

## Gulfstream Project Highlights

<b>HiPoint Facility built at Palm Meadows Gulfstream, part of the Global Stronach Group.</b>																																									
Summary	The HiPoint solution will manufacture a premium-quality year-round supply of wood shavings and added byproducts, biofertilizers, mulch, and water from the used stall waste that is removed daily and disposed of at a considerable cost to farm operations. It will recycle the total waste stream of horses and R&D into hemp, ducks, donkeys, and other ruminates.																																								
Vision	To be an essential closed-loop waste management recycling utility with an environmental protection mandate giving back to humanitarian and environmental causes worldwide.																																								
Mission	To produce the healthiest and most environmentally sustainable recycled agricultural products through natural Infusion and separation techniques while reducing leaching and methane off-gassing to preserve and protect our planet.																																								
Results	HiPoint creates profitable revenue streams from a single waste stream while supporting waste management best practices and protecting the environment from further pollution in a closed-loop economy. Our goal is to “Protect & Provide.”																																								
Site	Palm Meadows Training Ground 8898 Lyons Rd, Delray Beach. Florida is part of the Stronach Group and 1/ST Racing at Gulfstream.																																								
Building	Palm Meadows offers a 60,000-square-foot steel and concrete building under which HiPoint can build its process. The building includes storage bins, hoppers, electrical wiring, PLC and electrical panels for our reuse, which may reduce our budget by up to <b>\$500,000</b>																																								
Deal Terms	<p>Stronach has offered the building, assistance in sales contracts, and selling bedding to trainers and themselves, including the overarching messaging of a green evolution in horse racing.</p> <p>HiPoint will build the Facility and sell bedding, soils, and irrigation water to trainers, Stronach, and others.</p> <p>Partner Alliance – Future ability to cross-market and expand to other tracks/sites</p>																																								
Investment required For Stronach volume 10-12 months. Deposits shown 04/24	<table border="1" style="width: 100%; border-collapse: collapse; text-align: right;"> <thead> <tr> <th></th> <th></th> <th>Month 1</th> <th>Month 2</th> <th>Month 4</th> <th>Month 6</th> <th>Month 8</th> <th>Month 10</th> </tr> <tr> <th></th> <th></th> <th>March 1st</th> <th>April 1st</th> <th>June 1st</th> <th>August 1st</th> <th>October 1st</th> <th>December 1st</th> </tr> </thead> <tbody> <tr> <td>TOTAL G&amp;A BUDGET</td> <td>\$ 535,000</td> <td>\$ 99,050</td> <td>\$ 51,067</td> <td>\$ 112,283</td> <td>\$ 101,950</td> <td>\$ 73,450</td> <td>\$ 97,200</td> </tr> <tr> <td>TOTAL BUILD BUDGET</td> <td>\$ 6,585,092</td> <td></td> <td>\$ 1,371,490</td> <td>\$ 1,810,986</td> <td>\$ 1,671,515</td> <td>\$ 1,331,101</td> <td>\$ 400,000</td> </tr> <tr> <td></td> <td>\$ 7,120,092.00</td> <td>\$ 99,050.00</td> <td>\$ 1,422,556.67</td> <td>\$ 1,923,269.46</td> <td>\$ 1,773,464.52</td> <td>\$ 1,404,551.36</td> <td>\$ 497,200.00</td> </tr> </tbody> </table>			Month 1	Month 2	Month 4	Month 6	Month 8	Month 10			March 1st	April 1st	June 1st	August 1st	October 1st	December 1st	TOTAL G&A BUDGET	\$ 535,000	\$ 99,050	\$ 51,067	\$ 112,283	\$ 101,950	\$ 73,450	\$ 97,200	TOTAL BUILD BUDGET	\$ 6,585,092		\$ 1,371,490	\$ 1,810,986	\$ 1,671,515	\$ 1,331,101	\$ 400,000		\$ 7,120,092.00	\$ 99,050.00	\$ 1,422,556.67	\$ 1,923,269.46	\$ 1,773,464.52	\$ 1,404,551.36	\$ 497,200.00
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ROI Equity Investment DRAFT	<p>Ownership in the Parent US Corporation with preferred Equity share. Or Debt model with higher ownership in the first LLC. Both with First funds out. Commitment to HiPoint- Stronach's success and expansion to other sites globally. Funds Required Available April 2<sup>nd</sup>, 2024</p>																																								
	Forward-thinking statements – These highlights are under NDA. Not a guarantee of earnings																																								

## Gulfstream Project Highlights

<p><b>Impact on Sustainability &amp; the Environment</b>  <b>An optional 2% of gross revenues paid out to humanitarian causes.</b>  <b>Expansion of sites overseas: Belgium and UK attracting HiPoint to build.</b>  <b>R&amp;D into additional biomass recycling, including low-cost electricity.</b></p>	
Water Quality	Dramatically improves water quality by reducing 100's tons of leaching phosphorus, fecal matter entering water supplies from inadequate storage and disposal.
Rivers	Canals are polluted by ag waste, which costs millions to clean up in wastewater treatment plants. Rivers are polluted by phosphorous leaching directly from horse manure waste, causing algae blooms and disrupting tourist revenues.
Deforestation	Reduces deforestation caused by bedding process by +75% We only use one tree, whereas non-reusable bedding uses five trees.
Air Quality	Methane reduction - reduce 100,000 lbs. of methane per Facility per year off-gassing.
Reduction in Fossil Fuels	Dry manure biomass can 'contribute' to reducing reliance on fossil fuels by burning the waste to 950oC into pure syngas for electricity. (R&D)
Externalities	A \$7 million investment in a facility may mitigate the need for new water treatment plants, which can cost more than \$100 million, and /or reduce the need for repairs.
<p><b>Global Strategy</b></p>	
Market Potential	Global Opportunity with 52 million horses – research shows: 40 viable Facilities locations in North America with over 20,000 horses, 40 Facilities in Europe and around the world reviewed There are 12 Countries with large horse populations in Europe. The first sites, Belgium and the UK Middle East, have large horse racing populations and are interested in Facility review.
Sector Potential	Environmental waste recycling and renewables sector (400 billion \$ industry)

## Gulfstream Project Highlights

### Financial Analysis: "THE CLYDESDALE" Built for Palm Meadows [Draft Review]

ESTIMATES	TOTAL
Mass flow system	\$ 572,300
Triple Separation	\$ 181,000
Bagger	\$ 800,000
Thermodynamic Drying	\$ 1,800,000
Grinders	\$ 35,000
Water towers X4	\$ 120,000
Bioreactors	\$ 900,000
Ventilation Alarm other	\$ 200,000
Recalibration equipment	\$ 30,000
Internal design modifications to the building	\$ 250,000
General Contractors On-site needs	\$ 150,000
Delivery Install	\$ 200,000
EPM & Installation line	\$ 946,792
Project team costs	\$ 400,000
	<b>\$ 6,585,002</b>

G&A Costs	\$ 545,000	
<b>Total Investment</b>	<b>\$ 7,100,000</b>	<b>(rounded)</b>

