Business Plan for ECOSH21 Organic Farming

This information is prepared for INDOJAP ORGANIC PVT. LTD. (IOPL)

as of December 3, 2017

ECOSH21

by ECOSH 21 LLC (ECO21)
at 393 Namusanzuke, Kasama-shi, Ibaraki 309-1711, JAPAN

Contents

1. Introduction of ECOSH21 LLC
   Date of establishment —- Business structure
2. Technology Background
   Technology base —- Business concept
3. Products / Standard Prices and Compensation
4. Details of Machinery & Equipment
   Mixer and Water purifier
5. Details of Machinery & Equipment, ECOSH21-MP(Kiln Type Mixer)
   for Large Scale Production of Household Feed
6. Primary Unit of Output Level for Livestock Feed(ECOSH21-01)
7. Primary Unit of Output Level for Compost(ECOSH21-02)
8. Next 10 Years Sales, Cost & Profit Simulation
9. Other Conditions

Appendices:
(1) Appendix 1: Proforma Invoice
(2) Appendix 2: Technical Assistance Agreement (Draft)

1. Introduction of ECOSH21 LLC

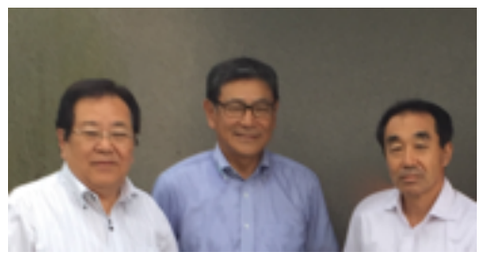
(1) Established : July 21, 2017

(2) Location : 393 Namusanzuke, Kasama City, Ibaraki 309-1711

(3) Formation : Limited Liability Company

(4) Directors : Kiyoshi Togawa, Managing Director
Toshihiro Miyahara, Director/Business Planing & Strategy
Kazunori Kato, Director/Technology & Engineering

ECOSH21
Company Logo



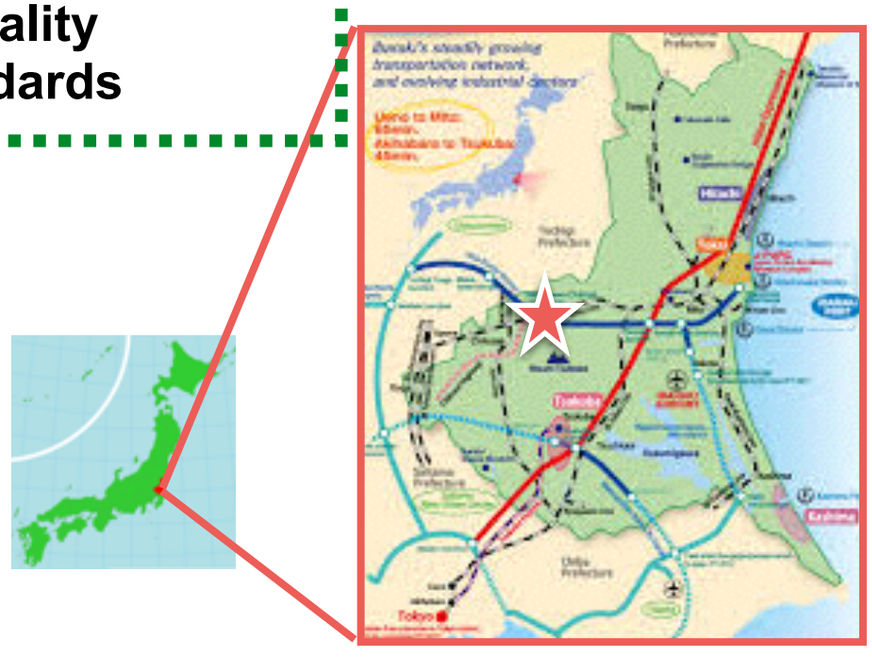
Directors
From the left, Miyahara, Togawa, Kato

