg will continue this trend by introducing this form of agriculture as a new market to the town. With support from other companies and key decision makers, Pulaski is positioned to become a major hub known for recruiting top talent and businesses in the Precision Agriculture and Climate Technology sectors.

As this is a pilot project we make certain to note that this building will serve as a testing ground for our concept. The latter Vegg buildings may or may not have the same components as the original pilot project, but will help to de-risk the project for both investors and financial institutions as we prove the concept. As an example, multiple agriculture tenants could occupy the classroom spaces to create an income diversity that wouldn't be necessary in the scalable model.

Historic Schools and Community Revitalization

Abandoned schools are a growing problem in Virginia, as in other states, for a number of reasons. These buildings are typically eyesores and can attract vandalism, crime, and other negative activities. They may also be a drain on local resources, as communities may need to devote time and money to maintaining these buildings or to cleaning up after vandalism. Additionally, abandoned schools are a missed opportunity for economic development, as they could be repurposed or reused to create new jobs and stimulate growth in the community.

In the last 5 years, there has been a major increase in the quantity of these abandoned historic schools in our local communities. The schools are typically 50+ years old which lends Vegg, Inc the ability to apply Historic Tax Credits to the project. This makes it financially feasible, and potentially lucrative, for Vegg to take on these unique projects.

By investing in the rehabilitation of these old school buildings Vegg helps revitalize communities and stimulates economic growth. By breathing new life into underutilized or dilapidated buildings, these projects can help to revitalize neighborhoods and create a more vibrant and

attractive community. These buildings often have significant architectural, cultural, and historical value, and their rehabilitation helps to ensure that these assets are preserved for future generations.

Rehabilitating old buildings comes with the added benefit of being more sustainable than constructing new ones. Historic buildings often have durable, high-quality materials and construction techniques that are not commonly used in modern construction. Rehabilitating these buildings can help to reduce the environmental impact of development and conserve natural resources.

Development & Historic Tax Credits

Once in control of the properties, Vegg Inc. will use its expertise to deploy a unique capital stack that develops historic buildings into high-tech vertical farming facilities. Vegg will renovate these buildings at a fraction of the cost, and with very little environmental impact. Vegg acquires Historic Tax Credits from the Department of Historic Resources (DHR) program, a tax credit for the restoration of historic buildings in the state of Virginia. The company, Vegg, then sells those tax credits to investors, reducing the costs of construction.

On average, historic tax credits can account for savings of up to 40-45% of the development costs. With our experience in developing other projects using the same method, we have found that a majority of the proposed construction and equipment needed for any facility (including VF facilities) qualify for these HTC's.

In Addition to the tax credits, there are a variety of Government grant opportunities available for further cost savings in the predevelopment, acquisition, and construction process. We approximate that through the numerous capital sources the project could be completed for as much as a 60% discount of normal construction. This cost savings can be reflected in lease prices which is a huge benefit to a vertical farmer and its operating costs.

Upon stabilizing these facilities, Vegg Inc owns and manages a cash flowing asset that has been restored into a working Vertical Farming facility. These buildings are purchased at a steep discount, developed with drastically lower construction costs, in turn creating an enormous equity position in each building with a small mortgage burden. Cash flows to the company will reflect this, and cost savings can be passed on to the operator, which positions Vegg, Inc as a strong economic alternative compared to current operators.

Technology

Before briefing on our technology strategy, it's important that we note the Vegg concept works primarily on the model of purchasing schools at steep discounts, developing at steep discounts, and being able to offer our facilities at a lower rate to vertical farming operators. This model in itself is a strong business and will be very lucrative and resilient.

However, with a goal of being a National contributor toward a more sustainable and environmentally friendly future, Vegg will need to leverage some key strategic partnerships with climate and other advanced technology companies.

To start, we are pursuing a partnership with MOVA Technologies (MOVA), another Pulaski company, which helps move the business much closer to being the first completely carbon-negative/emissions-free Vertical Farming facility. MOVA is a ClimaTech company specializing in direct air capture technology. They apply sustainable processes and equipment that capture and harvest contaminants from polluted air. The contaminants are broken down into byproducts that can be useful in their original form.

Vegg will leverage MOVA to validate applications for their captured byproducts to be used in vertical farming operations. These byproducts (ammonia and CO2 specifically) can be used during the growing processes in Vertical Farming operations. Doing so will rid the facility of current agriculture practices that rely heavily on fossil fuels and further reduce the carbon footprint of the facilities operations.

In current fertilizer production ammonia is synthesized using the Haber-Bosch process, which combines nitrogen and hydrogen through chemical reaction. The process is done under very high temperature and pressure, requiring immense energy produced with natural gas, oil, or coal. MOVA can capture the ammonia directly from the air and isolate it so it can be reused. Similarly, carbon dioxide (CO2), which allows plants to photosynthesize, can be captured through MOVA's system and stored on the Vegg site.