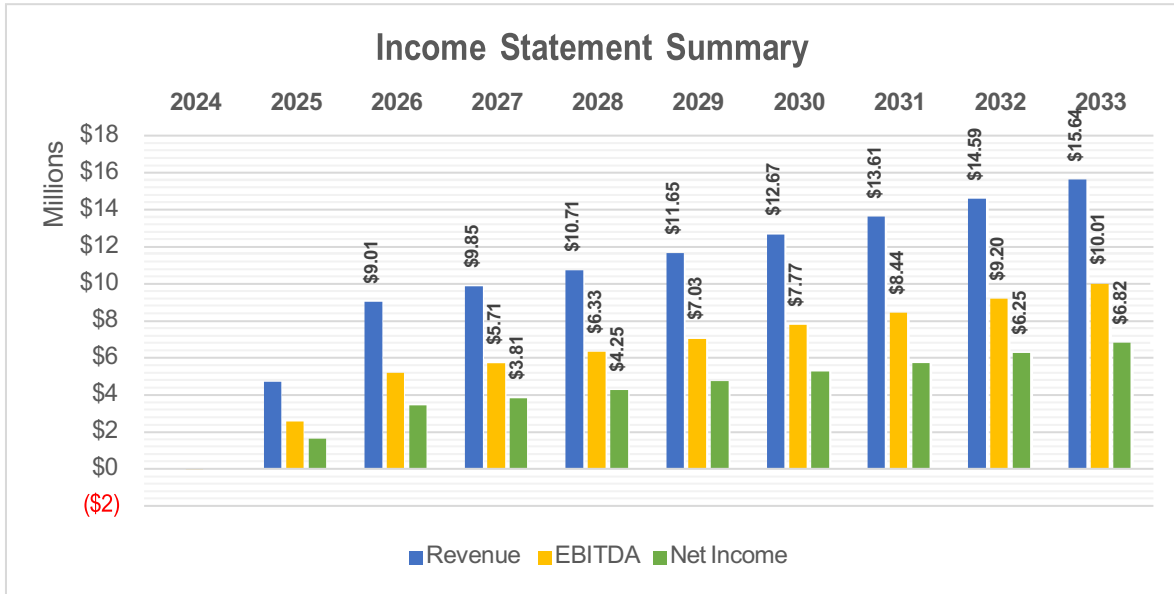
### P&L Draft

	Ramp up		Full production		
Revenue Inputs by Year	Year 2	Year 3	Year 4	Year 5	
Price per Ton Delivered	\$15.45	\$15.91	\$16.39	\$16.88	
Wholesale of Bags (Shavings)	\$7.03	\$7.33	\$7.64	\$7.96	
Wholesale of Bulk Soil	\$182.00	\$189.28	\$196.85	\$204.73	
Wholesale of Bags Soil	\$6.24	\$6.49	\$6.75	\$7.02	
Percent of Bulk vs. Bags	40.00%	30.00%	20.00%	10.00%	
Volume outputs by year	Year 2	Year 3	Year 4	Year 5	
Tons Delivered	18,806	33,741	34,891	35,938	
Volume of Bags	439,767	789,007	815,888	840,365	
Volume of bulk soil tons	2,821	4,212	3,312	2,334	
Volume of Bags of soil	141,047	295,507	357,738	422,377	
Revenue Outputs by Year	Year 2	Year 3	Year 4	Year 5	
Tons Delivered	\$282,095	\$518,854	\$552,573	\$586,225	
Volume of Bags	\$2,968,428	\$5,513,398	\$5,939,890	\$6,375,046	
Volume of bulk soil tons	\$493,666	\$760,915	\$621,970	\$455,368	
Volume of Bags of soil	\$846,285	\$1,834,167	\$2,308,676	\$2,834,575	
Income Statement Summary	2025	2026	2027	2028	
<b>Revenue</b>	\$4,590,474	\$8,627,335	\$9,423,110	\$10,251,214	
<b>EBITDA</b>	\$2,469,983	\$4,858,813	\$5,360,349	\$5,955,314	

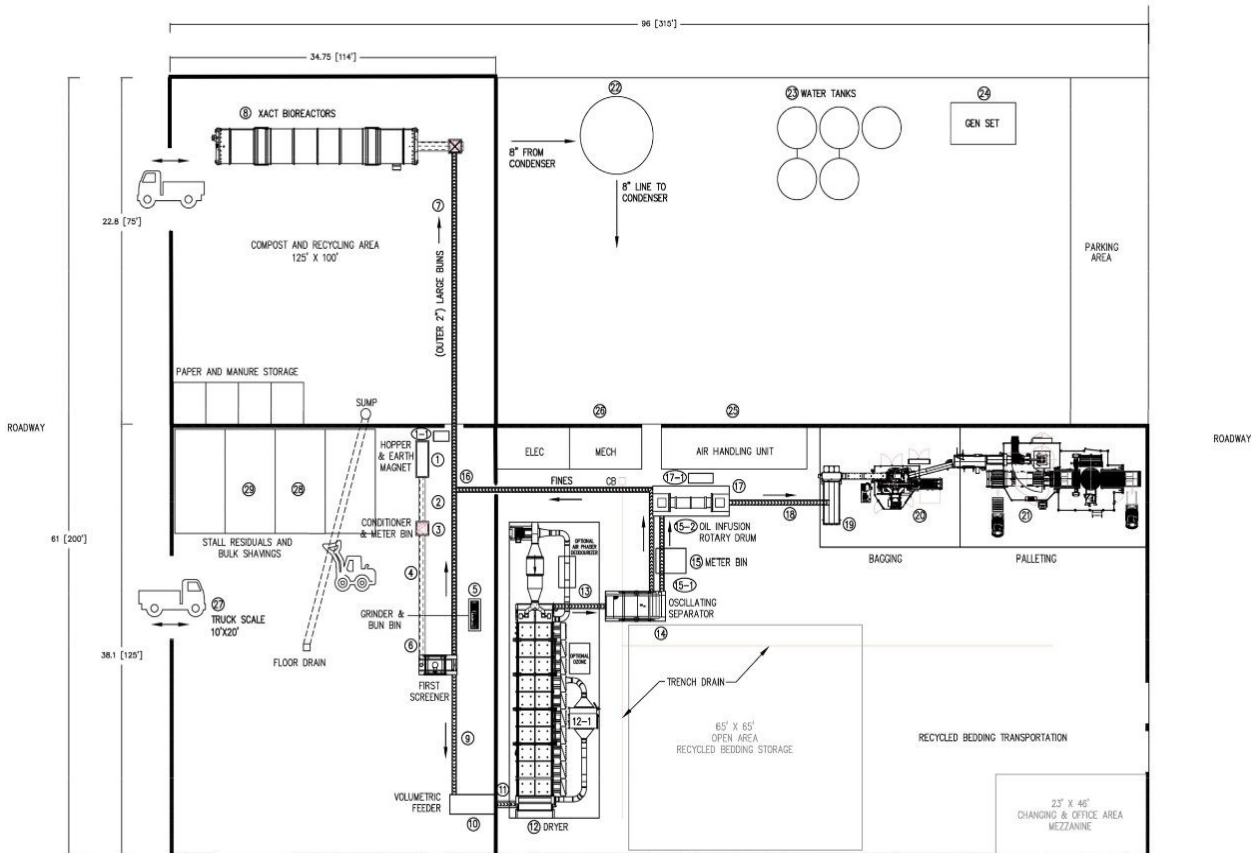
Disclaimer: Numbers will be based on the speed of ramp-up to full production - final price of tipping, transportation bagged bedding, solid, and water – to be verified, and therefore, these numbers are fluid and forward-thinking projections.

# Gulfstream Project Highlights

## Income Summary



## Site Design layout approved



## Business Case for Building a 1/ST RACING Facility at Palm Meadows.

### **Executive Summary:**

This business case aims to construct the 1/ST Racing Facility to produce recycled bedding in a single location. We have established feasibility relationships and partnerships in the industry, both past and present. We have proven its viability through past production, usage and sales of our recycled shaving bedding samples in barns. Additionally, we can confirm that horse owners find it desirable to have better bedding at a better price with lower disposal and bedding operational costs. Finally, our P&L statement supports that we can be more profitable than traditional bedding manufacturers, and by constructing this 1/ST Racing Facility, we can have an ROI in less than five years with \$5M in ongoing EBITDA while simultaneously making a positive impact on the environment.

HiPoint proposes establishing a proof of concept commercial-pilot wood shavings recycling Facility at Palm Meadows, Florida, a prominent equestrian region. This Facility addresses the increasing demand for eco-friendly, cost-competitive alternatives in the horse bedding industry. By implementing innovative sorting, drying, separating, infusion, and bagging processes, HiPoint seeks to efficiently recycle horse stall residual waste, producing high-quality wood shavings with added benefits, including anti-viral, anti-mould, hypoallergenic properties and reduced environmental Impact. The secondary stream of manure after separation, through bioreactors, offers a non-woody biofertilizer in five days vs. months in traditional composting to use on their grounds and landscaping with additional product to local golf courses.

The purpose is to make recycled bedding that is comparable to virgin shavings, can be recycled more than once and can be sold at lower or equal pricing to traditional bedding with a higher margin for HiPoint, all while protecting the environment from deforestation, methane off-gassing, and leaching phosphorus that is prevalent in disposing of horse stall residual waste and the horse industry today.