< Mission > Contribute to the global food safety for the future generations

< Value > Hands-on approach in organic farming supports with sincerity, enthusiasm and passion

< Vision > Working closely with farmers and cattle farmers to materialize the production of safe and good quality products which comply with the global GAP standards

(5) Products :
ECOSH21-EL (element compound)
ECOSH21-EN (enzyme)
ECOSH21-MN (minerals)
ECOSH21-ME(machinery & equipment)
ECOSH21-MP(m&e for large scale household feed production)
ECOSH21-TA (technology & know how)



< Business Structure >

ECOSH21 LLC supply the technology of the compound for the organic compost and livestock feed which leads us to contribute to the global food safety and security

Global Food Safety and Security

Market for Agriculture and Livestock Products

A&L Products Supply
Import to Japan

Agricultural & Livestock Products Supply

Farmers and Cattle Farmers

A&L Products Supply

Compost & Livestock Feed Supply

Sub License
Possibility

Business Partners

A&L Products Supply

License&KH Fee
Payment

Technology License
Material Supply

Tech Assistance

ECOSH21 LLC

NPO Global Environmental Reformation Lab

(Technology Provider)

ECOSH21

Technology to make the compound for the organic compost and livestock feed

2. Technology Background

ECOSH21

Kazunori Kato is the organic farming engineer by train and invented the organic compound for livestock feed and compost, ECOSH21, using Natural Bacteria, enzyme and other proprietary elements.

(1) The basic technology of ECOSH21 is patented under PAT No. 3710424, August 19, 2003, “the method of degrades heavy metals, dioxin and pesticides”. Kazunori Kato, Director of Technology and Engineering at ECOSH21 LLC, and President of NPO Global Environmental Reformation Laboratory, has invented the colony of microorganisms called “Natural Bacteria (NB)” (TM Registration No. 5621456, October 11, 2003) consisted of the above patented technology and with his original compound of microorganisms and other proprietary elements.

(2) In the past two decades, Kazunori Kato has successfully made the organic compost by the fermentation and decomposition at the temperature of 100℃ by applying ECOSH21 to the base materials of compost, and has proven to improve soil quality by mixing this organic compost with minerals and other elements.

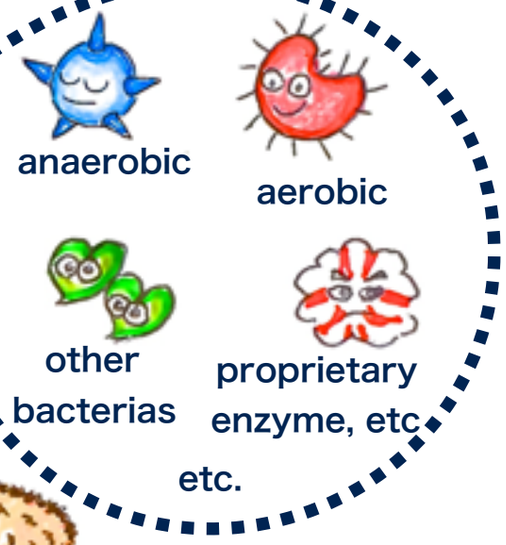
(3) In the past a decade, ECOSH21 has also been applied to the livestock feed and proven to improve the quality of meat and helped quicker growth of livestocks.

