



BUSINESS PLAN

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CONTACT:

Oleg Belyak, CEO

205-3495 Ivan-Franko Rd.,
Lachine, QC H8T 1N9

Phone: +1 (438) 979-9720

E-mail: pyrocraft4@gmail.com

Website: www.plastcraft.ca

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2.0 EXECUTIVE SUMMARY



Subsequent to establishing a solid production infrastructure and financial position, Plastcraft anticipates expanding down the supply chain to include processing its recycled plastic pellets into end products such as plastic pipes, films, profiles, and more. Plastcraft will directly market its recycled pellets to plastic products manufacturers, initially in Ukraine and Turkey. The Company expects to expand to North America after its first year.

Plastcraft operates in a large and fast-growing industry. A recent report on the recycled plastic industry written by Infoholic Research LLP projects the industry to grow globally at a compound annual rate of 6.8%, reaching a value of \$66.7 billion by 2025. The business benefits from local municipal governments that are experiencing an overwhelming volume of plastic waste. The Company will not only directly market its services to plastic products manufacturers but will establish partnerships with municipal governments to ensure a steady supply of raw materials that will spur its recycling program.

Plastcraft will be a cutting-edge plastic recycling plant that processes a wide variety of plastic waste such as low-density polyethylene (LDPE), linear low-density polyethylene (LLDPE), high-density polyethylene (HDPE), polypropylene (PP), acrylonitrile butadiene styrene (ABS) and more, and converts these into value-added plastic pellets. Plastcraft will initially produce high-quality plastic pellets for sale to plastic products manufacturers.

The Company addresses systemic and pressing problems in Canada.

1. Prior to January 2018, 80-90% of Canadian plastic waste was shipped to China. With a sudden ban by China on imported plastic waste, Canada has been struggling to manage its plastic waste.
2. There is a large amount of plastic waste and pollution in North America. In Canada, only 9% of the plastic waste generated each year is recycled. In 2016, more than 3.2 million metric tons ended up as garbage¹.
3. Plastic sorting centres are closing due to a lack of buyers².
4. Many plastic recycling facilities with poor equipment produce low quality grade plastic, making it hard for manufacturers to use.

Plastcraft addresses these problems by collecting sorted and baled plastic waste from sorting centres and utilizing advanced equipment and specialized processes

¹ <https://rco.on.ca/canada-recycles-just-9-per-cent-of-its-plastics/>

² <https://globalnews.ca/news/6485980/material-continues-to-pile-up-as-montreals-recycling-crisis-grows/>

to produce high-quality pellets. Hence, Plastcraft lessens the local municipality's burden of an overflowing landfill as it allows sorting centres to collect a higher volume of plastic waste.

In addition, Plastcraft has developed unique processes through specific selection of equipment that will allow the Company to produce higher quality pellets than what is currently available. Since Plastcraft will have the capacity for and expertise in producing all types of pellets, including those that are uncommonly recycled by existing recycling companies, it will be better able to market its products to a broad range of plastic products manufacturers.

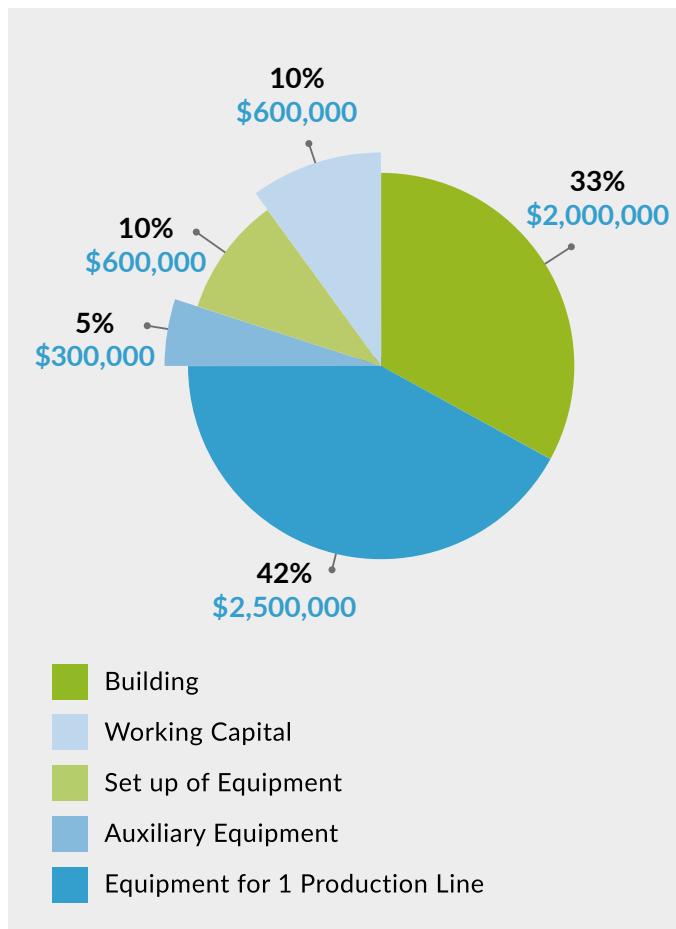
On a macro level, the Company will benefit from Quebec's \$30-million recycling plan that requires producers of containers, packaging, and printed matter to take responsibility for a product's entire life cycle. The Government's plan will support sorting centres to boost their production and create adequate supply of plastic waste to recycling plants, including Plastcraft³. Plastcraft will also capitalize on the opportunity presented by the Government of Quebec's \$13 million in funding for 30 projects by Quebec entrepreneurs that aim to reduce pollution, build healthy communities, and create jobs⁴.

Plastcraft's management team is comprised of Oleg Belyak as the Company's CEO and Tetiana Pisotska as the Finance Director. Plastcraft's CEO is a subject-matter-expert in plastic recycling, contributing 20 years of experience in the plastic recycling industry. His extensive experience within the industry will significantly contribute to the success of Plastcraft's launch and growth. Tetiana Pisotska complements Belyak's skills and knowledge with her engineering and sales background. The co-founders' combined expertise in plastic recycling, financial services and technical engineering will round out the necessary skill set for launching a solid plastic recycling plant operation.

Plastcraft is seeking funding for a total of \$6 million. It plans to finance 35% in the form of equity (\$2.1 million) and 65% in the form of debt (\$3.9 million). The funding will be used to purchase a plant facility (\$2 million); a

production line consisting of three main processing lines (\$2.5 million); auxiliary equipment (\$300,000), setting up the plant facility (\$600,000) and working capital (\$600,000).

Given the especially strong industry growth and the co-founders' expertise and experience within the recycling industry, the Company is confident in its ability to achieve its business and financial objectives. The chart below depicts the Company's investment allocation:



As an alternative to its preferred fundraising efforts, the Company could also opt to lease a plant facility and raise \$4 million for the equipment and setting up of the plant.

³ <https://globalnews.ca/news/6536079/quebec-recycling-program-updates/>

⁴ <https://betakit.com/quebec-rda-invests-nearly-13-million-in-30-cleantech-projects-across-the-province/>

3.0 INDUSTRY OVERVIEW

3.1 INDUSTRY DESCRIPTION

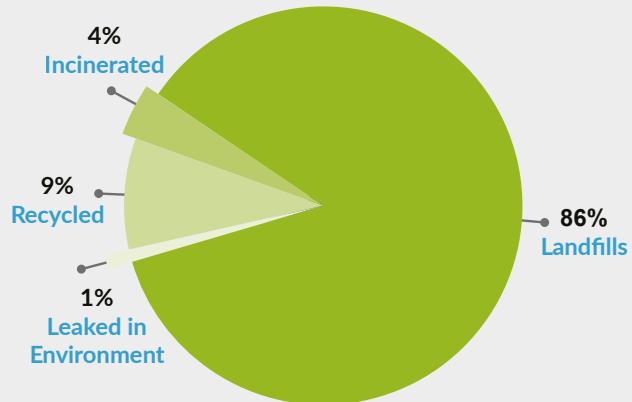
The plastic recycling industry purchases dirty plastic waste from sorting centres in bales; sorts, uniformly reduces the size, washes, and removes contaminants necessary to allow the material to be reused in a manufacturing process.

A recent report on the recycled plastic industry written by Infoholic Research LLP projects strong growth rate for the industry. Infoholic expects the recycled plastics market to grow globally at a compound annual rate of 6.8%, reaching a value of \$66.7 billion by 2025. The report also states that "North America leads the current market for recycled plastics with the highest per capita plastics consumption providing an opportunity for recyclers."⁵

In Canada, an estimated 9% of plastic waste is recycled, 4% is incinerated with energy recovery, 86% is found in landfills and 1% leaks into the environment. Plastic materials that are not recovered (i.e., 2,824 kilo tonnes of resins sent to landfill or leaked into the environment in 2016), represented a lost opportunity of \$7.8 billion for Canada in 2016, based on the value of virgin resin material. By 2030, it is estimated that Canada's lost opportunity related to unrecovered plastics could rise to \$11.1 billion, under the current plastic recovery environment.⁶ In the short to medium term, we can expect significant investment made in Canada to increase the recycling of plastic and keep the environment clean.

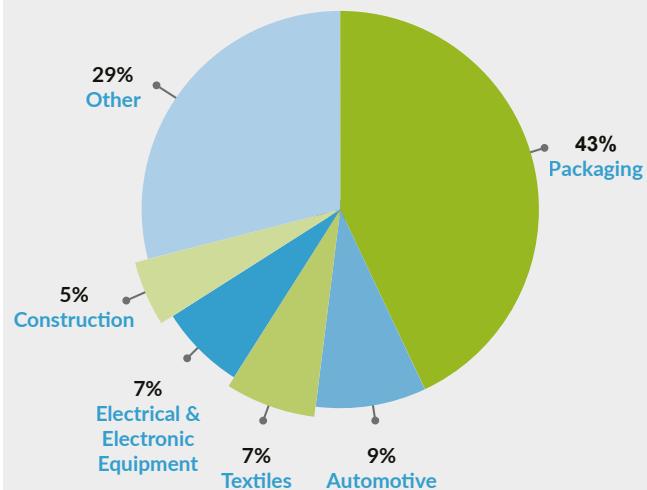
Plastcraft's plastic recycling plant is well-positioned to absorb the excess of plastic waste in Canada as a result of China cutting its imports of scrap plastic by 96% and banning the import of 24 types of recyclable commodities. Furthermore, the Government of Canada's initiatives to minimize the plastic waste heading to landfills will drive demand for Plastcraft's services. According to a Deloitte report, Canada could reduce its plastic landfill waste by 90% in 2030 with an investment of between \$4.3 billion and \$8.6

PLASTIC WASTE IN CANADA



\$11.1 BILLION EXPECTED OPPORTUNITY LOSS BY 2030

SECTORS GENERATING PLASTIC WASTE



⁵ <https://www.plasticstoday.com/mechanical-recycling/solid-growth-projected-recycled-plastics-market>

⁶ http://publications.gc.ca/collections/collection_2019/eccc/En4-366-1-2019-eng.pdf

billion and the addition of 167 new sorting and recycling facilities, numerous government regulations and consumer participation. That would increase revenues in the recycling industry from \$500 million to \$3 billion and create 42,000 new direct and indirect jobs.⁷ There are strong incentives for Canada to put together a solid, long term recycling program and regulations to increase the amount of recycled plastic.