### **Key Findings:**

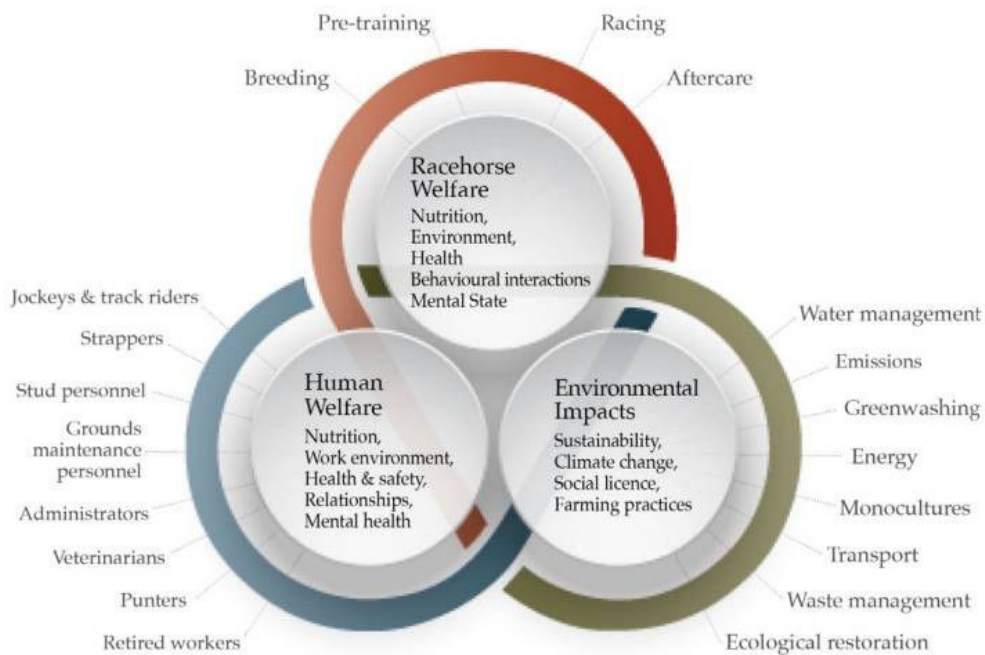
There are 50 million horses in the world, with each horse producing around 50 lb of manure per day, creating 0.8- 1 ton of stall waste per month with horse Racing and show jumping using mainly wood shavings made up of 80% wasted wood shavings and 20% fecal matter, leading to millions of tons of waste that can be reused as a resource and recycled into multiple bio products wasting nothing in the process. This has led to HiPoint finding a massive opportunity to reuse dry manure waste as a resource across the globe in every country.

The US horse industry currently needs help with the inadequate disposal of 36 million tons of waste, predominantly dry manure and wood shavings. HiPoint's approach involves repurposing this waste through advanced technology, resulting in wood shavings that surpass the quality of virgin shavings. Initial trials with infused recycled bedding have positively affected horse health, reduced ammonia smells, and improved overall barn conditions. The cost of hauling and new bedding is costing the horse industry billions per year to stay in business. This model can be expanded to include chicken, duck, hemp, or other dry manure bedding for animals. Initial trials at the University of Guelph and traditional horse farms showed that recycled bedding improved lung capacity over horses bedded on straw. Stalls and barns smelt better with less ammonia and have a noticeable reduced fly count. Horses were happy on the bedding which is essential to their lifestyle. The infusion compound of natural tree oils is approved by the VHP program. All compounds have been monographed, and safety/efficacy dossiers can be shared. Each equipment manufacturer is an expert in their field, directly related to processing wood waste byproducts.

The one welfare model for horse Racing encourages incremental improvements in horse, human, and environmental Impact across the Racing sector. A few relevant key findings are listed below.

There are 40,000 horse races on the flat annually in 48 countries and 8,000 jump races in 16 countries. In 2020, the 57-country International Federation of Horse Racing Authorities (IFHA) issued its standards based on the Five Domains model.

1. **Physical Environment:** This causes negative effects such as aversive **odors and air pollutants** (such as ammonia and dust); the horse is an obligate nasal breather and needs optimal airways. *(HiPoint uses bedding to improve breathing and colic and reduces smell.)*
2. **Work Environment:** Organic and inorganic **dust** create hazards that may cause acute or chronic respiratory diseases. *(HiPoint infusion and dust-free bedding will assist in a better barn environment)*
3. **Environmental Impact: waste and recycling**, commercial partnerships, and the supply chain, including reputation management and social responsibility. *(This is the HiPoint business model)*
4. White Griffin observed that most participants in this study cited **Waste and Recycling** as their **foremost environmental priorities**.
5. **Climate Change:** The Thoroughbred breeding and Racing industry's use of water is of growing importance as the planet faces the consequences of anthropogenic climate change. Racetracks, auction venues, and breeding establishments use significant amounts of water. *(HiPoint creates two million gallons of water annually from the process.)*



Enhanced One Welfare Model applied to the Thoroughbred Breeding and Racing Industry



**Direction:**

With this 1/ST RACING Facility, we can complete extensive testing and improvements to customer/trainers’ demand with fully automated process mechanics for efficient low-manpower operations while making a profit through commercial sales. The technology & process have been proven and have been shown to eliminate mold and most pathogens and have little to no dust, making it the viable alternative to traditional bedding.

HiPoint's focus in building a scaled 1/ST RACING Facility will showcase all equipment in one place, produce a high volume of shavings, validate the bagged bedding in horse stalls, and run the bioreactor to understand the value of NPK from non-woody horse manure bio-fertilizer with low operational overhead.

**Patent:**

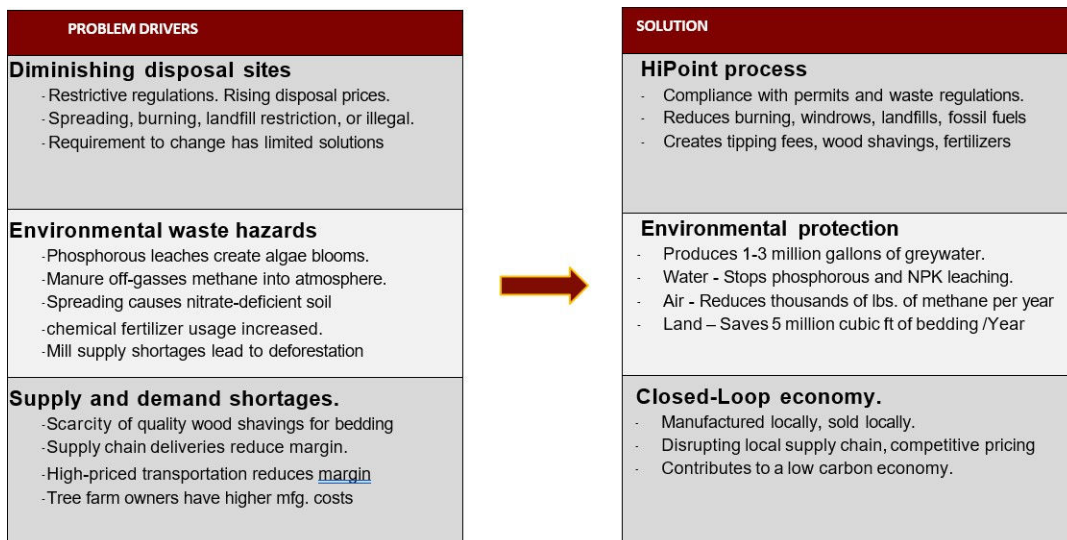
HiPoint also holds a patent-pending application #17/184,587 and will assign a PCT application across North America and Europe for its eco-friendly systems and methods for recycling animal bedding, which will limit harmful gas emissions and promote a healthy and hygienic stall environment. This showcase Facility will offer the data and value proposition to drive company success and direction.

**Problem Drivers:**

1. Diminishing disposal sites and rising disposal costs.
2. Environmental waste hazards include phosphorus leaching, methane emissions, and nitrate-deficient soil.
3. Supply and demand shortages, including high transportation costs and deforestation concerns.

**Problem Solution:**

1. The HiPoint process will follow regulatory compliance, generate greywater, mitigate phosphorus and reuse NPK nutrients for reuse rather than leaching.
2. Reduce the negative Impact of waste on humans, animals and the planet by cutting down methane emissions, preserving land resources, and supporting the local economy.
3. Closed loop economy, offering local bedding at competitive pricing, with distribution emissions contributing to a low-carbon economy.
4. Offers workers of all social and economic levels the ability to perform duties within the Facility.



## **Business Objectives:**

Equine waste is a huge problem due to the sheer volume created and the rising negative environmental impact. HiPoint offers a sustainable solution to the problem of massive waste accumulation in the equine industry. The improper disposal of horse stall residual waste has led to unmanageable waste build-up and pollution, resulting in strict regulations from provincial, federal, state, and European unions on the responsibility of waste management in this sector.

The project aims to demonstrate the viability and profitability of recycled horse shavings and allow for a significant build-out of facilities in North America with a proven infrastructure and operations guide. The proposed Facility, which we call "The Clydesdale," aims to process 35,000 tons of waste from approximately 1,500 horses from two grounds, Gulfstream and Palm Meadows, producing 800,000 bags of hypoallergenic dust-free bedding and 8,000 tons of biofertilizer annually. This operation is projected to generate \$9.0 million in revenue and \$5.0 million in EBITDA at full production. (ref: financial projections Stronach version 1.8)

The goal is to evaluate the data and build nationwide single-line and larger dual-line systems. For the first Facility proven, HiPoint's goal is to establish five larger-scale facilities quickly for expansion worldwide.