(4) The following know-hows are held by ECOSH 21 LLC :

a. The method of making organic composts with the original formation of microorganisms, enzymes and other proprietary elements
b. The method of reforming soil quality by using ECOSH21 and minerals in the farms
c. The method of making organic livestock feed with microorganisms, enzymes and other proprietary elements
d. The method of materializing immunity exaltation of livestocks

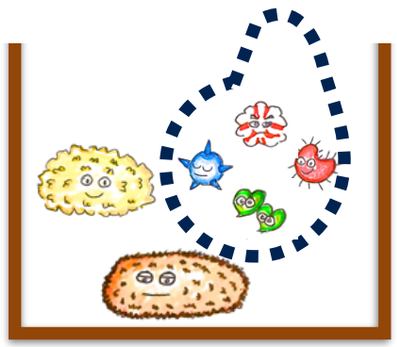
(5) Technology Concept

Proprietary composite of microorganisms ECOSH21



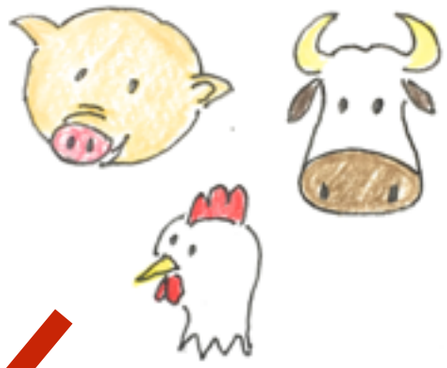
binder(tofu refuse, rice bran, etc.)

① Organic household feed manufacturing



Machinery & Equipment for Large Scale Production of household feed is required

Improvement of meat quality



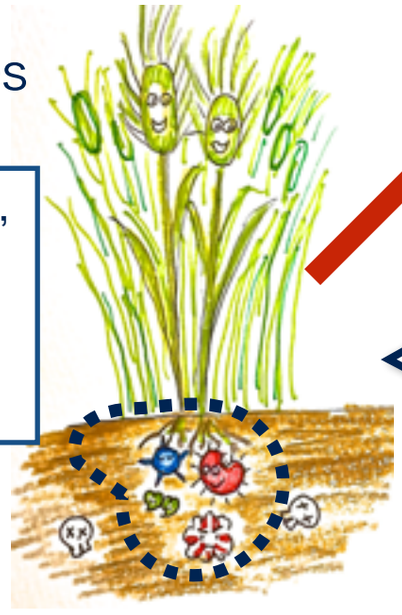
poultry manure +ECOSH21

ECOSH21 for Food Safety & Security

Helping fast growth of crops & vegetables

Detected heavy metals, dioxin and pesticide are much less than the reference value

ECOSH21

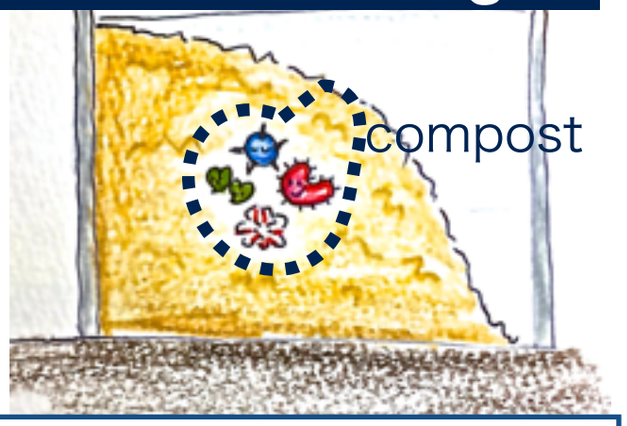


effective soil reformation

Organic Compost & Minerals

plowing and adding fertilizer with ECOSH21

② Organic compost manufacturing



Fermentation & Decomposition at 80℃～100℃
Sterilization of Pathogen

3. Products / Standard Prices and Compensations

(1) Price List:

***The delivery term 30days hereunder shall be after the confirmation of payment by ECOSH21 LLC**

#	Product	Application	Std Price/ Compensation	Packing	Capacity Delivery	Expiration	Storage Temp&Humi
1	ECOSH21-EL	Element compound	FOB Tokyo ¥50,000/Kg	1Kg/Al bag 20 bags/box	100Kg/mth 30days	4mth	5℃±5℃ ＜20%
2	ECOSH21-EN	Enzyme (GMT-SOD)	FOB Tokyo ¥20,000/Kg	1Kg/bag	30days	2years	Keep in the shade at normal temp.
3	ECOSH21-MN	Minerals (Mulch)	FOB Tokyo ¥2,000/Kg	10Kg/bag	30days	N.A.	Keep in the shade at normal temp.
4	ECOSH21-ME (Tech Corporation) (Y.A.C. Holdings K.K.)	Machinery & Equipment (Mixer & Water Purifier)	FOB Tokyo ¥50,000,000/ unit (See attached Proforma Invoice)	Standard Export packing	2mth after confirmation of payment by TT Remittance	N.A.	N.A.
5	ECOSH21-MP (Japan Technology Research K.K.)	Mixer for mass prod. of household feed	FOB Tokyo ¥50,000,000/ unit	Standard Export packing	Exporting such bulky products is not economical.	Therefore, the machine shall be produced in India.	The license fee shall be ¥10,000,000/ with TA (ref. 3-(3))
6	ECOSH21-TA	Technical Know-how	Initial: 300 Million ¥ Running Royalty: 3%	N.A.	N.A.	N.A.	N.A.

(2) Reference Prices for ECOSH21-01(Household Feed) and -02(Fertilizer)

Just for your reference, below prices are applied to the products made and sold in Japan:

#	Item	application	price	packing	capacity	remarks
1	ECOSH21-01	for household feed	FOB Tokyo @¥7,600/kg	5kg/Al bag 4 bags/box	200kg/mth 20days	advance payment
2	ECOSH21-02	for fertilizer	FOB Tokyo ¥5,000/kg	10kg/Al bag 2bags/box	200kg/mth 20days	advanced payment

(3) ECOSH21-MP for the large scale production of ECOSH21-01(Household Feed)

For the large scale production of ECOSDH21-01(Household Feed), the additional investment of the machinery and equipment, ECOSH21-MP, is required. The price of ECOSH21-MP is FOB Tokyo Fifty Million Japanese Yen per unit (¥50,000,000.-/unit).

As the machinery and equipment is quite large and bulky, for the second ECOSH21-MP, local manufacturing of the machine based on the technical assistance agreement provided by ECOSH21 LLC is recommended rather than importing it all the way from Japan. The drawings and engineering know how fee for manufacturing ECOSH21-MP under the agreement is Ten Million Japanese Yen (¥10,000,000.-). From the second unit onwards, the Drawings and Engineering Know How Fee for ECOSH21-MP shall be reduced to Three Million Japanese Yen (¥3,000,000.-).

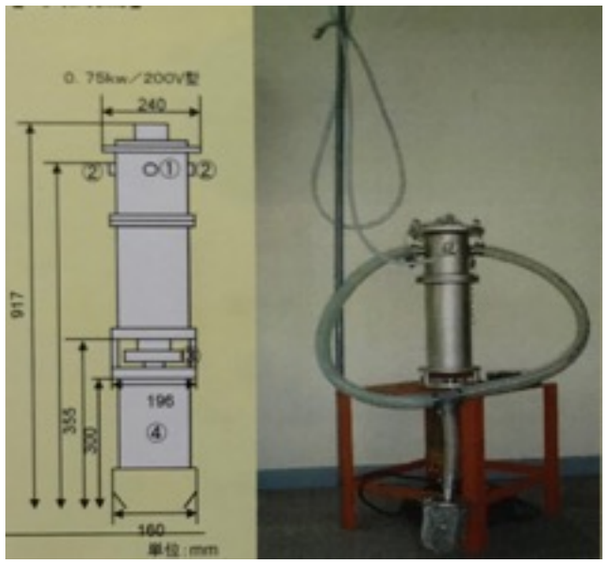
As soon as the agreement is concluded, the engineers of the machinery and equipment shall be despatched from Japan to transfer the technology to a local manufacturer of the machinery and equipment. All the expenses of the engineer such as air fare to and from Tokyo, his hotel accommodation and per diem fee of Twenty Thousand Japanese Yen per person per day (¥60,000.-/person/day) shall be paid and borne by the beneficially in India.