The main sectors generating plastic waste are packaging (43% of total plastic waste), automotive (9%), textiles (7%), electrical and electronic equipment (7%) and construction (5%).

Suppliers to Plastcraft are sorting centres that supply different varieties of plastic waste. The sorting centers have low bargaining power due to a shortage of recycling companies and a large volume of incoming plastic waste that needs to be recycled. Recycling companies generally purchase all plastic waste on a spot price basis at the time of purchase. The agreed price is mostly determined by who will pay the most.

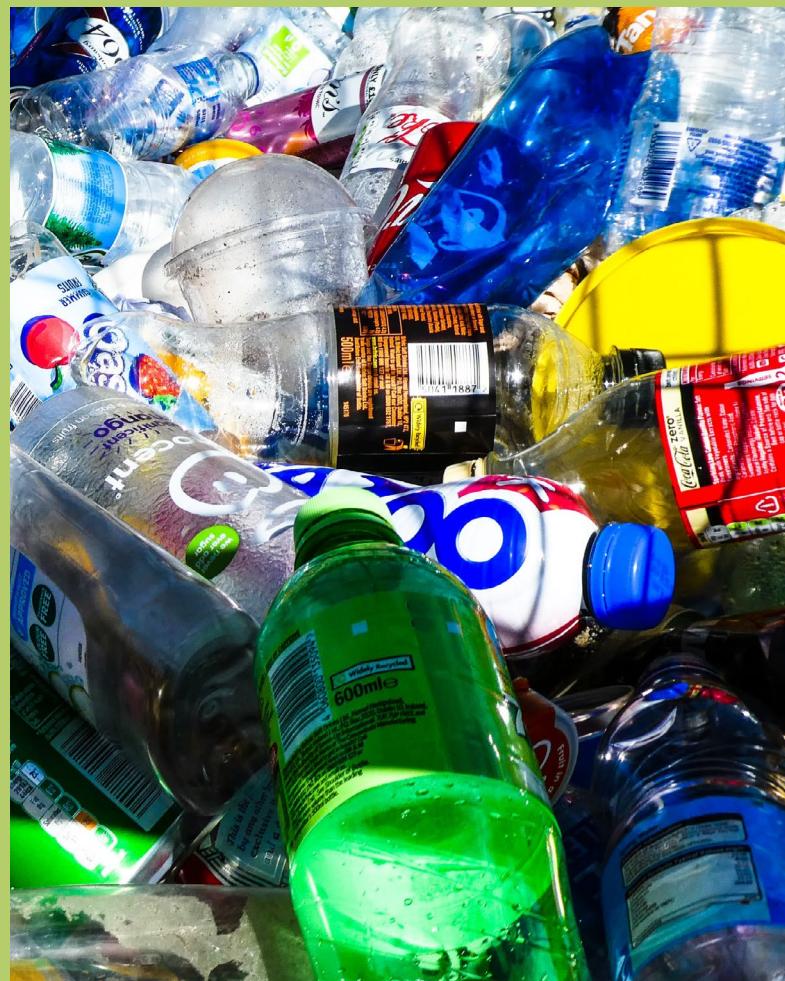
The clients of plastic recycling companies are plastic products manufacturers. Plastic products manufacturers must negotiate with pellet suppliers for the best price for quality products. Plastcraft will benefit by offering low-cost pellets to these manufacturers for their production input while maintaining a similar quality to its virgin-plastic counterparts. Prices for recycled plastic pellets is influenced greatly by its virgin counterpart. The downward environment of oil prices has put pressure on virgin plastic prices and thus on recycled plastic pellet prices. However, as more governments put regulations on plastic products manufacturers to use recycled plastic, the price of recycled plastic should become less intertwined with virgin resins prices.

The long term prospects for recycled plastic is very compelling given strong macro-economic trends which favor the industry: 1) Stern push by many governments around the world to increase recycling and the use of recycled materials in end products to reduce the burden on the environment; 2) Public consciousness regarding recycling putting pressure on brands and retailers to commit to sustainable processes.

The barrier of entry to the plastics manufacturing industry is high due to the following factors:

1. High capital cost as plastic recycling processes require advanced machinery
2. Knowledge of processing technology and a solid supply chain for ensuring continuous supply and demand
3. Requirement for highly trained individuals, i.e. scientists and process engineers

The plastic recycling industry is not a seasonal business as the demand for plastic waste processing continues throughout the year.



⁷ https://www.huffingtonpost.ca/entry/canada-recycling-plastic-waste-report_ca_5cf79de6e4b01713bed49e16

3.2 MAIN PLAYERS

Existing recyclers of plastic waste are categorized as mechanical or chemical recyclers. Plastcraft's processes are categorized as the former. The majority of plastic recycling companies in Canada utilize mechanical processes. A few players, such as Biocollection, utilize chemical processes on materials that are difficult to process. Plastcraft's capability ranges from processing the most commonly accepted plastic materials to those

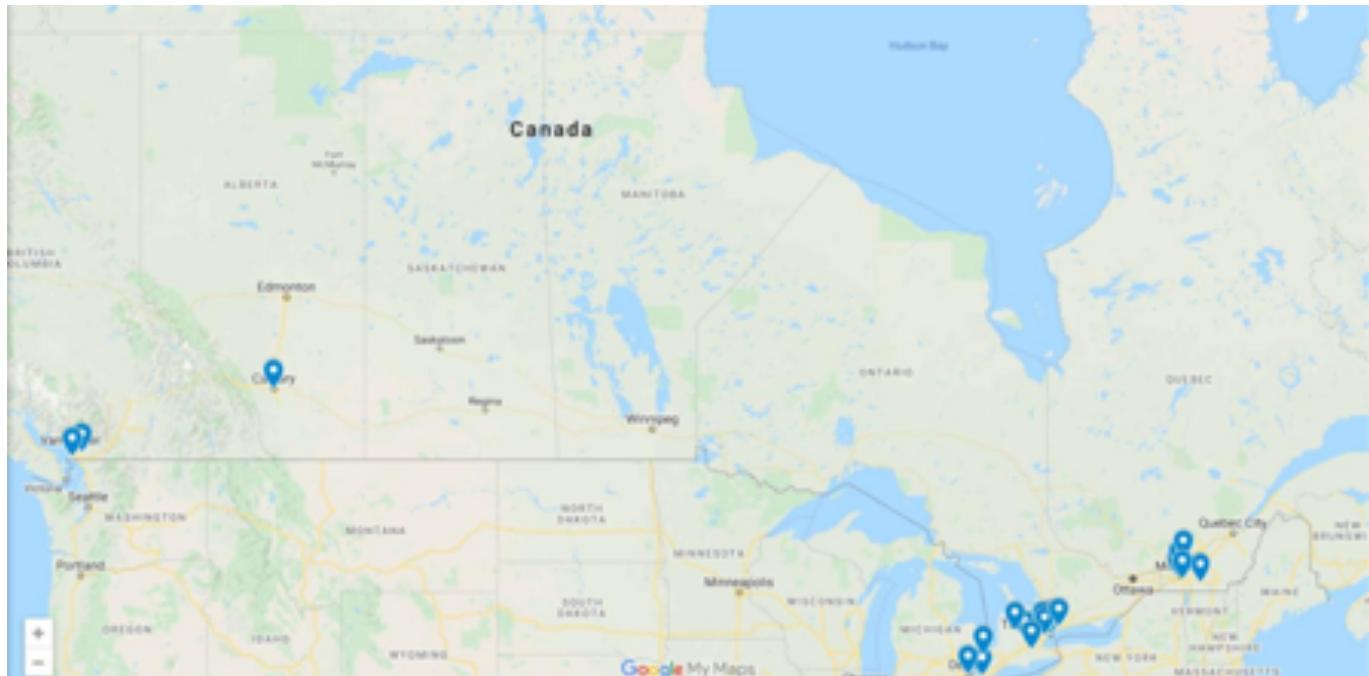
that are regularly refused by mainstream plastic recycling plants; this will be one of the main differentiating factors.

There are approximately 40 mechanical plastic recycling and two chemical recycling companies in Canada that accept and process a variety of materials as outlined in the following table:

COMPANY NAME	MATERIALS ACCEPTED	RECYCLED PRODUCTS	LOCATION	PROCESS
Antek Madison Plastics Corporation	PP, PA, PS, PC, PE, HDPE, ABS, HIPS	Granules/Pellets, Flakes	Scarborough, ON	Mechanical
Bay Recycling	Waste Plastic	Flakes	Etobicoke, ON	Mechanical
Can-Am Recycling Co.	PP, PC, PVC, HDPE, LDPE, LLDPE, ABS, PBT, TPE	Flakes	Tilbury, ON	Mechanical
Canada Fibers Ltd.	PET, PP, HDPE	Granules/Pellets, Flakes	Toronto ON	Mechanical
Canada Risheng Plastic Ltd.	PET, PP, PA, PS, PC, PE, HDPE, MDPE, LDPE, LLDPE, ABS, EPS, HIPS, POM, PMMA, PBT, SAN, TPE	Granules/Pellets, processing 24,000 tons annually	North York, ON	Mechanical
Dacol Plastics Limited	HDPE, LDPE, PS, HIPS, PP, PC, ABS, PVC, PET	Flakes	Waterloo, ON	Mechanical
Doon Resins Inc.	HIPS, HDPE	Granules/Pellets, Flakes	Brampton, ON	Mechanical
Ecology Recycling	ABS	Flakes	Mississauga, ON	Mechanical
EFS-plastics Inc.	PP, LDPE	Granules/Pellets	Listowel, ON	Mechanical
Entropex	PP, PE	Granules/Pellets	Sarnia, ON	Mechanical
Transcontinental	HDPE, LDPE, LLDPE	Granules/Pellets, processing 24,000 tons annually	Anjou, QC	Mechanical
EPL Plastics	PET, PP, PS, HDPE, LDPE, LLDPE	Granules/Pellets	Brantford, ON	Mechanical
Exxel Polymers, Inc.	PET, PP, PA, PS, PC, PVC, HDPE, LDPE, ABS	Granules/Pellets	Bromont, QC	Mechanical
Fraser Plastic	HDPE	Granules/Pellets, Flakes	Maple Ridge, BC	Mechanical
Green Processing Company Inc.	PP, PC, HDPE, ABS	Granules/Pellets	Windsor, ON	Mechanical
Green Mantra	PP	Modified Polymers	Brantford, ON	Chemical