## **Market Analysis:**

Targeting equestrian regions with over 5,000 horses, the initial focus includes Palm Beach County, Florida, and then Calgary, Canada. There are 40 identified regions in North America that will only require us to use less than 25% of the available supply and demand of the region. The Stronach 1/ST racetrack and training ground combined removed over 35,000 tons of waste at a cost of \$815,000 and sold over 800,000 bags per year at an average retail price of \$7.25 with 1,500 to 1,800 total horses at a cost \$5,917,000 a year 2023.

Market research indicates the need for eco-friendly alternatives. Estimated wood shaving bedding ranges from \$7.00 to \$8.00 in bags of 7 cubic ft true coverage and can cost up to \$12 per bag for 40 lbs. of hemp. The average high-end stall uses one bag a day to be cleaned and added to each stall. The financial analysis supports the project's economic viability, with a \$7 million USD investment and a +/- 50% annual margin.

### **A. How much bedding is used?**

Horse bedding usage depends on multiple factors, including the horse's worth, its discipline, and the quality of the stable and shavings. For example:

- Jumper barns run by Olympic riders bury their horses in shavings. They may use 10-12 bags to load up a stall and then add 2-3 bags a day.
- Dressage horses are very similar and will use the same amount of bedding as the jumpers.
- Client-based barns that don't have a big-name trainer (and therefore don't have a super wealthy bunch of owners as clients) might bed with 6-7 bags and only add one bag daily. They may restrict their shavings to only lightly bedding the stalls at home.
- The client-based barns showing Western may only use a couple of bags to charge the stall and add shavings once or twice a week. –



## **B. What is the price per bag of bedding?**

The price of bedding depends on type and quality. We are updating retail pricing for February 2024; however, the average cost for a bag of shavings in Florida, USA, is \$7.25 to \$8.50

## **C. What is the wholesale to retail based on key factors?**

- Bulk bags direct to a barn.
- Direct from a feed store.
- The event buys bedding and upcharges the bedding to the event horse owners.

## **D. Who is disposing of the waste, at what price per ton, and where is it being dumped?**

- Northwest charges Stronach a flat fee of \$450 and \$510 for 20 tons delivered 50 minutes away.
- From other haulers, it is around \$25 – 30 / ton + cost of transportation \$250 a load (7 tons)
- SWA Burning site on Jog Road WPB Florida is raising prices to \$32 a ton
- Other haulers combine transport with tipping fees and drive 80 miles plus a round trip for disposal.
- The unfortunate truth is that a lot of waste horse bedding is being dumped inadequately due to a lack of solutions.

With HiPoint building the 1/ST RACING Facility, we can assist in resolving any potential dumping liability in the region for the Stronach Group, as we will be processing all the waste undercover on-site.

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## Equipment List draft January 2024

Morgan is the starter model and would only cover the waste from Palm Meadows. The Clydesdale would process all Stronach waste from both sites. The Shire doubles the volumes (two lines.)

DRAFT ONLY 2023/2024	Morgan Pricing	Clydesdale Pricing	The Shire Pricing
Equipment/Variable			
Earth Magnets	\$ 5,000	\$ 5,000	\$ 7,500
Eddie current metal extraction	\$ 5,000	\$ 5,000	\$ 7,500
laser/Rod moisture testing	\$ 5,000	\$ 5,000	\$ 10,000
REJECT Metal BIN (1)	\$ 1,500	\$ 1,500	\$ 2,500
REJECTS Paraphernalia BIN (2)	\$ 1,500	\$ 1,500	\$ 2,500
REJECTS Rock Drop out BIN (3)	\$ 1,500	\$ 1,500	\$ 2,500
Hopper pre seperation 1 - with mixology process	\$ 11,000	\$ 14,000	\$ 17,500
CONDITIONER & Metering bin with anti-bridging	\$ 25,000	\$ 35,000	\$ 35,000
Volumetric Feeder with Metering bin	\$ 20,000	\$ 25,000	\$ 25,000
METERING BIN (3) Post Dryer	\$ 7,000	\$ 9,600	\$ 12,000
METERING BIN (4) Pre Infusion	\$ 7,000	\$ 9,600	\$ 12,000
METERING BIN (5) Pre Bagging	\$ 7,000	\$ 9,600	\$ 12,000
INSTRUMENTATION & CONTROLS with INTERFACES	\$ 75,000	\$ 100,000	\$ 150,000
DATA COLLECTION SYSTEM/SCADA	\$ 25,000	\$ 25,000	\$ 25,000
INFUSION TANK - Heated with Micro Misting Jets	\$ 75,000	\$ 150,000	\$ 210,000
Conveyor system ( 8 connections) With dust screen s	\$ 120,000	\$ 175,000	\$ 225,000
BAGGER	\$ 400,000	\$ 800,000	\$ 1,100,000
GRINDER & BUN BIN	\$ 35,000	\$ 35,000	\$ 35,000
OSCILLATING SCREENER	\$ 61,000	\$ 71,000	\$ 61,000
OSCILLATING SUPER SEPARATOR	\$ 67,000	\$ 110,000	\$ 90,000
DRYER	\$ 1,500,000	\$ 1,800,000	\$ 3,400,000
CONDENSER & COOLING TOWER	inc	inc	inc
Bioreactor	\$ 450,000	\$ 900,000	\$ 1,500,000
AIR_HANDLING_UNIT & FILTRATION	\$ 30,000	\$ 50,000	\$ 50,000
AERATED FLOOR - to the existing pad	\$ 20,000	\$ 25,000	\$ 25,000
SILO BAY (CONCRETE BLDG GI)	\$ 25,000	\$ 30,000	\$ 30,000
WATER STORAGE TANKS	\$ 50,000	\$ 75,000	\$ 100,000
ALARMS AND SAFETY EQUIPMENT	\$ 10,000	\$ 15,000	\$ 25,000
COMPRESSED AIR UNIT	\$ 2,500	\$ 2,500	\$ 5,000
TRUCK WEIGHING SCALE	\$ 50,000	\$ 75,000	\$ 100,000
Gen Set back up	\$ -	\$ -	\$ 200,000
Building Internal Office - Trailer	\$ 25,000	\$ 25,000	\$ 35,000
	<b>\$ 3,117,000</b>	<b>\$ 4,585,800</b>	<b>\$ 7,512,000</b>
	MORGAN	MAINLINE CLYDESDALE	
<b>Project team costs</b>	\$ 275,000	\$ 525,000	\$ 525,000
<b>installation EPM</b>	\$ 500,000	\$ 940,000	\$ 1,350,000
	<b>\$ 3,892,000</b>	<b>\$ 6,050,800</b>	<b>\$ 9,387,000</b>
Drawings	\$ 75,000	\$ 75,000	\$ 100,000
Permits estimate per region	\$ 150,000	\$ 200,000	\$ 250,000
	<b>\$4,117,000</b>	<b>\$6,325,800</b>	<b>\$9,737,000</b>

This will be verified at time of purchase 30 day's notice of change. The model does not predict the saving that can be had at the Stronach location.

## Financial Analysis:

### P&L "THE CLYDESDALE" Three-Year Review

**Held pricing today numbers.** The build starts May 2024 with a Twelve-month build-out –

Facility Name with comment	Anticipated Construction of Facility	Facility on/off	Length of Construction in Months	Annual Tonnage of Waste Input at Full Capacity	Annual Tonnage of Waste at Operation Start Date	Ramp to Volume at Full Capacity in Months
Stronach-Clydesdale	2024-05-01	✓ 1	12	35,000	14,999	12

### The raw price to build is USD \$6.2Million

A redundancy of \$400,000 (7%) plus parent corporate running is shown separately in the P&L.