The IP Technology that Vegg, Inc will develop and own pertains to the storage devices needed to hold these byproducts on site. Including any IP that pertains to the processes of regulating, storing, or delivering the byproducts throughout the facility.

In order to build out this IP, Vegg, Inc will employ MOVA Technologies to research two specific areas, and aid in creating new IP Technology owned by Vegg Inc. These advancements in technology along with furthering strategic partnerships pertaining to energy consumption and other aspects of the operations will allow our Vertical Farming facilities to run more efficiently and sustainably than our competitors.

These technology efficiencies and ownership of Intellectual Property change the landscape of valuations for Vegg, Inc. It provides additional revenue sources by means of royalties, carbon credits, and other uses from our proven concept. It creates additional multipliers in the valuation of the business from owning IP, and gives the business another avenue to create additional technologies to further its mission.

Climate Smart

We have mentioned Climate Smart several times through this business plan, and not by accident. Here we will describe in further detail what Climate Smart initiatives are and the implications they could have on Vegg, Inc's business model.

Climate smart initiatives are efforts to reduce environmental gas emissions and adapt to the impacts of climate change, while also supporting economic development and improving the quality of life for communities. These initiatives can include a range of measures, such as renewable energy projects, sustainable agriculture practices, and efficient transportation systems.

The market for companies that specialize in climate smart initiatives is growing, as governments, businesses, and individuals increasingly recognize the importance of taking action to combat climate change. Many businesses are looking to reduce their carbon footprint and adopt more sustainable practices, and are willing to invest in solutions that can help them achieve these goals.

There is also growing demand for products and services that help individuals and communities adapt to the impacts of climate change, such as flood-resistant infrastructure and drought-resistant crops.

Overall, the market for climate smart initiatives is expected to continue to grow as the need for action on climate change becomes more pressing and as businesses and governments increasingly recognize the economic and social benefits of these initiatives. Companies that are able to offer innovative, effective solutions to address climate change will be well positioned to succeed in this market.

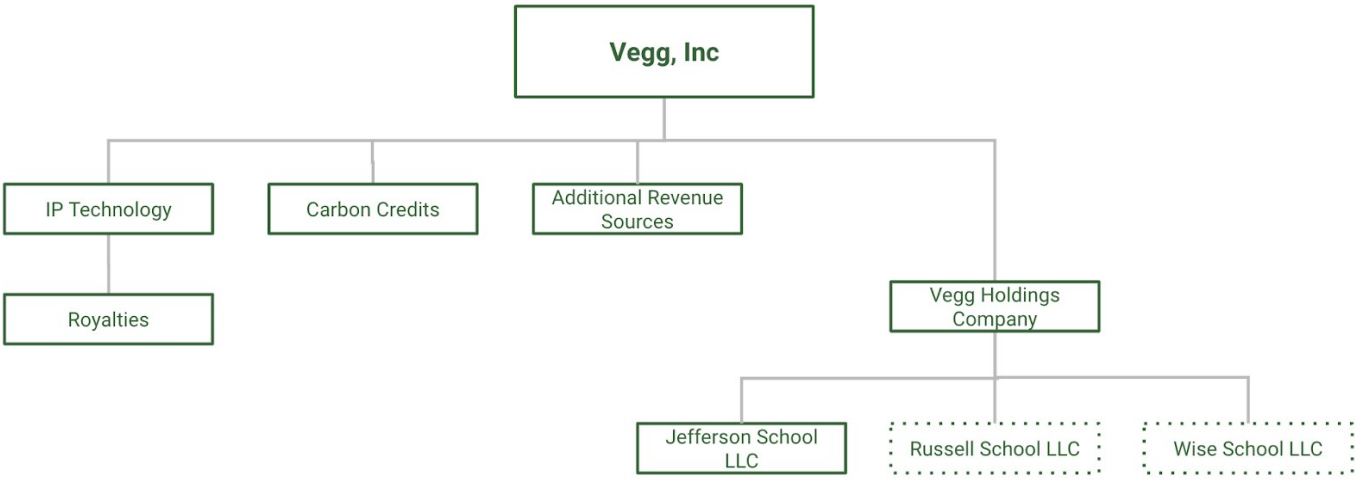
Competitors

The marketplace today offers a small variety of options for vertical farming and infrastructure. While there are a number of different companies that grow/sell produce, equipment and vertical farming "kits" to consumers, that is not our direct market. We are focused on the enterprising operator as a customer, who wants a cost-efficient way to scale their vertical farming operations.