COMPANY NAME	MATERIALS ACCEPTED	RECYCLED PRODUCTS	LOCATION	PROCESS
Green Solutions	PA, HDPE, LDPE, PP, LLDPE, PS, PET, ABS, PC	Flakes	Mississauga, ON	Mechanical
Greenovative Solutions Inc.	HDPE, LDPE	Flakes	Saint-Laurent, QC	Mechanical
JDB Plastic Recycling	HDPE, LDPE, PP	Flakes	Mississauga, ON	Mechanical
Kal-Polymers Inc.	PET, PP, PS, PC, PE, ABS	Granules/Pellets	Mississauga, ON	Mechanical
Lavergne	PET, PP, PC, ABS, HIPS	Granules/Pellets	Montréal, QC	Mechanical
Loop Industries	ET plastic and polyester fiber	Food grade PET plastics	Terrebonne, QC	Chemical
Mel Tech Plastics	HDPE, PP	Flakes	Tilbury, ON	Mechanical
Merlin Plastics	PET, PE, HDPE	Granules/Pellets, Flakes	Delta, BC	Mechanical
Nam Polymers Inc.	PET, PP, PS, PC, HDPE, LDPE, LLDPE, ABS, HIPS	Granules/Pellets	Etobicoke, ON	Mechanical
NexCycle	PP, HDPE, LDPE, LLDPE	Granules/Pellets, processing 50,000 tons annually	Etobicoke, ON	Mechanical
Norwich Plastics	PVC	Granules/Pellets	Cambridge, ON	Mechanical
Paradise Distribution & Recycling	PP, HDPE, LDPE	Flakes	Toronto, ON	Mechanical
Plastrec Inc.	PET	Granules/Pellets, Flakes, processing 34,000 tons annually	Joliette, QC	Mechanical
PolyCycle Environmental Inc.	PET, HDPE, LDPE, PP, PS	Granules/Pellets	Calgary, AB	Mechanical
Polykar, Inc.	HDPE, LDPE, LLDPE	Granules/Pellets	Saint-Laurent, QC	Mechanical
Polymer Recycle Inc.	HDPE, PVC, LDPE, PP, PS	Granules/Pellets	Saint-Philippe, QC	Mechanical
Post Plastics Inc.	ABS, LLDPE, LDPE, HDPE, PC, PET, PE, PP	Granules/Pellets, Flakes	Ajax, ON	Mechanical
PVC Enterprise	PE, PVC	Granules/Pellets	Brampton, ON	Mechanical
ReVital Polymers	PET, PP, PE	Granules/Pellets	Sarnia ON	Mechanical
Ricova	LDPE	Granules/Pellets	Brossard, QC	Mechanical
Sani-Éco inc.	PET, PP, PS, PVC, HDPE, LDPE	Granules/Pellets	Granby, QC	Mechanical
Stayana International Trading	LDPE, HDPE, LLDPE, PET, ABS, PVC, PP, PS	Flakes	Toronto, ON	Mechanical
Target Recycling	Waste Plastic	Flakes	Ajax, ON	Mechanical

The competitors' locations are shown in the following map:



3.3 GOVERNMENT REGULATIONS

Plastcraft will capitalize on the opportunity presented by the Minister of Environment and Climate Change requiring companies supplying containers, packaging, and printed paper in Québec to be responsible for their products' full lifecycle, including sorting, processing, and recycling. In February 2020, the Quebec government committed \$30 million from 2022 to 2025 to upgrade the province's recycling facilities and support innovative

ways to process recycling and reduce reliance on single-use plastics. The legislation will require producers to ensure a minimum of 70% of their materials are recycled by 2025 and 90 % by 2030. The Quebec government's regulation presents a highly conducive environment for Plastcraft, and the Company is thus well-positioned to readily absorb the demand for recycling.



4.0 BUSINESS OVERVIEW

4.1 BUSINESS SUMMARY

Plastcraft will operate as a cutting-edge plastic recycling plant that processes a wide variety of plastic waste and converts it into value-added plastic pellets. Plastcraft will use environmentally friendly and manufacturing methods.

Plastcraft will initially produce high-quality plastic pellets and, subsequent to establishing a solid production infrastructure and financial position, it plans to expand down the supply chain to include the manufacturing of commercially-viable plastic products such as plastic pipes, films, profiles, and more.

The Company addresses systemic and pressing problems in Canada.

1

Prior to January 2018, 80-90% of Canadian plastic waste was shipped to China. With a sudden ban by China on imported plastic waste, Canada has been struggling to manage its plastic waste.

2

There is a large amount of plastic waste and pollution in North America. In Canada, only 9% of the plastic waste generated each year is recycled. In 2016, more than 3.2 million metric tons ended up as garbage.⁸

3

Plastic sorting centres are closing due to a lack of buyers.⁹

4

Many plastic recycling facilities with poor equipment produce low quality grade plastic, making it hard for manufacturers to use.

Plastcraft addresses these problems by collecting⁸ sorted and baled plastic waste from sorting centres and⁹ utilizing advanced equipment and specialized processes to produce high-quality pellets. Hence, Plastcraft lessens the local municipality's burden of an overflowing landfill as it allows sorting centres to collect a higher volume of plastic waste. In addition, Plastcraft has developed unique processes through specific selection of equipment that will allow the Company to produce higher quality pellets than what is currently available.

Plastcraft's CEO is a subject-matter-expert in plastic recycling, contributing 20 years of experience in the plastic recycling industry. His knowledge of advanced recycling processes for producing value-added recycled plastic pellets will be highly valuable to the success of Plastcraft's launch and growth.

This, combined with the Company's advanced equipment that will be capable of processing a large range of plastic types, serves as the Company's primary strength and competitive advantage. Plastcraft has carefully chosen its equipment from European manufacturers to get the highest reliability, performance, and service.

The Company's advanced equipment and knowledgebase will produce a maximum production capacity of high quality, recycled plastic pellets. These will address the demand among plastics manufacturers that require a consistent supply of high-quality plastic pellets to manufacture plastic end products. On the onset, Plastcraft will cater to plastic product manufacturers in Ukraine and Turkey, markets well known by the CEO. After its first year of operations, Plastcraft will enter the North American market.

⁸ <https://rco.on.ca/canada-recycles-just-9-per-cent-of-its-plastics/>

⁹ <https://globalnews.ca/news/6485980/material-continues-to-pile-up-as-montreals-recycling-crisis-grows/>

COMPANY'S GOALS

SHORT-TERM GOALS (WITHIN THREE MONTHS)

1. Secure necessary funding to launch Plastcraft's recycling plant
2. Identify and sign a purchase contract for the plant's facility

IMMEDIATE-TERM GOALS (WITHIN ONE YEAR)

1. Complete renovation of the facility
2. Purchase and install all equipment
3. Conduct pilot-scale production and market testing
4. Be ready for full scale production by January 1, 2022

4.2 MISSION STATEMENT AND VALUES

VISION STATEMENT	MISSION STATEMENT	VALUES STATEMENT
<ul style="list-style-type: none">• To be the market leader in the plastic recycling industry in North America, reputable for its advanced equipment and value-added processes.• To be recognized as a key contributor to the betterment of the environment.	<ul style="list-style-type: none">• To offer high-quality recycled plastic pellets to plastic product manufacturers, by utilizing environmentally friendly recycling processes.	<ul style="list-style-type: none">• To conduct activities that are effective, reliable, and safe for the well-being of employees and that exhibit responsibility to society and the environment.• To maintain a friendly, fair, and creative work environment which respects diversity, new ideas and hard work.



4.3 PRODUCTS AND SERVICES

Plastcraft will process a wide range of plastic waste materials into high-quality recycled pellets including:

1

LOW DENSITY POLYETHYLENE (LDPE).

LDPE pellets can be used for production of household items like plastic wrap, grocery bags, frozen food containers, and squeezable bottles.

2

LINEAR LOW-DENSITY POLYETHYLENE (LLDPE)

LLDPE pellets are used for plastic wrap, stretch wrap, pouches, toys, covers, lids, pipes, buckets and containers, the covering of cables, geomembranes, and mainly flexible tubing.

3

HIGH DENSITY POLYETHYLENE (HDPE)

HDPE pellets are input materials for milk jugs, juice containers, detergent bottles, motor oil bottles, trash bins, and more.

4

POLYPROPYLENE (PP)

PP exhibits low cost, outstanding mechanical properties and moldability; polypropylene is widely used in automotive parts. The main applications include battery cases and trays, bumpers, fender liners, interior trim, instrumental panels, and door trims.

5

ACRYLONITRILE BUTADIENE STYRENE (ABS)

ABS is a common thermoplastic polymer typically used for injection molding applications.

The production of recycled plastic pellets solves the problem of overflowing plastic waste by the conversion of plastic waste into commercially valuable pellets for use in the production of plastic end products. In a normal economic environment, recycled plastic pellets offer plastic producers a lower cost input material than its virgin-plastic counterparts.

The Company will produce recycled plastic pellets in batches. The price of each ton of plastic pellets (LDPE, LLDPE, HDPE, PP, and ABS) will be market-competitive and will depend on the type of plastic and its physical characteristics.

The transparent, recycled polymers are priced the highest at about \$1100 per ton while black or mixed colors are priced lower at about \$900 per ton. The cost of processing a ton of plastic waste including raw material, direct labour and utilities will amount to approximately \$400 per metric ton. The pricing considers a 5% loss during production.

4.4 KEYS TO SUCCESS

1. Advanced technology for recycling plastic waste. This enables Plastcraft to recycle a large range of plastic types.
2. Modern, high-performance, fully automated recycling equipment with a long lifespan that ensures maximum uptime and cost-effective production.
3. Eco-friendly technology which incurs low energy consumption.
4. Economies of scale by producing large volumes of high-quality products allowing for rapid market expansion in Ukraine, Turkey, and North America.

Plastcraft has carefully opted to purchase advanced, quality equipment from European manufacturers to meet its production output and quality goals. Plastcraft's processing system will recycle 1,000 kilograms of plastic waste per hour, or 4,800 metric tons per year.

4.5 LONG TERM VISION

Plastcraft will start its operations with one production line consisting of three main processing lines. This will allow the Company to produce 4,800 metric tons of recycled plastic pellets per year. The Company intends to keep part of its profits each year to reinvest in additional equipment and increase production. Plastcraft also aspires to add production capacity down the supply chain and manufacture recycled plastic goods. This will help the Company keep a larger share of the profit margins in-house and contribute more significantly in being an important player helping clean the environment.