Total Facility Build	with no negative cashflow	Minimum Cash Balance	Minimum Cash Balance Date	Annual Tonnage at Full Capacity	Gross Revenue by Start Date in Year 4	EBITDA by Start Date in Year 4
\$6,085,092	\$6,265,094	\$51,871	2025-04-01	35,000	\$9,709,361	\$5,622,688

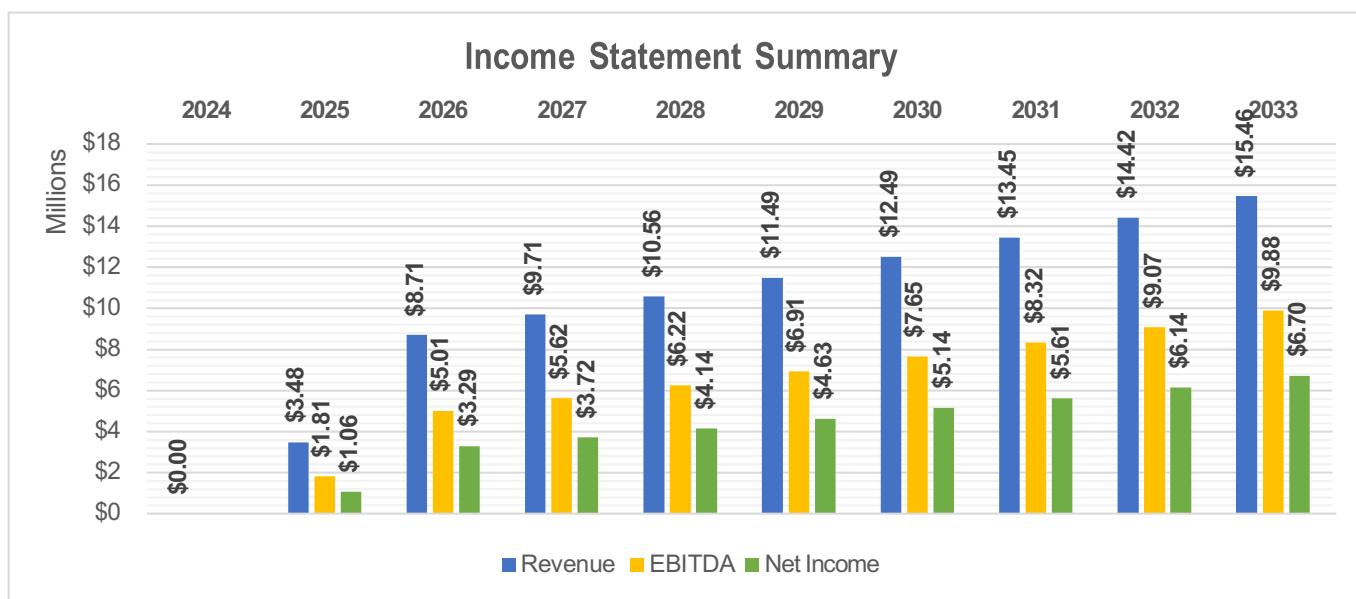
**The Facility:** We are offering \$0.50c per bag lower than competitive pricing to the Stronach group. 1ST bags to be at \$6.75 | \$0.25c per bag to Stronach as new revenue \$0.25c loyalty program to trainers option. Also Stronach receives from HiPoint a smaller tipping/transportation fee to remove all waste from both locations. These values can be adjusted, which will change the financial returns.

Category	Value	Annual Increase	Adjust to region-specific inputs.
Price per Ton Delivered	\$15.00	3.00%	Tipping Fee
Wholesale of Bags (Shavings) Retail to Stronach trainers*	\$6.75	4.20%	Seven cubic ft shavings bag
Wholesale of Bulk Soil	\$175.00	4.00%	1-ton load
Wholesale of Bags Soil	\$6.00	4.00%	40 lb bag
Percent of Bulk vs. Bags	50.00%	-10.00%	avg spit bags vs bulk soil
Percentage of Fines and Dust	10.00%		transferred to the bioreactor

Intended rollout. In year 1, we will create the Facility. In year 2, we will process a ramp-up year, with year three processing all the waste, 35,000 tons, and producing up to 800,000 bags. If we ramp up faster and process all waste in year two, the financial blueprint will increase.

## P&L Draft Facility only

	Build out	Ramp up			Full production
Revenue Inputs by Year	Year 1	Year 2	Year 3	Year 4	Year 5
Price per Ton Delivered	\$15.00	\$15.45	\$15.91	\$16.39	\$16.88
Wholesale of Bags (Shavings) Retail to Stronach trainers*	\$6.75	\$7.03	\$7.33	\$7.64	\$7.96
Wholesale of Bulk Soil	\$175.00	\$182.00	\$189.28	\$196.85	\$204.73
Wholesale of Bags Soil	\$6.00	\$6.24	\$6.49	\$6.75	\$7.02
Percent of Bulk vs. Bags	50.00%	40.00%	30.00%	20.00%	10.00%
Volume outputs by year	Year 1	Year 2	Year 3	Year 4	Year 5
Tons Delivered	-	14,242	34,351	36,274	37,362
Volume of Bags	-	333,034	803,271	848,231	873,678
Volume of bulk soil tons	-	2,136	4,445	3,624	2,612
Volume of Bags of soil	-	106,815	293,026	362,918	429,849
Revenue Outputs by Year	Year 1	Year 2	Year 3	Year 4	Year 5
Tons Delivered	\$0	\$213,630	\$525,887	\$571,697	\$606,513
Volume of Bags	\$0	\$2,247,981	\$5,578,492	\$6,133,904	\$6,583,274
Volume of bulk soil tons	\$0	\$373,852	\$797,673	\$675,460	\$505,709
Volume of Bags of soil	\$0	\$640,889	\$1,809,116	\$2,328,300	\$2,867,520
Income Statement Summary	2024	2025	2026	2027	2028
Revenue	\$0	\$3,476,351	\$8,711,169	\$9,709,361	\$10,563,017
EBITDA		\$1,809,268	\$5,007,053	\$5,622,688	\$6,224,657
Net Income		\$1,061,303	\$3,291,827	\$3,722,904	\$4,144,282



## Yearly Revenues back for Humanitarian causes at 2% option

Yearly	2024	2025	2026	2027	2028
Summary	\$542,972	\$646,162	\$786,916	\$845,523	\$904,033
Category Value (assigned to Income statement)					
2% of revenues to charitable causes	\$0	\$69,527	\$174,223	\$194,187	\$211,260
Academia and Research per year	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000

## Income Statement Facility only

Income Statement					
	2025	2026	2027	2028	2029
Operating Revenue					
Tipping Revenue	\$213,630	\$525,887	\$571,697	\$606,513	\$643,450
Bedding Revenue	\$2,247,981	\$5,578,492	\$6,133,904	\$6,583,274	\$7,065,564
Biomass - Tons Revenue	\$373,852	\$797,673	\$675,460	\$505,709	\$308,363
Biomass - Bags Revenue	\$640,889	\$1,809,116	\$2,328,300	\$2,867,520	\$3,471,722
<b>Total Operating Revenue</b>	<b>\$3,476,351</b>	<b>\$8,711,169</b>	<b>\$9,709,361</b>	<b>\$10,563,017</b>	<b>\$11,489,099</b>
Licensing Revenue, Parent Facility					
Flat Fees	\$0	\$0	\$0	\$0	\$0
Variable Fees	\$0	\$0	\$0	\$0	\$0
<b>Total Licensing Revenue</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Net Revenue</b>	<b>\$3,476,351</b>	<b>\$8,711,169</b>	<b>\$9,709,361</b>	<b>\$10,563,017</b>	<b>\$11,489,099</b>
Cost of Goods Sold					
Wages and Benefits	\$538,335	\$1,294,055	\$1,383,535	\$1,425,041	\$1,467,792
Bedding Bags Cost	\$283,079	\$692,160	\$745,270	\$782,981	\$822,600
Fertilizer Bags Cost	\$90,793	\$252,682	\$319,075	\$385,445	\$457,716
Total New Bedding Cost	\$170,904	\$426,372	\$472,362	\$510,860	\$552,495
Parent Facility	\$0	\$0	\$0	\$0	\$0
<b>Total Cost of Goods Sold</b>	<b>\$1,083,111</b>	<b>\$2,665,268</b>	<b>\$2,920,242</b>	<b>\$3,104,327</b>	<b>\$3,300,603</b>
<b>Gross Profit</b>	<b>\$2,393,240</b>	<b>\$6,045,901</b>	<b>\$6,789,118</b>	<b>\$7,458,690</b>	<b>\$8,188,496</b>
<i>Gross Profit Margin</i>	68.8%	69.4%	69.9%	70.6%	71.3%
Operating Expense					
Equipment Maintenance	\$33,333	\$51,000	\$52,530	\$54,106	\$55,729
Plant Supplies	\$17,382	\$43,556	\$48,547	\$52,815	\$57,445
Electricity Cost	\$137,868	\$276,509	\$289,273	\$297,951	\$306,890
Gas Cost	\$48,459	\$104,668	\$110,169	\$113,607	\$117,151
<b>Total Operating Expense</b>	<b>\$237,042</b>	<b>\$475,733</b>	<b>\$500,519</b>	<b>\$518,479</b>	<b>\$537,216</b>
<b>Operating Income</b>	<b>\$2,156,198</b>	<b>\$5,570,168</b>	<b>\$6,288,599</b>	<b>\$6,940,211</b>	<b>\$7,651,281</b>
<i>Operating Margin</i>	62.0%	63.9%	64.8%	65.7%	66.6%
Expense					
Expense - Wages & Benefits	\$198,250	\$289,523	\$379,566	\$419,916	\$432,513
Workers' Compensation Insurance	\$5,026	\$12,669	\$14,105	\$14,760	\$15,202
Delivery Expense	\$46,121	\$111,697	\$118,537	\$122,564	\$126,583
Banking	\$8,533	\$13,056	\$13,448	\$13,851	\$14,267
Office Administration	\$8,000	\$12,240	\$12,607	\$12,985	\$13,375
Meal & Entertainment	\$6,667	\$10,200	\$10,506	\$10,821	\$11,146
Travel	\$14,333	\$21,930	\$22,588	\$23,266	\$23,964
Automobile Expenses	\$2,667	\$4,080	\$4,202	\$4,328	\$4,458
Sales & Marketing	\$49,000	\$74,970	\$77,219	\$79,536	\$81,922
Information Technology	\$8,333	\$12,750	\$13,133	\$13,526	\$13,932
Other Expenses	\$0	\$0	\$0	\$0	\$0
Parent Facility	\$0	\$0	\$0	\$0	\$0
<b>Total Operating Expense</b>	<b>\$346,931</b>	<b>\$563,115</b>	<b>\$665,911</b>	<b>\$715,553</b>	<b>\$737,363</b>
<b>EBITDA</b>	<b>\$1,809,268</b>	<b>\$5,007,053</b>	<b>\$5,622,688</b>	<b>\$6,224,657</b>	<b>\$6,913,918</b>
<i>EBITDA Margin</i>	52.0%	57.5%	57.9%	58.9%	60.2%