From our initial research, as of December 2022 there are no direct competitors in the development of Real Estate and infrastructure for vertical farming companies. To this point, most mid-sized operations have either purchased their facilities themselves or rented a space from a landlord and built out their own facility. Any development experts, especially those utilizing the historic structures and grants available to drastically reduce costs and environmental impacts, next to 0.

Container companies like Freight Farms offer the biggest threat to market share as it is a low-cost, fairly low-barrier solution that could facilitate growth for small to midsize vertical farmers. However, their containers offer limited space and you must have multiple containers operating succinctly in order to create any sizable production output. Their solution may help facilitate local production needs, but it lacks the capacity to make a major impact on the total food production requirements of most regions.

Organization & Structure



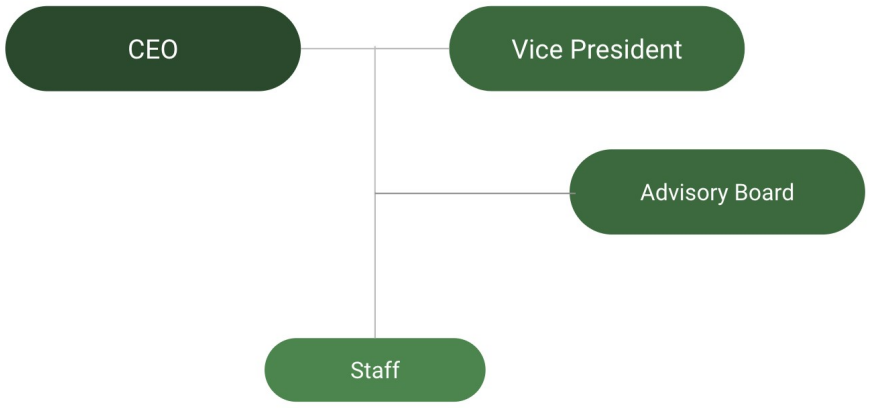
Vegg Inc. is a C-Corp that operates as an AgTech company. The overarching C-corp encompasses two major verticals. The first is the Vegg Holdings Company which is the wholly owned subsidiary of Vegg, Inc. This holdings company is what owns the individual LLCs that make up each facility.

Each facility must have its own corporate identity in order to apply for tax credits and the grants associated with the capital stack development structure. The developments will be funded by selling tax credits specific to each facility's LLC which discounts a portion of the development costs. The rest of the funds for the development flow from fundraising done by Vegg Inc or other financing sources.

The second leg of the corporate structure is the AgTech side, specifically the Vegg Inc. intellectual property, patents, royalties, and where the carbon, historic, and solar tax credit revenues are captured. These are wholly owned by Vegg Inc. and are completely separate from any ownership and/or holdings from the individual real estate holdings in the LLCs.

Management & Advisory Team

Our management team and advisory board members will be composed of several leading industry experts with experience in the fields of Agriculture, Biology, Engineering, Real Estate Development, Tax Credits & Grants, Government Affairs, and Corporate Law. All members have high levels of experience in business ventures and entrepreneurship, a key component in executing the strategies within this business plan. The original team is kept lean purposefully, to allow for maximum effectiveness and swift action in executing this plan.



Executive Management

Cody Journell, CEO/President

Luke Alison, Vice President & CDO

Jonathan Follmer, Board of Directors

Advisory Board

Steven Critchfield, Corporate Management - Former CEO, Teleworks (successful exit), Former CEO/Current Chairman, Mova Technologies

Jeff Mitchel, Legal Council - CEO Mitchell Law Firm

Jamie Oliver, Construction/Development Expert - President, Highlander Construction

Mike Evans, Vertical Farming & CEA Advisor - Director, School of Plant and Environmental Sciences Virginia Tech

Brad Copenhaver, Government Affairs - Former Commissioner of VA Department of Agriculture

Matthew Gulotta, Research & Grant Development - Director of Technology, MOVA Technologies

Financing

Capital acquisition (i.e. fundraising) is the most critical piece moving forward. Our first round will allow individuals to invest money in the friends and family round. There is a minimum limit for all investors of $10,000 in this round. Moving forward after the friends and family round there will be no minimum limit for the current stakeholders.

In the friends and family round, investors will receive a convertible note. We intend to raise $1,000,000. This will be sufficient capital to fund stage one, the first year of operations, and begin stage two. After stage one is complete, we will obtain a valuation to fund stages 2, 3, and 4. Subsequent fundraising will occur in three separate private placements, each corresponding to a specific stage.

With the completion of each stage, there will be a corresponding decrease in risk and increase in share price resulting in less stock per dollar sold. The reason for this is that each stage further proves the technology and concept, therefore increasing Vegg's value. Additionally, we will immediately begin actively seeking local, state, and federal grants to minimize private funding and dilution.