4.6 OWNERSHIP AND LEGAL STRUCTURE

The Company CEO, Oleg Belyak, is the sole shareholder of the Company. Plastcraft Inc. was incorporated as a Canadian Federal company on June 22, 2020 with corporation number 1214703-3. Plastcraft was registered in the Province of Quebec on July 10, 2020 with Quebec's corporation number 1175571992.

4.7 MANAGEMENT TEAM

Plastcraft's management team is comprised of Oleg Belyak as the Company's CEO and Tetiana Pisotska as the Finance Director. Oleg Belyak contributes 14 years of experience as owner and general manager of a recycling company as well as two years as an executive manager with a plastic recycling and processing company in Ukraine. He served as an advisor for two Ukrainian companies on the technology of product production and maintenance and repair of equipment from 2017 to today. His extensive experience within the plastic recycling industry will significantly contribute to the success of Plastcraft's launch and growth. The co-founders' combined expertise in plastic recycling, financial services and technical engineering will round out the necessary skill set for launching a solid plastic recycling plant operation.

OLEG BELYAK

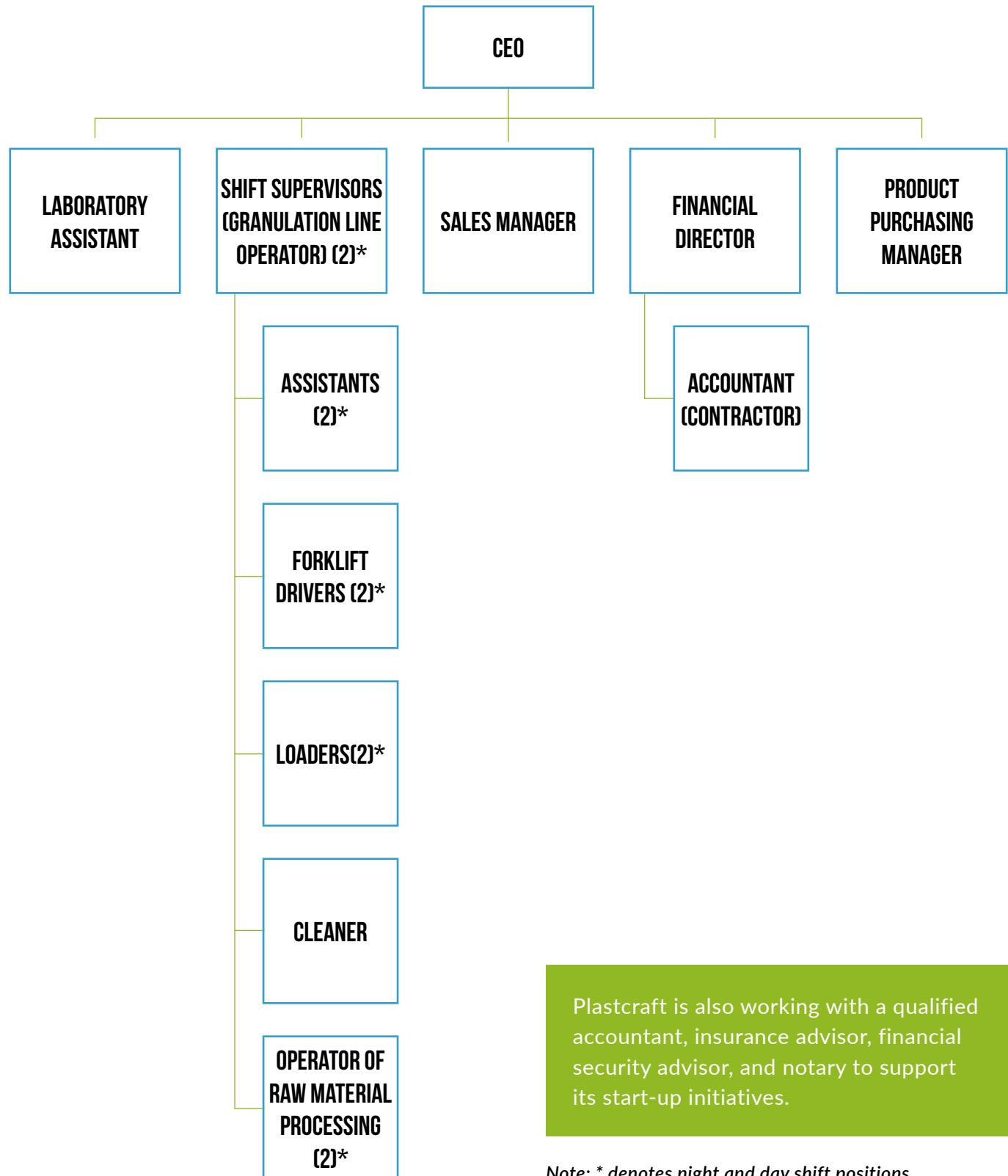
CEO

Oleg served as the Executive Manager of a plastic recycling and processing company, Chiste Misto Ltd., Kryvyi Rih, Ukraine from 2015 to 2017. He also founded and managed a recycling company, Avior Ltd., in Ukraine between 2000 and 2014. Oleg holds Associate, Bachelor's and Master's degrees in Finance – all three degrees were acquired from the European University in Kyiv, Ukraine. All degrees have received Canadian educational credential assessment. He has further acquired a certificate on Starting a Business from Erudite Academy in Montreal.

TETIANA PISOTSKA

Finance Director

Tetiana contributes more than three years of experience in the financial services industry, over 10 years of customer service experience, two years of engineering as well as five years in technical engineering sales. Tetiana has served as the Customer Service Representative with the BMO Financial Group since February 2018. Prior to this position, she was employed as a Senior Corporate Sales Specialist - Telecommunications with Ukrtelekom, Ukraine from March to October 2015. Her engineering experience will be a strong asset to develop a state-of-the-art plastic recycling plant. Tetiana holds a Bachelor's degree in Construction from Kharkiv National University of Urban Economy (2006). She was enrolled in a Business Management program in February 2018 at HEC Montreal.

THE COMPANY WILL BE MANAGED ACCORDING TO THE FOLLOWING ORGANIZATION CHART:

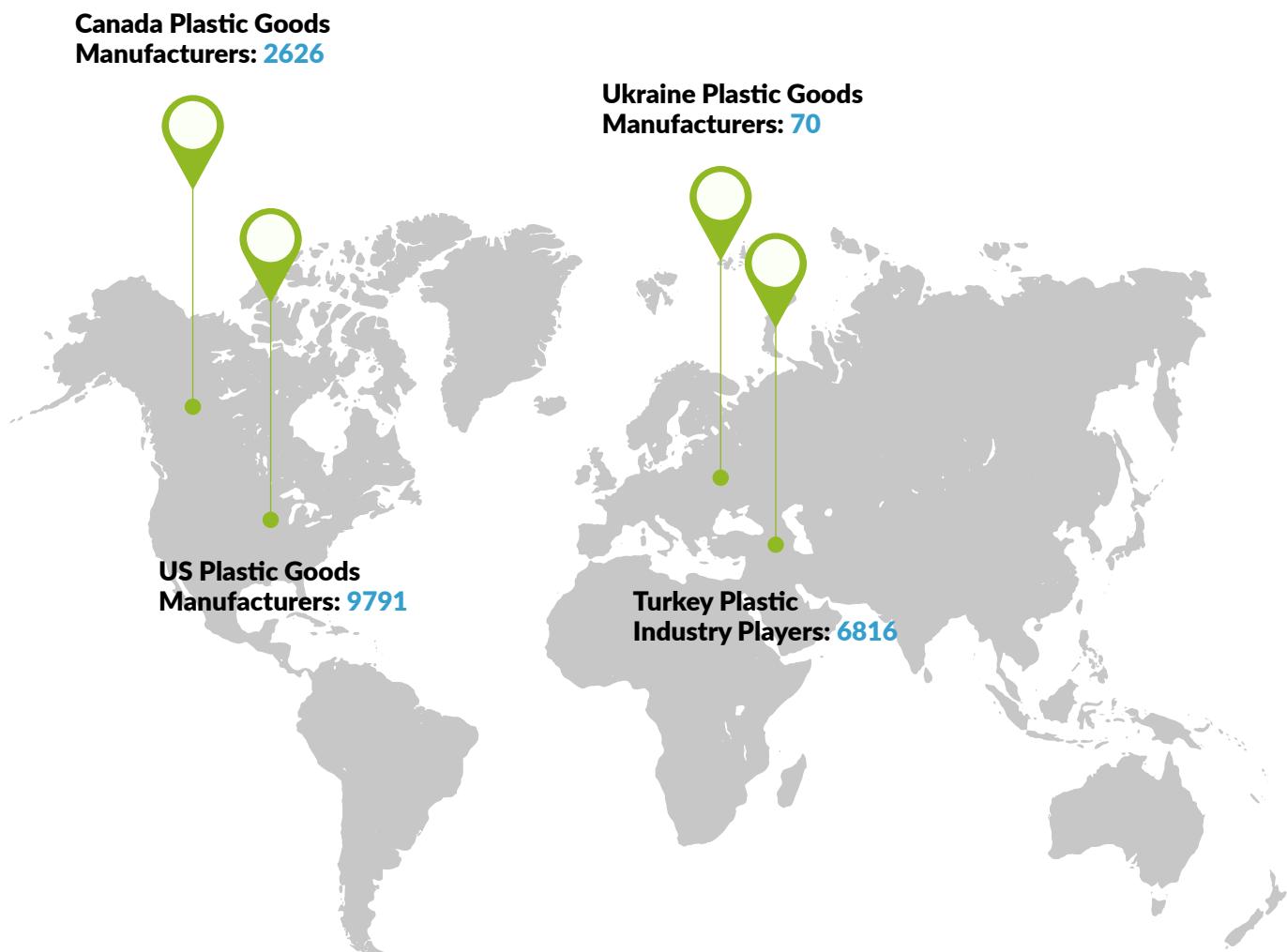
5.0 MARKETING PLAN

5.1 MARKET DESCRIPTION

Targeted Clientele

Plastcraft will sell its recycled plastic pellets to plastic goods manufacturers in Ukraine and Turkey in its first year of production, followed by the North American market in its second year. The Company will cater to companies manufacturing pipes for construction and agriculture (irrigation, drainage), plastic films for construction and agriculture as well as plastic barrels and boxes. These clients require high-quality plastics along with excellent customer service, both of which will be a differentiating factor for Plastcraft.