4. Details of Machinery & Equipment (ECOSH21-ME)

(1) Mixer for producing livestock feed and/or compost: should be installed under a roof
*Proper cleaning is required when the machine used for dual purpose

a. Product #: TECH-550-A1
b. OEM: TECH CORPORATION (Hiroshima, JAPAN)
c. Size: 2120 mm(L) x 1050 mm(W) x 2200 mm(H)
d. Weight: 930 kg
e. Power: 3 Phase, 200V (50/60 Hz)
f. Rated power consumption: 8.3 kw
g. Production Capacity: 35kg/day (1,050kg/month)
*This mixer can produce sufficient volume of ECOSH21-02(for compost, however, in order to produce sufficient volume of ECOSH21-01(for household feed), large scale mixer is needed as stated above 3-(3).

(2) Water Purifier - Nanomize System: can be used out door



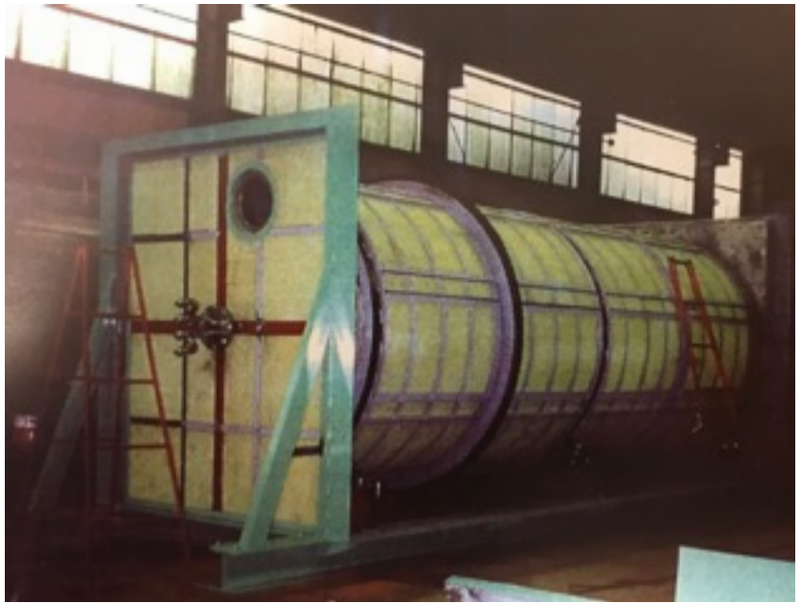
a. Product #: J-1 75kw Standard
b. OEM: Y.A.C. Holdings (Tokyo, JAPAN)
c. Size: 240 mm(Diameter) x 917 mm(H)
d. Weight: 85 kg
e. Power: 3 Phase, 200V (50/60 Hz)
f. Rated power consumption: 0.75 kw (1 hp)
g. Performance: Purify polluted water
*Increase in dissolved oxygen, Separation of solid from liquid, Minimize water cluster, Generate hydroxyl ion
h. Pond water or tanks with at least 10 tons of water or tap water faucet any one of those is required

(3) Price for the Machinery & Equipment (Mixer + Water purifier)
FOB Tokyo ¥38,000,000.-/unit ➡ C＆F Kolkata ¥38,500,000.-/unit