Including the costs of running the parent corporation starting 2024 - Annually \$500,000 rounded

<b>Income Statement</b>							
		2024	2025	2026	2027	2028	
Operating Revenue							
Tipping Revenue		\$0	\$322,500	\$464,528	\$488,033	\$512,727	
Bedding Revenue		\$0	\$3,519,292	\$5,069,173	\$5,325,673	\$5,595,152	
Biomass - Tons Revenue		\$0	\$564,375	\$663,464	\$526,223	\$373,396	
Biomass - Bags Revenue		\$0	\$967,500	\$1,649,799	\$2,026,099	\$2,436,256	
<b>Total Operating Revenue</b>		<b>\$0</b>	<b>\$5,373,667</b>	<b>\$7,846,963</b>	<b>\$8,366,027</b>	<b>\$8,917,530</b>	
Licensing Revenue, Parent Facility							
Flat Fees		\$0	\$0	\$0	\$0	\$0	
Variable Fees		\$0	\$0	\$0	\$0	\$0	
<b>Total Licensing Revenue</b>		<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	
<b>Net Revenue</b>		<b>\$0</b>	<b>\$5,373,667</b>	<b>\$7,846,963</b>	<b>\$8,366,027</b>	<b>\$8,917,530</b>	
Cost of Goods Sold							
Wages and Benefits		\$45,771	\$689,027	\$1,303,931	\$1,393,708	\$1,435,519	
Bedding Bags Cost		\$0	\$427,343	\$615,542	\$646,689	\$679,411	
Fertilizer Bags Cost		\$0	\$137,063	\$233,722	\$287,031	\$345,136	
Total New Bedding Cost		\$0	\$258,000	\$381,670	\$412,776	\$446,417	
Parent Facility		\$0	\$107,473	\$156,939	\$167,321	\$178,351	
<b>Total Cost of Goods Sold</b>		<b>\$45,771</b>	<b>\$1,618,906</b>	<b>\$2,691,804</b>	<b>\$2,907,524</b>	<b>\$3,084,835</b>	
<b>Gross Profit</b>		<b>(\$45,771)</b>	<b>\$3,754,761</b>	<b>\$5,155,159</b>	<b>\$5,458,503</b>	<b>\$5,832,696</b>	
<i>Gross Profit Margin</i>			69.9%	65.7%	65.2%	65.4%	
Operating Expense							
Equipment Maintenance		\$0	\$45,833	\$51,375	\$52,916	\$54,504	
Plant Supplies		\$0	\$26,868	\$39,235	\$41,830	\$44,588	
Electricity Cost		\$0	\$204,666	\$278,574	\$291,400	\$300,142	
Gas Cost		\$0	\$72,094	\$105,485	\$111,011	\$114,475	
<b>Total Operating Expense</b>		<b>\$0</b>	<b>\$349,461</b>	<b>\$474,668</b>	<b>\$497,158</b>	<b>\$513,708</b>	
<b>Operating Income</b>		<b>(\$45,771)</b>	<b>\$3,405,300</b>	<b>\$4,680,490</b>	<b>\$4,961,346</b>	<b>\$5,318,987</b>	
<i>Operating Margin</i>			63.4%	59.6%	59.3%	59.6%	
Expense							
Expense - Wages & Benefits		\$49,563	\$227,988	\$321,770	\$418,099	\$437,883	
Workers' Compensation Insurance		\$0	\$7,074	\$13,006	\$14,494	\$14,987	
Delivery Expense		\$0	\$69,626	\$99,018	\$102,474	\$105,925	
Banking		\$0	\$11,733	\$13,152	\$13,547	\$13,953	
Office Administration		\$0	\$11,000	\$12,330	\$12,700	\$13,081	
Meal & Entertainment		\$0	\$9,167	\$10,275	\$10,583	\$10,901	
Travel		\$0	\$19,708	\$22,091	\$22,754	\$23,437	
Automobile Expenses		\$0	\$3,667	\$4,110	\$4,233	\$4,360	
Sales & Marketing		\$0	\$67,375	\$75,521	\$77,787	\$80,120	
Information Technology		\$0	\$11,458	\$12,844	\$13,229	\$13,626	
Other Expenses		\$0	\$0	\$0	\$0	\$0	
Parent Facility		\$532,972	\$674,108	\$759,631	\$808,656	\$861,123	
<b>Total Operating Expense</b>		<b>\$582,535</b>	<b>\$1,112,903</b>	<b>\$1,343,748</b>	<b>\$1,498,557</b>	<b>\$1,579,396</b>	
<b>EBITDA</b>		<b>(\$628,305)</b>	<b>\$2,292,397</b>	<b>\$3,336,743</b>	<b>\$3,462,788</b>	<b>\$3,739,591</b>	
<i>EBITDA Margin</i>			42.7%	42.5%	41.4%	41.9%	
Other Income / (Expense)							
Manual Interest		\$0	\$0	\$0	\$0	\$0	
Interest Expense		(\$1,841)	(\$1,708)	(\$720)	(\$21)	\$0	
Depreciation Expense - Non-Construction		\$0	\$0	\$0	\$0	\$0	
Depreciation Expense- Property & Equipment		(\$141,735)	(\$309,240)	(\$309,240)	(\$309,240)	(\$309,240)	
<b>Total Other Income / (Expense)</b>		<b>(\$143,576)</b>	<b>(\$310,947)</b>	<b>(\$309,960)</b>	<b>(\$309,261)</b>	<b>(\$309,240)</b>	
<b>Income Before Taxes</b>		<b>(\$771,881)</b>	<b>\$1,981,450</b>	<b>\$3,026,783</b>	<b>\$3,153,527</b>	<b>\$3,430,352</b>	
Income Tax Payable		\$0	\$594,435	\$908,035	\$946,058	\$1,029,105	
<b>Net Income</b>		<b>(\$771,881)</b>	<b>\$1,387,015</b>	<b>\$2,118,748</b>	<b>\$2,207,469</b>	<b>\$2,401,246</b>	
<i>Net Margin</i>			25.8%	27.0%	26.4%	26.9%	