TARGETED GEOGRAPHICAL AREAS



UKRAINE

There is limited industry data on Ukraine's plastic industry. However, Plastcraft's CEO has an extensive network in

Ukraine which will be put to good use to penetrate the market. According to Europages, there are 70 plastic goods manufacturers in Ukraine, and these will be the main targets for Plastcraft.¹⁰ In addition, there are many more manufacturers of plastic products in Ukraine that are not currently listed, due to their operation size and absence of websites.

TURKEY

There are approximately 6,800 companies involved in the plastic industry in Turkey. These include raw material manufacturers, plastic goods manufacturers, and equipment manufacturers. In 2019, Turkish consumption of plastic resins was at 7.0 million tons and valued at US\$9.1 billion. Plastic goods production in Turkey reached 9.5 million tons in 2019 reflecting a production value of US\$33.4 billion. There were more than 7.0 million tons of plastic raw materials imported into Turkey in 2019 representing more than US\$9.0 billion in value.¹¹ These imports are Plastcraft's total available market in Turkey.

NORTH AMERICA

United States

In the US, there are 473 plastic bottle manufacturing with revenues of \$11 billion¹² and 6312 plastic products miscellaneous manufacturing with revenues of \$103 billion.¹³ These plastic goods manufacturers will be Plastcraft's targeted clientele in the US.

Canada

Plastics-manufacturing industry is an important economic driver in Canada. The industry saw \$35 billion in sales of resins (\$10 billion) and plastic manufactured

goods (\$25 billion) in 2017 . Currently, the industry is comprised of more than 2,626 plastic goods manufacturers.¹⁴ Domestically, recycled "secondary" plastics output accounted for approximately \$350 million in sales in Canada in 2016.¹⁵

In Canada, plastic products are in demand in most sectors of the economy, with approximately 4,667 kilo tonnes of plastics introduced into the domestic market on an annual basis (more than 125 kg per capita). Three categories (packaging, construction and automotive) show a particular appetite for plastic, accounting for 69 percent of plastic end-use.¹⁶

Plastcraft will highly benefit from the renewed focus on the recycling industry by the Government of Quebec. The Minister of the Environment and the Fight against Climate Change announced a modernization of the selective collection system based on the principle of extended-producer responsibility. A budget totaling \$30.5 million will be devoted to this modernization.

Furthermore, the industry growth will be driven by the Government's regulation of companies - that market containers, packaging, printed matter, and newspapers - to manage the products from the beginning to the end of their life cycle. They will therefore take charge of their recovery, sorting, packaging, and recycling. Producers will have to meet recovery and recycling targets set by the regulation. Producers will also be required to establish partnerships, with cities and municipal organizations, which will continue to provide local services for citizens for the collection and transport of recyclable materials. This selective collection system will undoubtedly help to increase the recycling rate, while making it possible to find local outlets for the materials concerned. The industry will reduce its vulnerability to price and market fluctuations.¹⁷

¹⁰ <https://www.europages.co.uk/companies/Ukraine/Manufacturer%20producer/plastic.html>

¹¹ <https://www.pagev.org/turkish-plastics-industry>

¹² <https://www.ibisworld.com/united-states/market-research-reports/plastic-bottle-manufacturing-industry/>
<https://www.ibisworld.com/united-states/market-research-reports/plastic-products-miscellaneous-manufacturingindustry/>

¹³ <https://globalnews.ca/news/5353923/canada-plastic-industry-recycling/>

¹⁴ <https://globalnews.ca/news/5353923/canada-plastic-industry-recycling/>

¹⁵ <https://www.taxpayer.com/media/En4-366-1-2019-eng.pdf>

¹⁶ <https://www.taxpayer.com/media/En4-366-1-2019-eng.pdf>

¹⁷ <http://www.environnement.gouv.qc.ca/infuseur/communique.asp?no=4313>

5.2 COMPETITION

The Company anticipates a moderate competitive environment within the plastic recycling industry in Quebec with seven plastic recycling plants in Quebec. These will be Plastcraft's main competitors due to the importance of the proximity of suppliers to the processing plant for a commercially viable operation.

Plastcraft's CEO's expertise in founding and managing recycling plants and state-of-the-art equipment for

recycled pellets production using a variety of plastic types, including those commonly refused by existing plastic recycling plants, serves as the Company's competitive advantage. The Company will also stand out in terms of customer service for the before and after sale process to assure a smooth relationship with each customer. The Company will make sure to work with each of its clients to provide plastic pellets according to their specs.

DIRECT COMPETITORS INCLUDE:

Polymer Recycle Inc.



Polymer Recycle Inc. is a St. Philippe-based plastic recycling company which was established in 2010. It operates 20,000-square feet facility equipped with two pelletizing lines, shredder, and grinder. The competitor recycles post-industrial plastics of the LDPE, HDPE, PP, and PS types. It further offers complimentary collection services to those industries that have post-industrial waste or surplus.

Polymer Recycle caters to industries that manufacture plastic parts. Like Plastcraft, Polymer Recycle utilizes a mechanical recycling process.

STRENGTHS	WEAKNESSES
<ul style="list-style-type: none"> 10-year industry experience. Wide range of products, i.e. LDPE, HDPE, PP, and PS that allow for marketing to broader target markets. Well-equipped, large facility. 	<ul style="list-style-type: none"> Focus on domestic market limits the target market reach and thus growth potential.



TC Transcontinental

Anjou, QC-based TC Transcontinental, through the acquisition of Envioplast Inc. in June 2020, began converting plastic waste recovered from sorting facilities and other commercial, industrial, and agricultural sources into recycled plastic granules and pellets with processing capacity of 24,000 tons annually.

STRENGTHS	WEAKNESSES
<ul style="list-style-type: none"> Large investment support from TC Transcontinental as a publicly traded company. Experience of Envioplast in plastic waste recycling. 	<ul style="list-style-type: none"> With the recent acquisition, the partnership is in its initial stage of forming. The plastic conversion is focusing on processing the plastic waste from TC Transcontinental production lines.



Lavergne

Founded in 1984, Montréal, QC-based Lavergne manufactures over 50 engineering resins and alloys including PET, PP, PC, ABS, HIPS.

LAVERGNE

STRENGTHS	WEAKNESSES
<ul style="list-style-type: none"> Four industry certifications that guarantee industry standard operations FDA approval for producing PET flakes and sheets for food applications. Partnership with HP and other companies to develop sustainable products 	<ul style="list-style-type: none"> Focusing on highly specialized recycled plastic pellets that limit market application



Polykar

Founded in 1987, Saint-Laurent, Québec-based, Polykar produces recycled pellets and granules including HDPE, LDPE and LLDPE. processing capacity of 24,000 tons annually.

STRENGTHS	WEAKNESSES
<ul style="list-style-type: none"> Extension to community participation with the establishment of La Fondation Polykar Award achievements including Balpex in year 2015, 2016 and 2019 	<ul style="list-style-type: none"> Polykar only recycles three types of recycled resins which limits its target market



Plastrec

Founded in 1992, Plastrec is a manufacturer of food grade recycled PET resin from post-consumer containers. Based in Joliette, QC, it has the capacity of processing 34,000 tons of granules/pellets and flakes annually. Plastrec buys around 2 billion PET containers per year from different municipal programs in Quebec, Ontario, and the United States.

STRENGTHS	WEAKNESSES
<ul style="list-style-type: none"> The largest PET recycling plant in Canada Has obtained approval from FDA to produce food-grade recycled PET resin 	<ul style="list-style-type: none"> Specific focus on PET resin limits other applications



Sani-Eco

Sani-eco offers recycling of PET, PP, PS, PVC, HDPE, LDPE as one of its many offerings that include equipment rental, deposits of materials, sale, and rental of compactors.

STRENGTHS

- End-to-end solution that incentivizes customers seeking a complete solution to their recycling needs.

WEAKNESSES

- Commercial recycling is a small segment out of many other recycling collections, equipment rental, storage services.



Exxel

Bromont, QC-based Exxel Polymer recycles PET, PP, PA, PS, PC, PVC, HDPE, LDPE, ABS in the form of parts, granules, or balls. Operating from a 72,000 sq. ft. facility, it has the capacity to recycle 25 million pounds annually.

STRENGTHS

- Large variety of plastics that maximizes target market reach
- Ability to collect small batches from more than 300 suppliers and to ship the recycled granules and chips in larger batches.

WEAKNESSES

- Need to continually optimize plant capacity to sustain production level.

5.3 SWOT ANALYSIS

The company will rely on its strengths and opportunities to enter and grow rapidly within its serviceable available market.

STRENGTHS	WEAKNESSES	OPPORTUNITIES	THREATS
High-quality equipment for producing recycled plastic pellets	Low brand awareness in Quebec	Overflowing plastic waste in landfills that ensures supply of raw materials	Lag in clientele's readiness in utilizing recycled plastics
Unique production processes allowing it to produce high quality pellets	Large capital investment	Government's new initiatives that require producers to integrate recycling to create a full product cycle	
Existing network with potential buyers in Ukraine and Turkey	Requirement for skilled engineers	Lack of competition in Quebec	
Experience of management team			
Location in proximity to plastic waste sorting centres			



5.4 MARKETING PLAN

PRODUCTS

Plastcraft delivers high-quality, recycled plastic pellets including LDPE, LLDPE, HDPE, PP, and ABS that have a proven demand among plastics manufacturers requiring pellets as input to their production. Plastcraft will appropriately position and brand itself as an expert recycled-plastic pellet producer, equipped with state-of-the-art equipment capable of producing virgin-plastic like quality pellets. The Company also wants to be known for its focus on lowering the burden on the environment. Furthermore, the Company will differentiate itself by focusing on customer service and working with each of its customer to deliver pellets that fit their exact specs.

The plastic pellets will be delivered in bulk in large bags as packaging. Each bag will be labeled with important product information. Each client will sign a contract for the delivery of a batch of goods. This contract will contain all important points such as the price, payment terms, delivery terms, and terms for return of products.

Returns and Exchanges: If the product does not satisfy the client in some parameters, the Company will offer to either replace the batch or offer a discount if the client is able to use it for another product.

PRICES

Pricing of the recycled pellets is of paramount importance to plastic goods manufacturers as it fundamentally affects their profitability. Plastic goods manufacturers seek value pricing for their raw material input, i.e. quality recycled pellets at attractive prices.

For maintaining its market competitiveness, the Company will apply value pricing to its products. The recycled pellets are usually priced lower than the virgin-plastic pellets. Prices vary depending on the quality of the pellets. For example, the transparent, recycled polymers are priced the highest at about \$1100 per ton while black or mixed colors are priced lower at about \$900 per ton. Pricing must also take into consideration a 5% shrinkage rate from plastic waste to plastic pellets.