5. Details of Machinery & Equipment, ECOSH21-MP(Kiln Type Mixer) for Large Scale Production of Household Feed

(1) Product #: RK020
(2) OEM: Japan Technology Research Co., Ltd. (Tokyo)
(3) Size: 9,954mm(L) x 2.300mm(W) x 3,255mm(H)
(4) Weight: 7,000kg
(5) Power: a. 3 Phase 200V (50/60Hz)
    b. Driving Drum 5.5kw
    c. Rubber Heater 45kw (2.5kw x 18)
    d. Total Power 50.5kw
(6) Drum:
    a. The material for the contact area of the drum is SUS304.
    b. Capacity 20㎥
    c. Inner Diameter 2000mm
    d. Total Length 6400mm
(7) Driving Method for Drum:
    a. Geared Motor 5.5kw with break (RR=1/273)
    b. Driving Method: with Roller Chain and Sprockets
    c. Rotational Speed: 1.15 rpm(50Hz)
(8) Machine Performance:
    Processing Output: 13㎥/7.8tons/day ➡ approx. 200tons/month
    with Specific Gravity of 0.6 and Moisture content of 10%
(9) Optional Equipment to be procured in India:
    (Not included in the price of FOB ¥50,000,000/unit)
    a. Input Conveyor 0.75kw
    b. Output Conveyor 1.5kw
    c. Hopper with ribbon mixer
    d. Cyclone, Deodorizer, compressor and Heat blower

RK020



Drum in side RK020

6. Primary Unit of Output Level for Livestock Feed (ECOSH21-01)

(1) Basic terms and conditions

a. ECOSH21-EL price: FOB Tokyo ¥50,000.-/kg
b. ECOSH21-ME price: FOB Tokyo ¥38,000,000.-/unit or C&F Kolkata ¥38,500,000.-/unit
   with the capacity of 35kg/day x 30days = 1,050kg/month
c. Standard Formulation and Estimated Cost of ECOSH21-01 in Japan:
   ECOSH21-EL(100g) + Okara(320kg) + Rice bran(905kg) +Enzyme(750g) = ECOSH21-01(1050kg)
   ¥5,000.-/100g + ¥320.-/320kg + ¥1,360.-/905kg + ¥15,000.-/750g = ¥21,680.- x 1/1050kg
   = @¥20.65/kg = ¥21,000.-/ton
d. The unit prices: Okara(@¥1.-/kg), Rice Bran(@¥1.50/kg), Enzyme(@¥20,000.-/kg)
   *Subject to the confirmation of local prices in India and use them for the business plan simulation.
e. The selling price should be decided by INDOJAP ORGANIC PVT. LTD., based on your marketing strategy and intention of appropriate profit out of the business.

(2) Simulation of poultry farm

a. Farm size (Assumption): 10,000 heads/farm
b. Glowing cycle: ave.35days/cycle, 8cycles/year
c. Basic feed consumption volume:
   120g/head/day x 35days/cycle = 4.2kg/head/cycle x 10,000heads = 42,000kg/cycle
   42,000kg/10,000heads/cycle x 8cycles = 336tons/10,000heads/year ➡ 28tons/month
d. In order to fulfill the volume of 28tons/month, the large scale machinery & equipment, ECOSH21-MP has to be used for the production.

(3) Simulation of pig farm

a. Farm size (Assumption): 100pigs/farm
b. Glowing cycle: ave.180days/cycle, 2cycles/year
c. Basic feed consumption volume:
   2kg/pig/day x 180days = 360kg/broiler/cycle x 100pigs = 36,000kg/cycle
   36,000kg/100pigs/cycle x 2cycles = 72tons/100pigs/year ➡ 6tons/month

7. Primary Unit of Output Level for Compost (ECOSH21-02)

(1) Basic terms and conditions

a. ECOSH21-EL price: FOB Tokyo ¥50,000.-/kg
b. ECOSH21-ME price: FOB Tokyo ¥38,00,000.-/unit or C&F Kolkata ¥38,500,000.-/unit
   with the capacity of 35kg/day x 30days = 1,050kg/month
c. Standard Formulation and Estimated Cost of ECOSH21-02 in Japan:
   ECOSH21-EL(100g) + Okara(320kg) + Rice bran(905kg) = ECOSH21-02(1050kg)
   ¥5,000.-/100g + ¥320.-/320kg + ¥1,360.-/905kg = ¥6,680.- x 1/1050kg = ¥6.36/kg = ¥6,400/ton
d. The unit prices of Okara(@¥1.-/kg) and Rice Bran(@¥1.50/kg) should be investigated in the local market and applied the local price for business planning instead of the above prices.
   *Enzyme is not used for the compost.
e. <u>The selling price should be decided by INDOJAP ORGANIC PVT. LTD., based on your marketing strategy and intention of appropriate profit out of the business</u>.