Balance Sheet	2024	2025	2026	2027	2028
<b>ASSETS</b>					
Cash	\$1,455,569	\$336,356	\$3,173,041	\$6,464,050	\$10,123,414
Accounts Receivable	\$0	\$16,920	\$23,017	\$25,045	\$27,245
Prepaid Construction Expense	\$0	\$0	\$0	\$0	\$0
Prepaid Expenses	\$0	\$5,640	\$7,672	\$8,348	\$9,082
Other Current Assets	\$0	\$2,820	\$3,836	\$4,174	\$4,541
<b>Total Current Assets</b>	<b>\$1,455,569</b>	<b>\$361,735</b>	<b>\$3,207,567</b>	<b>\$6,501,617</b>	<b>\$10,164,281</b>
Property and Equipment	\$4,056,728	\$6,085,092	\$6,085,092	\$6,085,092	\$6,085,092
Accumulated Depreciation	(\$76,064)	(\$367,641)	(\$671,896)	(\$976,150)	(\$1,280,405)
Other Fixed Assets	\$0	\$0	\$0	\$0	\$0
Accumulated Depreciation	\$0	\$0	\$0	\$0	\$0
<b>Total Fixed Assets</b>	<b>\$3,980,664</b>	<b>\$5,717,451</b>	<b>\$5,413,196</b>	<b>\$5,108,942</b>	<b>\$4,804,687</b>
<b>TOTAL ASSETS</b>	<b>\$5,436,233</b>	<b>\$6,079,186</b>	<b>\$8,620,763</b>	<b>\$11,610,559</b>	<b>\$14,968,969</b>
<b>LIABILITIES AND EQUITY</b>					
<b>Liabilities</b>					
Accounts Payable	\$0	\$8,460	\$11,509	\$12,522	\$13,622
Accrued Liabilities	\$0	\$5,640	\$7,672	\$8,348	\$9,082
<b>Total Current Liabilities</b>	<b>\$0</b>	<b>\$14,100</b>	<b>\$19,181</b>	<b>\$20,871</b>	<b>\$22,704</b>
Short-Term Debt	\$0	\$75,533	(\$0)	(\$0)	(\$0)
Long-Term Debt	\$0	\$0	\$0	\$0	\$0
Mortgage	\$1	\$1	\$0	\$0	\$0
Equipment Financing	\$1	\$1	\$0	\$0	\$0
<b>Total Long-Term Liabilities</b>	<b>\$2</b>	<b>\$75,534</b>	<b>\$0</b>	<b>(\$0)</b>	<b>(\$0)</b>
<b>Total Liabilities</b>	<b>\$2</b>	<b>\$89,634</b>	<b>\$19,181</b>	<b>\$20,871</b>	<b>\$22,704</b>
<b>Equity</b>					
Net Income	(\$648,861)	\$553,321	\$2,612,029	\$2,988,107	\$3,356,576
Retained Earnings	\$0	(\$648,861)	(\$95,540)	\$2,516,490	\$5,504,596
New Equity Raised	\$6,085,092	\$6,085,092	\$6,085,092	\$6,085,092	\$6,085,092
<b>Total Equity</b>	<b>\$5,436,231</b>	<b>\$5,989,552</b>	<b>\$8,601,582</b>	<b>\$11,589,688</b>	<b>\$14,946,265</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>\$5,436,233</b>	<b>\$6,079,186</b>	<b>\$8,620,763</b>	<b>\$11,610,559</b>	<b>\$14,968,969</b>
<b>Statement of Cash Flows</b>					
	2024	2025	2026	2027	2028
Net Income	(\$648,861)	\$553,321	\$2,612,029	\$2,988,107	\$3,356,576
Accounts Receivable	\$0	(\$16,920)	(\$6,097)	(\$2,028)	(\$2,200)
Prepaid Construction Expense	\$0	\$0	\$0	\$0	\$0
Prepaid Expenses	\$0	(\$5,640)	(\$2,032)	(\$676)	(\$733)
Other Current Assets	\$0	(\$2,820)	(\$1,016)	(\$338)	(\$367)
Accounts Payable	\$0	\$8,460	\$3,049	\$1,014	\$1,100
Accrued Liabilities	\$0	\$5,640	\$2,032	\$676	\$733
Depreciation Expense	\$76,064	\$291,577	\$304,255	\$304,255	\$304,255
<b>Total Adjustments to reconcile Net Income to Net Cash pro</b>	<b>\$76,064</b>	<b>\$280,297</b>	<b>\$300,190</b>	<b>\$302,903</b>	<b>\$302,788</b>
<b>Net cash provided by operating activities</b>	<b>(\$572,797)</b>	<b>\$833,619</b>	<b>\$2,912,219</b>	<b>\$3,291,009</b>	<b>\$3,659,364</b>
Property and Equipment	(\$4,056,728)	(\$2,028,364)	\$0	\$0	\$0
Other Fixed Assets	\$0	\$0	\$0	\$0	\$0
<b>Net cash provided by investing activities</b>	<b>(\$4,056,728)</b>	<b>(\$2,028,364)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
Short-Term Debt	\$0	\$75,533	(\$75,533)	\$0	\$0
Long-Term Debt	\$0	\$0	\$0	\$0	\$0
Mortgage	\$1	(\$0)	(\$1)	(\$0)	\$0
Equipment Financing	\$1	(\$0)	(\$1)	(\$0)	\$0
New Equity Raised	\$6,085,092	\$0	\$0	\$0	\$0
<b>Net cash provided by financing activities</b>	<b>\$6,085,094</b>	<b>\$75,532</b>	<b>(\$75,534)</b>	<b>(\$0)</b>	<b>\$0</b>
<b>Net Cash Increase for the Period</b>	<b>\$1,455,569</b>	<b>(\$1,119,213)</b>	<b>\$2,836,685</b>	<b>\$3,291,009</b>	<b>\$3,659,364</b>

Build Out costs: Draft November 2023

**Financial Analysis: "THE CLYDESDALE" Built for Palm Meadows [Draft Review]**

ESTIMATES	TOTAL
Mass flow system	\$ 572,300
Triple Separation	\$ 181,000
Bagger	\$ 800,000
Thermodynamic Drying	\$ 1,800,000
Grinders	\$ 35,000
Water towers X4	\$ 120,000
Bioreactors	\$ 900,000
Ventilation Alarm other	\$ 200,000
Recalibration equipment	\$ 30,000
Internal design modifications to the building	\$ 250,000
General Contractors On-site needs	\$ 150,000
Delivery Install	\$ 200,000
EPM & Installation line	\$ 946,792
	\$ 400,000
7% redundancy project costs	<b>\$ 6,585,002</b>

G&A Costs \$ 545,000  
**Total Investment \$ 7,100,000 (rounded)**

**Financing Schedule Accurate 2024**

		Month 1	Month 2	Month 4	Month 6	Month 8	Month 10
		March 1st	April 1st	June 1st	August 1st	October 1st	December 1st
TOTAL G&A BUDGET	\$ 535,000	\$ 99,050	\$ 51,067	\$ 112,283	\$ 101,950	\$ 73,450	\$ 97,200
TOTAL BUILD BUDGET	\$ 6,585,092		\$ 1,371,490	\$ 1,810,986	\$ 1,671,515	\$ 1,331,101	\$ 400,000
	\$ 7,120,092.00	\$ 99,050.00	\$ 1,422,556.67	\$ 1,923,269.46	\$ 1,773,464.52	\$ 1,404,551.36	\$ 497,200.00

**Risk Assessment:**

Identified risks include: **i.** potential resistance from trainers and horses, **ii.** mould and yeast issues, **iii.** compatibility concerns with the equipment manufacturers' operating manuals to interconnect to one continuous flow system anticipated, and **iv.** Variations in manure nutrient levels are needed for the simple resale of the biofertilizer.

Risk reduction strategies involve extensive trials, budgeting the cost of influencers and trainers to endorse the bedding, academic endorsements, lab testing for safety, and collaborations with industry partners, as well as the reason for this project to be a lower cost smaller Facility where possible.

## **NPC Grant approved March 2024**

A 40% Grant has been approved to assist with the starting schedule and sampling of bedding prebuild. (Details are on request.) This is a \$299,000 grant with \$120,000 paid non-recourse by the Canadian government and NPC.

Grantify is assessing additional grants in the UK and Europe. Additional county and federal grants within the USDA and Enterprise zones can reduce construction costs and risk.

### **Equipment:**

HiPoint spent two years choosing proven manufacturers in wood processing for our separation, drying, infusion, bagging, and bioreactors, respectively.

1. Separation: Our Manufacturer has completed hundreds of screening equipment installations for the wood and wood waste industries. Their oscillating screening and longevity were chosen as the project's key separation equipment suppliers.
2. Drying: Our Mfg. has worked with Class A Biosolids and can dry evenly to 10% on a bed, capturing urea and moisture to recapture water.
3. Infusion tank. A priority system to infuse chips evenly and create healthy horse bedding with anti-viral properties.
4. Bagging. Our Manufacturer has offices in every province and is renowned for the low-maintenance longevity of its machines in the wood industry.
5. Bioreactors. Designed and built in Canada, using steel construction, rotated 11 x per hour @ 11 HP for low utility use and removes pathogens for a biofertilizer in 5 days undercover.

### **Implementation Plan:**

The step-by-step implementation plan includes site selection, permit verification, equipment acquisition, system implementation, and testing over 90 days to commercial sales to offset Operational and G&A costs.

Human resource requirements are minimal, emphasizing low-skill operations, as shown (6-9 staff per shift).