Plastcraft will price according to market pricing, which will ensure demand from plastic goods manufacturers. The equipment will enable production of high-quality

materials nearing the virgin-plastic quality which will ensure profitability for the business. Existing plastic waste recycling companies have struggled with low-quality pellets that cannot produce a similar quality of virgin-plastic pellets, thus lowering the incentive for plastic goods manufacturers to purchase.

PROMOTION PLANS

Plastcraft seeks to brand itself as an innovative plastic recycling company that uses environmentally friendly recycling and manufacturing methods to deliver a wide range of high quality recycled plastic pellets. Plastcraft will further position and market itself as an effective solution to the problem of overflowing plastic waste that negatively impacts the environment.

Toward this end, Plastcraft will launch a marketing campaign with the objective of raising awareness of its activities and value-added products. This will be achieved through trade shows, digital marketing, and direct marketing. Direct marketing will be effective for closing sales with decision-makers of plastic goods manufacturers. The Company will have a dedicated sales manager and allocate an additional budget of \$2,000 per month to its marketing efforts.

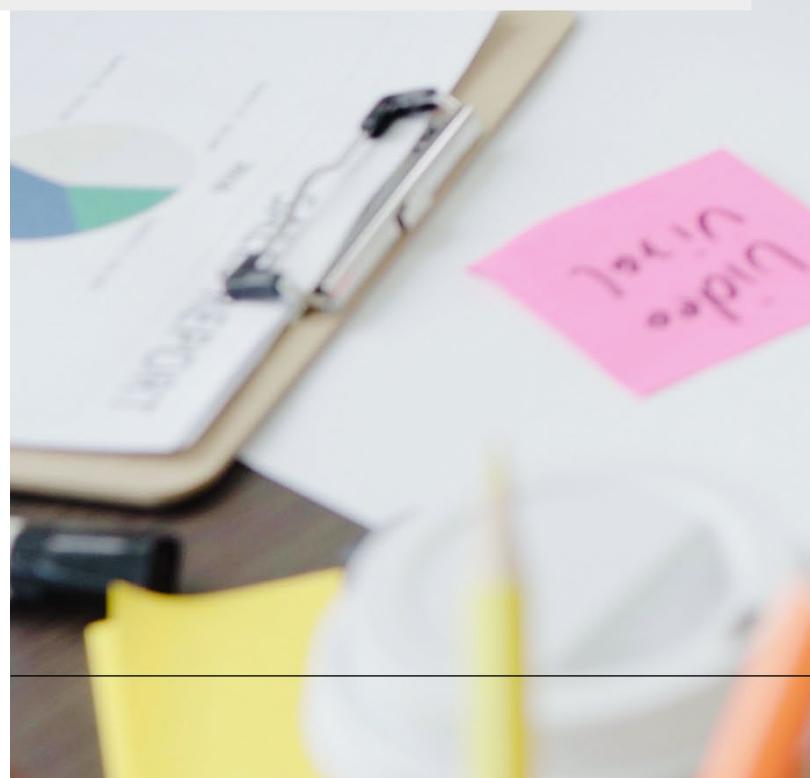
- 1. Website.** The Company's website will be designed to showcase its advanced process that produces high quality recycled pellets. The website will be highly valuable for providing visitors with information about the Company, news, impact on the environment and more. It will feature whitepapers, case studies and blogs for demonstration of the Company's cutting-edge technology to web visitors. Plastcraft's website will be developed with effective keywords for ranking high on search engines. All leads generated through the Company's website will be processed on Plastcraft's robust, automated drip marketing, email marketing and lead scoring systems.
- 2. Direct Marketing.** The Company's direct marketing will consist of contacting decision-makers of its targeted client list (the CEO will use his large network in the industry for creating the list and its initial contacts.) Plastcraft will hire a sales manager who is responsible for contacting qualified leads.

3. Trade Shows. The Company will attend all of the relevant tradeshow to showcase its products and cutting-edge technology. The Company is primarily interested in exhibitions and conferences held with the support of the government of Canada and Quebec. Plastcraft intends to attend the following tradeshows/industry events:

- Sustainable Waste Management Conference on September 15-17, 2020
- Canadian Waste & Recycling Expo 2020 from October 9-10, 2020
- Canadian Waste to Resource Conference
- Plast Expo UA 2020 from Nov 24-27, 2020
- Plast Eurasia Istanbul from Dec 2-5, 2020
- Plast-Ex from May 11-13, 2021

PLACEMENT METHODS

Plastcraft will sell directly to plastic goods manufacturers targeting agriculture and construction industries. It will first target Ukraine and Turkey since the CEO has an extensive network there. Soon after it has established itself as a high-quality product and service company, Plastcraft will also target manufacturers in North America.

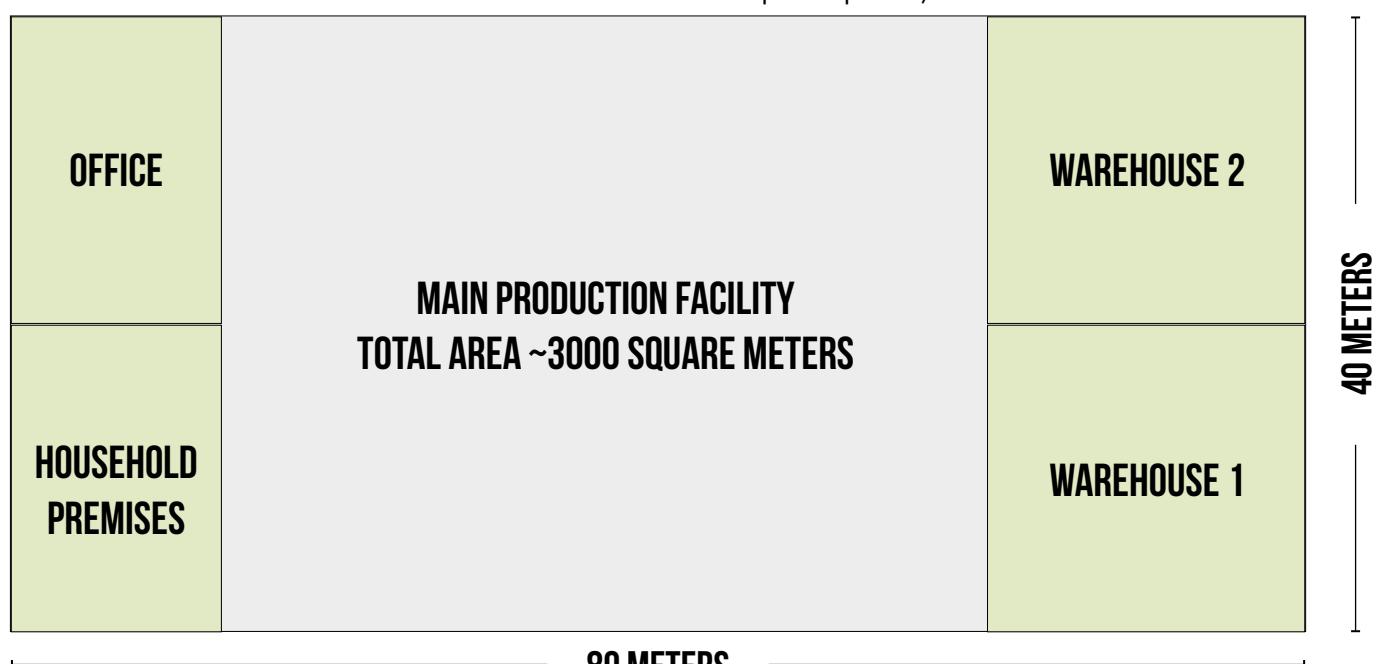


6.0 PRODUCTION PLAN

6.1 LOCATION, OFFICES, EQUIPMENT AND TECHNOLOGY

The plastic recycling plant will be located in an industrial zone with easy access to major transportation routes in Quebec. The location will be in proximity to plastic waste collection and sorting centres for ensuring timely and lowcost delivery of plastic waste. Proximity to major transportation routes will be critical in ensuring efficient delivery of finished goods to plastics manufacturers, domestically and internationally.

The Company plans on purchasing a facility of approximately 3200 sq. m. or 34,500 sq. ft. with the following floor plan:



The Company will make a considerable investment to outfit the plant to fully operate as a cutting-edge plastic recycling producer. It will inspect power grids and set up and connect all equipment to establish the production line. The Company will further mount a closed water-cooling system, a ventilation system, and a heating system.

The plant will have a capacity for recycling 1,000 kilograms of plastic waste per hour or 4,800 metric tons annually.

With the planned ambitious growth in market and production capacity, the Company will expand the production area within the facility as it establishes itself as a leader in high-quality plastic pellets.

The production line will consist of three primary processing lines:

1. Fully automated shredding line
2. Fully automated cleaning line (cleaning and drying of plastic waste)
3. Fully automated pelletizing line (production of plastic pellets)

In alignment with the Company's commitment to processing all types of plastic waste and producing high-quality pellets, the co-founders have carefully selected reputable equipment manufacturers located in Europe.