(2) Simulation of Compost production

Farm area	ECOSH21-02	Rice Bran	Poultry Manure	cost of compost
5 ha	50 kg ¥2,750.-	25 tons ¥37,500.-	25 tons —-	¥40,250.- for 5 ha
10 ha	100 kg ¥5,500.-	50 tons ¥75,000.-	50 tons —-	¥80,500.- for 10 ha
100 ha	1000 kg ¥55,000.-	500 tons ¥750,000.-	500 tons —-	¥805,000.- for 100 ha

Remarks: a. The above compost cost is calculated based on the ECOSH21-02 price of ¥55.-/kg
b. The local cost of Poultry Manure is considered as negligible small and omitted.

8. Next 10 Years Sales, Cost & Profit Simulation

(1) Poultry Feed Sales (Estimate Only)

items	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Ideal Annual Consumption(ton)	336	672	3,360	3,360	3,360	6,720	6,720	6,720	6,720	6,720	6,720
Ideal Sales (M¥) (@¥55,000/ton)	18	36	184	184	184	369	369	369	369	369	369
Mat'l Cost (M¥) (@¥21,000/ton)	7.5	14.5	71	71	71	142	142	142	142	142	142
Ideal Profit (M¥) (@¥34,000/ton)	10.5	21.5	113	113	113	227	227	227	227	227	227

Remarks: a. Primary condition of poultry feed volume is calculated based on the followings:
120g/head x 35days/cycle x 8cycles/year x 10,000heads = 336tons/year/10,000heads
b. Head count used: 2018 = 10,000, 2019 = 20,000, 2020-2022 = 100,000, 2023- = 200,000
c. Ideal Sales of ECOSH21-MP is considered as additional investment of the machinery and equipment to fulfill the consumption volume.

(2) Pig Feed Sales (Estimate Only)

items	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Ideal Annual Consumption(ton)	144	720	7,200	7,200	7,200	14,400	14,400	14,400	14,400	14,400	14,400
Ideal Sales (M¥) (@¥55,000/ton)	7.5	39	396	396	396	792	792	792	792	792	792
Mat'l Cost (M¥) (@¥21,000/ton)	3.5	15.5	152	152	152	303	303	303	303	303	303
Ideal Profit (M¥) (@¥34,000/ton)	4	23.5	244	244	244	489	489	489	489	489	489

Remarks: a. Primary condition of pig feed volume is calculated based on the followings:
2kg/head x 180days/cycle x 2cycles/year x 200heads = 144tons/year/200head
b. Head count used: 2018 = 200, 2019 = 1,000, 2020-2022 = 10,000, 2023- = 20,000
c. Ideal Sales of ECOSH21-MP is considered as additional investment of the machinery and equipment to fulfill the consumption volume.

(3) Crops and Vegetable Sales (Estimate Only)

Proposed production volume of each product

Onion: 30,000kg/twice/year/ha　Garlic: 12,000kg/twice/year/ha　Soya Bean: 7,000kg/year/ha