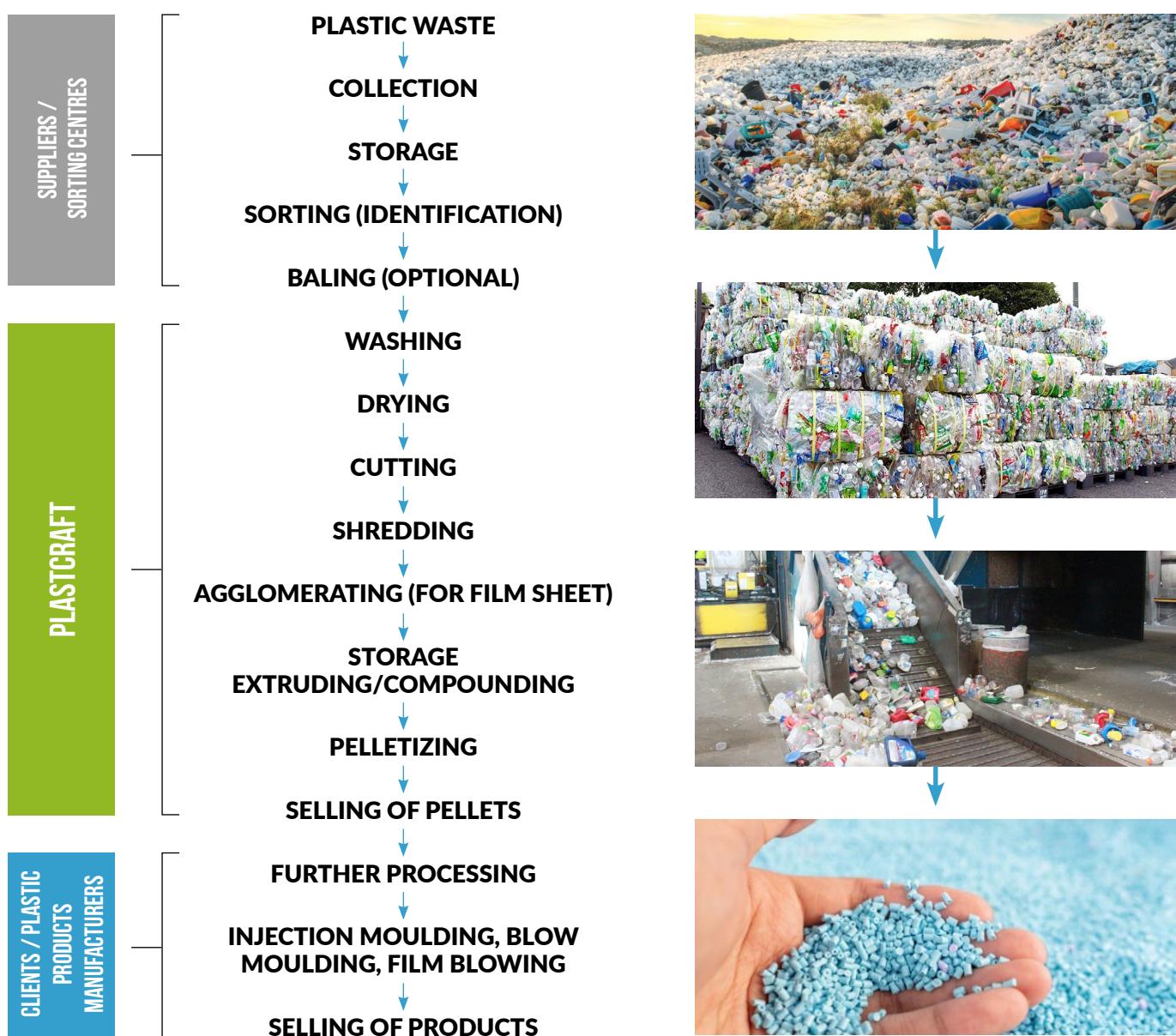
6.2 PRODUCTION

The chart below describes the manufacturing recycling process. The gray section describes the suppliers' process, the green section describes Plastcraft's manufacturing process and the light blue section describes Plastcraft's clients' process.

The daily production will start with transparent plastic, as it offers the highest value, i.e. sale price. The production will then switch to mixed colors and finally black plastic. The plant will have the capability to seamlessly switch from processing one type of plastic to another. This will be controlled by a main switchboard.

The plastic waste will be processed through a shredder, grinder, cleaning system, separation system, rotating equipment, and air separator. After collecting the plastic flakes from the air separator, the products are further processed through an extruder, long flow sink and vibrating-screen separator to obtain the final dried plastic pellets.

Plastcraft will have a dedicated lab technologist for conducting quality control procedures to ensure the consistency of plastic pellets according to the standard requirements of plastic goods manufacturers.



6.3 PERSONNEL

Plastcraft will be under the leadership of Oleg Belyak as the Company's CEO. It will hire the following employees to support its plastic recycling operation:

DAY SHIFT SCHEDULE

	POSITION	NO. OF HIRES	SALARY PER HOUR	HOURS PER SHIFT	SALARY PER MONTH
1	CEO	1	\$60	8	\$10,800
2	Financial Director	1	\$40	6	\$5,040
3	Accountant	1	\$40	2 part time	\$1,680
4	Sales Manager	1	\$40	8	\$6,720
5	Product Purchasing Manager	1	\$40	8	\$6,720
6	Laboratory Assistant	1	\$25	4 part time	\$2,100
7	Mechanic	1	\$30	8	\$5,040
8	Granulation Line Operator (Shift Supervisor)	1	\$30	10	\$6,300
9	Assistant to the Operator of the Granulation Line	1	\$15	10	\$3,150
10	Operator of the Raw Material Crushing and Cleaning Line	1	\$20	10	\$4,200
11	Forklift Driver	1	\$15	10	\$3,150
12	Loader	2	\$15	10	\$3,150
Total Monthly Salary					\$58,050

NIGHT SHIFT SCHEDULE

	POSITION	NO. OF HIRES	SALARY PER HOUR	HOURS PER SHIFT	SALARY PER MONTH
1	Granulation Line Operator (Shift Supervisor)	1	\$30	10	\$6,300
2	Assistant to the Operator of the Granulation Line	1	\$15	10	\$3,150
3	Operator of the Raw Material Crushing and Cleaning Line	1	\$20	10	\$4,200
4	Forklift Driver	1	\$15	10	\$3,150
5	Loader	2	\$15	10	\$3,150
Total Monthly Salary					\$19,950

Employees will be paid bi-weekly and on a salary basis. They will receive basic salary plus bonus depending on the level of finished products reached the previous month (equivalent to 50% of the previous month's salary).

The Company will hire qualified mechanical engineers as operators of raw material processing and shift supervisors. The Company will conduct on-the-job training for each floor employee.

6.4 SUPPLIERS

Plastcraft will source plastic waste from the local plastics sorting centres including ecocentres in Quebec.¹⁸ The Company will seek partnerships with a number of key suppliers – plastics collectors, sorters and balers - who will ship the plastic waste in bales to Plastcraft's recycling plant. The current problem

of overflowing plastic waste in Quebec will ensure a steady supply for Plastcraft's operations. As plastic waste collecting centres generally trade on spot price and cash-on-delivery, the Company does not expect to establish credit accounts with these suppliers.

The Company anticipates purchasing baled plastic waste in the amount of 30 metric tons daily (2 tuck loads). By establishing supplier contracts with a number of providers, the Company will ensure a steady delivery of plastic waste to its recycling plant.

¹⁸ <https://www.ville.quebec.qc.ca/citoyens/environnement/matieres-residuelles/ecocentres/>

6.5 INVENTORY

Ensuring a steady production output is critical to the success of Plastcraft. Toward this end, the Company will ensure a ready inventory of raw materials, i.e. plastic waste sufficient for sustaining one week of production. This is an equivalent of 150 metric tons. Plastcraft's inventory levels will not be worth more than \$50,000 at any one point. The Company will arrange shipping of incoming raw materials in the amount of one forty-foot sea container every day.

Plastcraft will implement an inventory control system for both raw materials and finished goods by developing an inventory record keeping system comprising the inventory log, a sign-off procedure and weekly inventory check and update. It will utilize inventory control software to adhere to industry's best practices.

The plastic recycling industry is not affected by seasonality factors due to the consistent use of plastics by households throughout the year.

6.6 CREDIT POLICIES

Payments to plastic waste collectors are generally on cash-on-delivery terms, according to the spot price of the day. The Company will seek a net-30 payment, requiring plastics manufacturers to pay their invoice within 30 days of delivery of pellets.

The Company will utilize accounting software for recording, managing, and reporting all financial transactions including payments from customers.

6.7 LEGAL ENVIRONMENT

As a plastic recycling plant, the Company will operate in an industrial zone and obtain a business license to legally operate the plant.

Plastcraft will register the trademark and logo of the Company for immediate recognition by the public as a reputable plastics recycler with advanced technology and processes.

The Company will obtain the following insurance products for insuring the business against loss and ensuring its business viability:

1. Building and Equipment
2. Production Machinery Breakdown
3. Business Interruption
4. Products Liability
5. Umbrella Liability

The Company will adhere to Québec's Occupational Health and Safety Plan to ensure the safety and well being of its employees. It will register with the CSST within 14 days of hiring its first employee. The Company will further supply, within 60 days, all the necessary information about the nature of its activities and employee yearly wages.

6.8 MILESTONES AND TIMETABLE

Company's milestones to achieve goals and timeline:

ASSUMPTION: MONTH 1= JANUARY 2021

ACTIVITY	MONTH												
	1	2	3	4	5	6	7	8	9	10	11	12	13
Receive funding and purchase building													
Start necessary construction and purchasing of equipment													
Begin paying and training all employees. Dry runs of plant and equipment													
Commence production													

7.0 FINANCIAL OVERVIEW

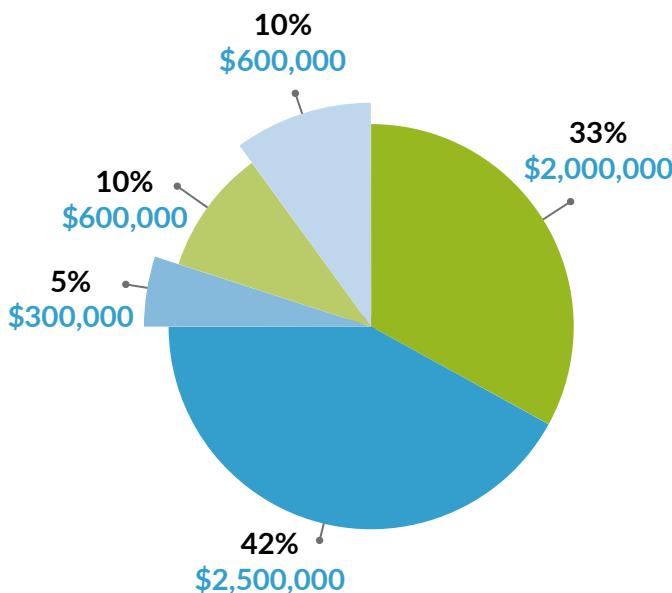


The financial model forecasts 5 years from January 2021 to December 2025.

The model forecasts the revenue and profit potential from the initial \$6 million investment. It does not consider reinvestment of generated cash from the operations into CAPEX to grow the business. However, as stipulated earlier, as the Company's production infrastructure and financial position strengthens, it is management's intention to use part of the cash generated by the Company to invest in additional equipment and/or expand the production to include plastic end products.

7.1 START UP COSTS

Plastcraft is seeking funding for a total of \$6 million. It plans to finance 35% in the form of equity (\$2.1 million) and 65% in the form of debt (\$3.9 million).



The funding will be used to purchase a plant facility (\$2 million); one main production line (\$2.5 million); auxiliary equipment (\$300,000), setting up the plant facility (\$600,000) and working capital (\$600,000). Given the especially strong industry growth and the co-founders' expertise and experience within the recycling industry, the Company is confident in its ability to achieve its business and financial objectives. The chart on the left depicts the Company's investment allocation:

- █ Building
- █ Working Capital
- █ Set up of Equipment
- █ Auxiliary Equipment
- █ Equipment for 1 Production Line



Nutrition Facts
Serving Size 8 fl oz (237mL)
Servings Per Container about 2
Calories 0
Total Fat 0g
Sodium 0mg
Total Carbohydrate 0g
Protein 0g

Nutrition Facts
Serving Size 8 fl oz (237mL)
Servings Per Container about 3
Amounts Per Serving
Calories 0
Total Fat 0g
Sodium 0mg
Total Carbohydrate 0g
Protein 0g

TRADE
NATUR
MOUNT
SPRIN
WATER

23.6 FL OZ (0.740L)

7.2 MONTHLY PROJECTIONS

	PLASTCRAFT MONTHLY PROJECTIONS				
(CDN\$)	2022 January	2022 February	2022 March	2022 April	2022 May
Revenues					
Pellets per ton (Average Price)	1,000	1,000	1,000	1,000	1,000
Plastic Pellets (Ton)	400	400	400	400	400
TOTAL REVENUES	400,000	400,000	400,000	400,000	400,000
COGS					
Raw Material (Plastic Waste)	52,500	52,500	52,500	52,500	52,500
Total Manufacturing Labors with Bonus	60,274	87,541	94,717	93,282	93,282
Total Manufacturing Costs & Utilities	15,542	15,542	15,542	15,542	15,542
Total GOGS	128,316	155,583	162,758	161,323	161,323
COGS per Ton	321	389	407	403	403
TOTAL COGS	128,316	155,583	162,758	161,323	161,323
Gross Profit	271,684	244,417	237,242	238,677	238,677
Cash Flow Position					
EBITDA	211,167	187,154	175,911	178,159	178,159
Taxes	-	-	(68,819)	-	-
Interest & Principal Payment	(55,122)	(55,122)	(55,122)	(55,122)	(55,122)
Change in Working Capital	(396,250)	3,750	(3,750)	-	-
CAPEX (Equipment and Building)	-	-	-	-	-
CAPEX (installation of equipment)	-	-	-	-	-
Debt Raised	-	-	-	-	-
Equity Raise	-	-	-	-	-
Cash Position	105,761	241,543	289,763	412,800	531,579

RAFT INC.
PROJECTIONS

2022 June	2022 July	2022 August	2022 September	2022 October	2022 November	2022 December
1,000 400	1,000 400	1,000 400	1,000 400	1,000 400	1,000 400	1,000 400
0,000	400,000	400,000	400,000	400,000	400,000	400,000
2,500	52,500	52,500	52,500	52,500	52,500	52,500
3,282	94,717	91,846	96,152	96,152	91,846	93,282
5,542	15,542	15,542	15,542	15,542	15,542	15,542
1,323	162,758	159,888	164,193	164,193	159,888	161,323
403	407	400	410	410	400	403
1,323	162,758	159,888	164,193	164,193	159,888	161,323
8,677	237,242	240,112	235,807	235,807	240,112	238,677
8,159	175,911	180,408	173,662	173,662	180,408	178,159
-	(68,819)	-	-	(68,819)	-	(68,819)
5,122)	(55,122)	(55,122)	(55,122)	(55,122)	(55,122)	(55,122)
-	-	3,750	(3,750)	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
5,837	587,807	716,843	831,633	881,354	1,006,639	1,129,677
						1,180,646

7.3 INCOME STATEMENT PROFORMA

PLASTCRAFT INC.					
Income Statement					
(CDN\$)	December 31, Year End				
	2021	2022	2023	2024	2025
Revenues					
Plastic Pellets	-	4,800,000	4,800,000	4,800,000	4,800,000
Total Revenues	-	4,800,000	4,800,000	4,800,000	4,800,000
GOGS					
Raw Material (Plastic Waste)	-	630,000	630,000	630,000	630,000
Manufacturing Labors	-	1,087,806	1,120,813	1,126,554	1,122,248
Manufacturing Costs & Utilities	-	186,501	200,824	174,565	187,695
Total COGS	-	1,904,307	1,951,638	1,931,119	1,939,943
Gross Profit	-	2,895,693	2,848,363	2,868,881	2,860,057
CAC					
CAC Without Salaries	9,000	25,000	25,000	25,000	25,000
Sales Salaries	16,272	141,205	141,205	141,928	141,386
Total CAC	25,272	166,205	166,205	166,928	166,386
Non-Manufacturing Labors					
Directors & Managers	56,952	494,217	494,217	496,748	494,850
Other Salaries	129,159	-	-	-	-
Total Non-Manufacturing Labors	186,111	494,217	494,217	496,748	494,850
Other Expenses					
Raw Material for Testing Period	20,000	-	-	-	-
Alarm System & Cameras	167	1,000	1,000	1,000	1,000
Softwares	833	5,000	5,000	5,000	5,000
Office furnitures	-	1,000	1,000	1,000	1,000
Legal	-	5,000	5,000	5,000	5,000
Communication Costs	833	5,000	5,000	5,000	5,000
Garbage disposal	-	25,200	25,200	25,200	25,200
Insurance	1,667	10,000	10,000	10,000	10,000
Travel	-	8,000	8,000	8,000	8,000
Bank Fees	400	2,400	2,400	2,400	2,400
Other	-	5,000	5,000	5,000	5,000
Total Other Expenses	23,900	67,600	67,600	67,600	67,600
EBITDA	(235,283)	2,167,671	2,120,341	2,137,605	2,131,222
<i>EBITDA Margin</i>	<i>0%</i>	<i>45%</i>	<i>44%</i>	<i>45%</i>	<i>44%</i>
Depreciation Amortization	33,333	486,667	467,000	449,300	433,370
EBIT	(268,616)	1,681,005	1,653,341	1,688,305	1,697,852
Interest	-	(194,369)	(170,471)	(145,351)	(118,945)
EBT	(268,616)	1,486,636	1,482,870	1,542,955	1,578,907
Taxes	-	275,275	345,461	361,383	370,910
Net income	(268,616)	1,211,361	1,137,409	1,181,572	1,207,996

7.4 CASH FLOW STATEMENT PROFORMA

PLASTCRAFT INC.					
CASH FLOW STATEMENT					
(CDN\$)	December 31, Year End				
	2021	2022	2023	2024	2025
Cash flows from Operating Activities					
Net Income	(268,616)	1,211,361	1,137,409	1,181,572	1,207,996
Depreciation	33,333	486,667	467,000	449,300	433,370
Amortization	-	-	-	-	-
Changes in working capital	(18,750)	(396,250)	-	-	-
Cash from operating activities	(254,033)	1,301,778	1,604,409	1,630,872	1,641,366
Cash flows from investing activities					
CAPEX	(4,800,000)	-	-	-	-
CAPEX (installation of equipment)	(600,000)				
Cash from investing activities	(5,400,000)	0	0	0	0
Cash flows from financing activities					
Net proceeds Equity	2,100,000	-	-	-	-
Debt	3,900,000	-	-	-	-
Principal Payment	-	(467,098)	(490,996)	(516,116)	(542,522)
Cash from financing activities	6,000,000	(467,098)	(490,996)	(516,116)	(542,522)
Increase (decrease) in cash	345,967	834,679	1,113,413	1,114,755	1,098,845
Beginning Cash	-	345,967	1,180,646	2,294,060	3,408,815
Change in Cash Position	345,967	834,679	1,113,413	1,114,755	1,098,845
Ending Cash	345,967	1,180,646	2,294,060	3,408,815	4,507,660

7.5 BALANCE SHEET PROFORMA

PLASTCRAFT INC.					
BALANCE SHEET					
(CDN\$)	December 31, Year End				
	2021	2022	2023	2024	2025
ASSETS					
Cash	345,967	1,180,646	2,294,060	3,408,815	4,507,660
Accounts Receivable	-	400,000	400,000	400,000	400,000
Inventory	18,750	15,000	15,000	15,000	15,000
Total Current Assets	364,717	1,595,646	2,709,060	3,823,815	4,922,660
Fixed Assets	5,366,667	4,880,000	4,413,000	3,963,700	3,530,330
Total Assets	5,731,384	6,475,646	7,122,060	7,787,515	8,452,990
LIABILITIES AND EQUITY					
Accounts Payable					
Debt	3,900,000	3,432,902	2,941,906	2,425,790	1,883,268
Total Current Liabilities	3,900,000	3,432,902	2,941,906	2,425,790	1,883,268
Total Liabilities	3,900,000	3,432,902	2,941,906	2,425,790	1,883,268
Share Capital	2,100,000	2,100,000	2,100,000	2,100,000	2,100,000
Retained Earnings	(268,616)	942,745	2,080,154	3,261,725	4,469,722
Shareholder's Equity	1,831,384	3,042,745	4,180,154	5,361,725	6,569,722
Total Liabilities and Equity	5,731,384	6,475,646	7,122,060	7,787,515	8,452,990

7.6 BREAK-EVEN ANALYSIS AND PERFORMANCE RATIO

PLASTCRAFT INC. BREAK-EVEN AND RATIOS ANALYSIS					
(CDN\$)	2021	2022	2023	2024	2025
Revenues	-	4,800,000	4,800,000	4,800,000	4,800,000
COGS	-	1,904,307	1,951,638	1,931,119	1,939,943
Gross Profit	-	2,895,693	2,848,363	2,868,881	2,860,057
Fixed Costs	210,011	561,817	561,817	564,348	562,450
EBITDA	(235,283)	2,167,671	2,120,341	2,137,605	2,131,222
EBIT	(268,616)	1,681,005	1,653,341	1,688,305	1,697,852
Interest Expense	-	194,369	170,471	147,492	121,196
Principal Payment	-	467,098	490,996	513,975	540,271
Total Assets	5,731,384	6,475,646	7,122,060	7,787,515	8,452,990
Total Debt	3,900,000	3,432,902	2,941,906	2,425,790	1,883,268
Total Equity	1,831,384	3,042,745	4,180,154	5,361,725	6,569,722
Break Even Point					
Annual Fixed Costs	210,011	561,817	561,817	564,348	562,450
Gross Profit Margin	0.0%	60.3%	59.3%	59.8%	59.6%
BEP	210,011	931,287	946,762	944,225	943,953
Sales (Ton)	-	4,800	4,800	4,800	4,800
Break Even Point (Ton)	-	194	197	197	197
Ratios					
Gross Profit Margin		60.3%	59.3%	59.8%	59.6%
EBITDA Margin		45.2%	44.2%	44.5%	44.4%
Debt to Assets Ratio		0.53	0.41	0.31	0.22
Debt to Equity Ratio		1.13	0.70	0.45	0.29
Interest Coverage Ratio = EBIT/Interest Expense		0.42	0.35	0.29	0.22
Debt Service Coverage Ratio = EBITDA/(Principal + Interest expense)		3.28	3.21	3.23	3.22
Current Ratio		0.46	0.92	1.58	2.61

THANK YOU

CONTACT:

Oleg Belyak, CEO

205-3495 Ivan-Franko Rd.,
Lachine, QC H8T 1N9

Phone: +1 (438) 979-9720

E-mail: pyrocraft4@gmail.com

Website: www.plastcraft.ca



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