items	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Onion Sales (M¥) (@¥140/kg)	4/0.5ha	8/ha	42/5ha	42/5ha	42/5ha	84/10ha	84/10ha	84/10ha	84/10ha	84/10ha	84/10ha
Onion Cost (M¥) (@¥98/kg)	3	6	30	30	30	60	60	60	60	60	60
Onion Profit (M¥) (@¥42/kg)	1	2	12	12	12	24	24	24	24	24	24
Garlic Sales (M¥) (@¥130/kg)	1.5/0.5ha	3/ha	9/3ha	9/3ha	9/3ha	15/5ha	15/5ha	15/5ha	15/5ha	15/5ha	15/5ha
Garlic Cost (M¥) (@¥67/kg)	1	2	5	5	5	8.5	8.5	8.5	8.5	8.5	8.5
Garlic Profit (M¥) (@¥63/kg)	0.5	1	4	4	4	6.5	6.5	6.5	6.5	6.5	6.5
Soya Bean Sales (M¥)(@¥350/kg)	1/0.5ha	2/ha	12/5ha	12/5ha	12/5ha	12/5ha	12/5ha	12/5ha	12/5ha	12/5ha	12/5ha
Soya Bean Cost (M¥)(@¥150/kg)	0.6	1.2	6	6	6	6	6	6	6	6	6
Soya Bean Profit (M¥)(@¥200/kg)	0.4	0.8	6	6	6	6	6	6	6	6	6
Ideal Sales (M¥)	6.5	13	63	63	63	111	111	111	111	111	111
Ideal Material Cost (M¥)	4.4	9.2	41	41	41	74.5	74.5	74.5	74.5	74.5	74.5
Ideal Profit (M¥)	1.9	3.8	22	22	22	36.5	36.5	36.5	36.5	36.5	36.5

(4) Total Profit & Loss Simulation (Estimate Only)

items	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Ideal Sales Grand Total (M¥)	32	88	643	643	643	1,272	1,272	1,272	1,272	1,272	1,272
Ideal Material Cost G. Total (M¥)	15.4	39.2	264	264	264	519.5	519.5	519.5	519.5	519.5	519.5
Ideal Profit G. Total(M¥)	16.6	48.8	379	379	379	752.5	752.5	752.5	752.5	752.5	752.5
Capital Investment (M¥)	210	150	60	-	210	-	-	-	-	210	-
Depreciation (M¥)	35	60	70	70	105	105	70	45	35	70	35
Personnel Expense (M¥)	5	5	10	10	10	20	20	20	20	20	20
Other Expense (M¥)	50	50	30	10	10	50	10	10	10	10	10
Estimated Profit and Loss (M¥)	-73.4	-66.2	269	289	254	577.5	652.5	677.5	687.5	652.5	687.5

Remarks: a. The straight-line method for six (6) years is employed for the calculation of the depreciation cost of the capital investment, based on the assumption that the major investment is for the machinery and equipment.
b. Every figure for the Personnel Expenses and Other Expenses is just an estimation only.

The above Next 10 Years Cost Simulation is prepared to have just an image of profit and loss for the project based on the estimated selling prices, material and other expenses and consumption volume. All the figures used for the here are not guaranteed nor committed by ECOSH21 LLC.
The purpose of this simulation is just to show a ballpark figure only. Based on the actual raw material prices, personnel expenses as well as other expenses in the Indian local market, more realistic and practical cost simulation has to be done by INDOJAP ORGANIC PVT. LTD.

9. Other Conditions

After signing the attached Licensing and Technical Assistance Agreement by both parties, ECOSH21 LLC shall grant the license and provide technical assistance to INDOJAP ORGANIC PVT. LTD. in order for them to produce and market the products, such as ECOSH21-01 (organic compound for livestock feed), ECHOSH21-02(organic compound for compost) and ECOSH21-ME(machinery and equipment to make the compound) in Kolkata and its adjacent cities of East India.

The locally made products using ECOSH21 Technology, such as poultry meat, pork, corps and vegetables produced by INDOJAP ORGANIC PVT. LTD. themselves and/or their customers shall be sold to the local market first as the value added organic products, while the manufacturer of the products shall apply for the global Good Agricultural Product (GAP) standard.

As soon as the manufacturers of the meat and crops are recognized and granted the status by GAP authority, INDOJAP ORGANIC PVT. LTD. can export the majority of the products to the overseas market including Japan. ECOSH21 LLC shall help import the products made in India to Japan.

ECOSH21

ECOSH21 LLC