### **Regulatory Compliance:**

HiPoint has identified regulatory requirements and plans to navigate zoning approvals for construction, aligning with existing regulations on waste management and fertilizer usage. The baseline is whether the building is on-farm or if we need light industrial permits. Are the horses from one location or from multiple barns? Stronach is on-farm use. Finally, as HiPoint stores and recycles the waste bedding daily, there is no build-up of waste, which is the biggest regulatory issue for larger horse farms today. The on-farm use scenario has the benefits of easier build and operate permits. As a general rule of thumb, we can still process 49% off farm material as long as we process 51% total volume on-farm and still qualify. Therefore, an on-farm with 1500 horses would fit our full production facility. The smaller Morgan Facility, with 500 horses, is profitable.

Horse Farm regulations must ensure that their manure is at least 30 meters from any body of water & 150 meters from any residence or building. The manure must also be at least one meter above the water table and 100 meters away from a well, and above the 1 in 25-year flood level. In wetter jurisdictions, horse manure can not be stored outside in the rainy season.

Land restrictions for dumping manure are only getting stronger, with strict environmental standards for the livestock industry in dumping or spreading used wood shavings and fecal matter (waste manure) where large operations, such as showgrounds, racetracks training grounds and high-end boarding barns would not qualify or fall short, without additional permitting. This is partly because farms replace their residual stall bedding daily, which contains 50% to 80% wood shavings waste (5-% is the maximum factor allowable for spreading by most regulators.) In addition, if the amount of manure exceeds 500 tons (which is only 50 horses year-round), additional permits may be required, and soil testing & records must be kept for five years. (ref: AB Canada) Regulations are further enforced, including complaints about noises, flies, and odours. These restrictions are documented & are similar in many counties. Dade and PBC are being verified.

Currently, there are no restrictions on our ability to manufacture and sell recycled bedding or market a biofertilizer. We only require organic certifications once we categorize our secondary sub-stream biofertilizer as organic. Moreover, each region has a "Fertilizer Act" to monitor the NPK levels allowed on land masses, and these levels change per region.

### **Stakeholder Analysis:**

Paul Cross owns the IP and know how. The US Parent, a Delaware Corp doing business in Florida with a Florida TD Bank account, will have a full, in-perpetuity license and manage and monitor Facility sites as they come online. This 1/ST RACING Facility will be built and run with HiPoint internal and local operations teams working together to run the Facility.

The tangible benefit of this project is that it provides the green light to expand, proving the profitability and risks associated with larger investments. This 1/ST RACING is our top priority as it will have the most significant overall Impact on the organization.

We have additional supporting documents, charts, graphs, or data that provide more in-depth information. These include supplementary materials such as market research reports, technical specifications, or reference documents.

## **Conclusion:**

HiPoint's initiative offers a sustainable solution to the equine waste problem. It presents a Facility that will prove a commercially viable and environmentally friendly approach to wood shavings production. The project's potential Impact on sustainability, environment, and profitability positions it as a compelling opportunity for testing, proving out, and expansion.

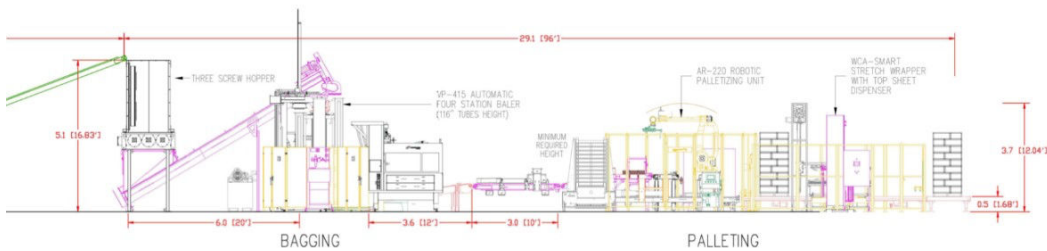
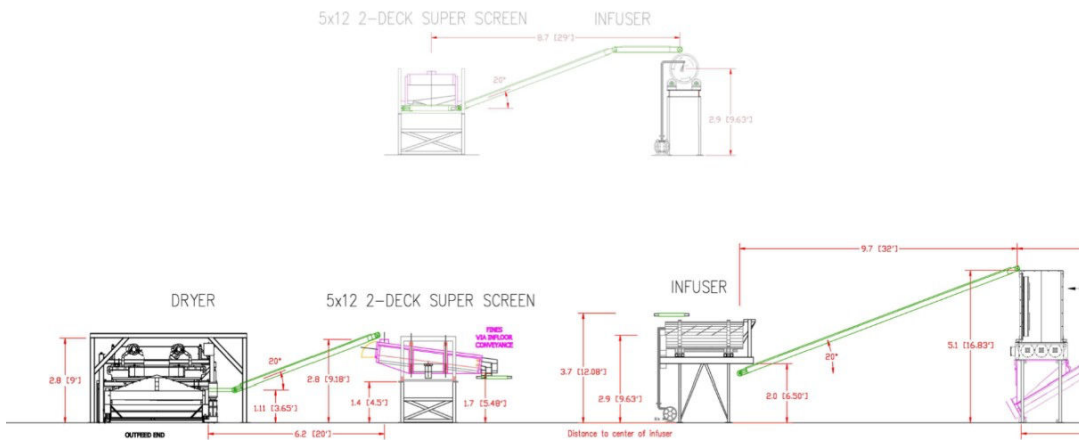
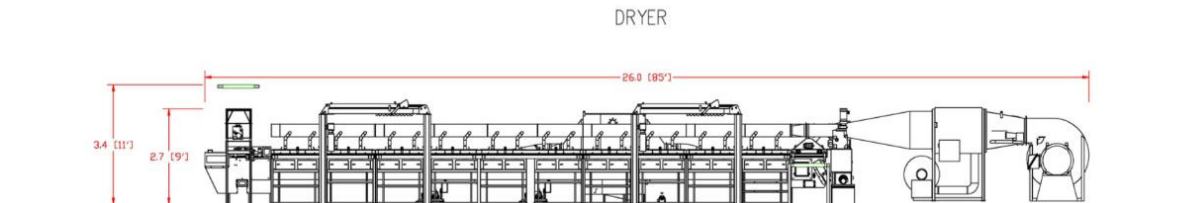
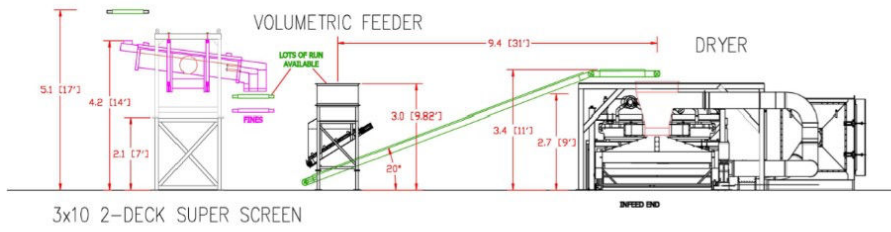
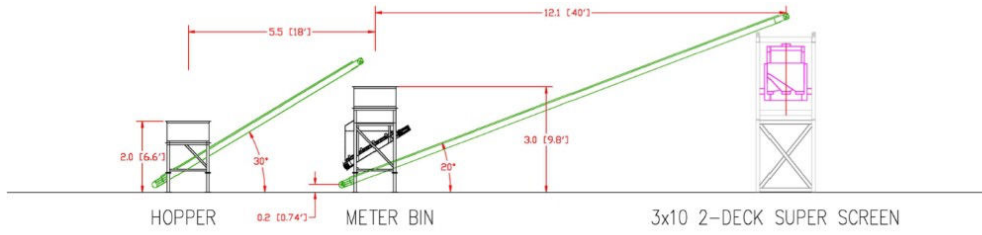
The business model has third-party verification from both engineering firms—Ram Engineering and WOOD PLC. HiPoint uses proven equipment adapted and integrated into the HiPoint process to optimize operations. The government and global community are putting pressure on livestock industries, including equine, to clean up the stall residual waste (SRW) manure in a sustainable way.

To further show viability, traditional bedding companies take ten steps from owning a tree farm to manufacturing shavings and long distribution routes to 3<sup>rd</sup> party vendors and customers without a backhaul. HiPoint requires five steps: receiving feedstock from farms, manufacturing, and delivering back to the local market and builds in the heart of equestrian regions reducing transportation costs and emissions. The Opportunity: HiPoint has identified a substantial opportunity to profitably disrupt the existing supply chain.

For detailed information, including the full business plan and financial model, please get in touch with [email@hipointag.com](mailto:email@hipointag.com) or call 1.855.963.1700 x 207 (Paul Cross)

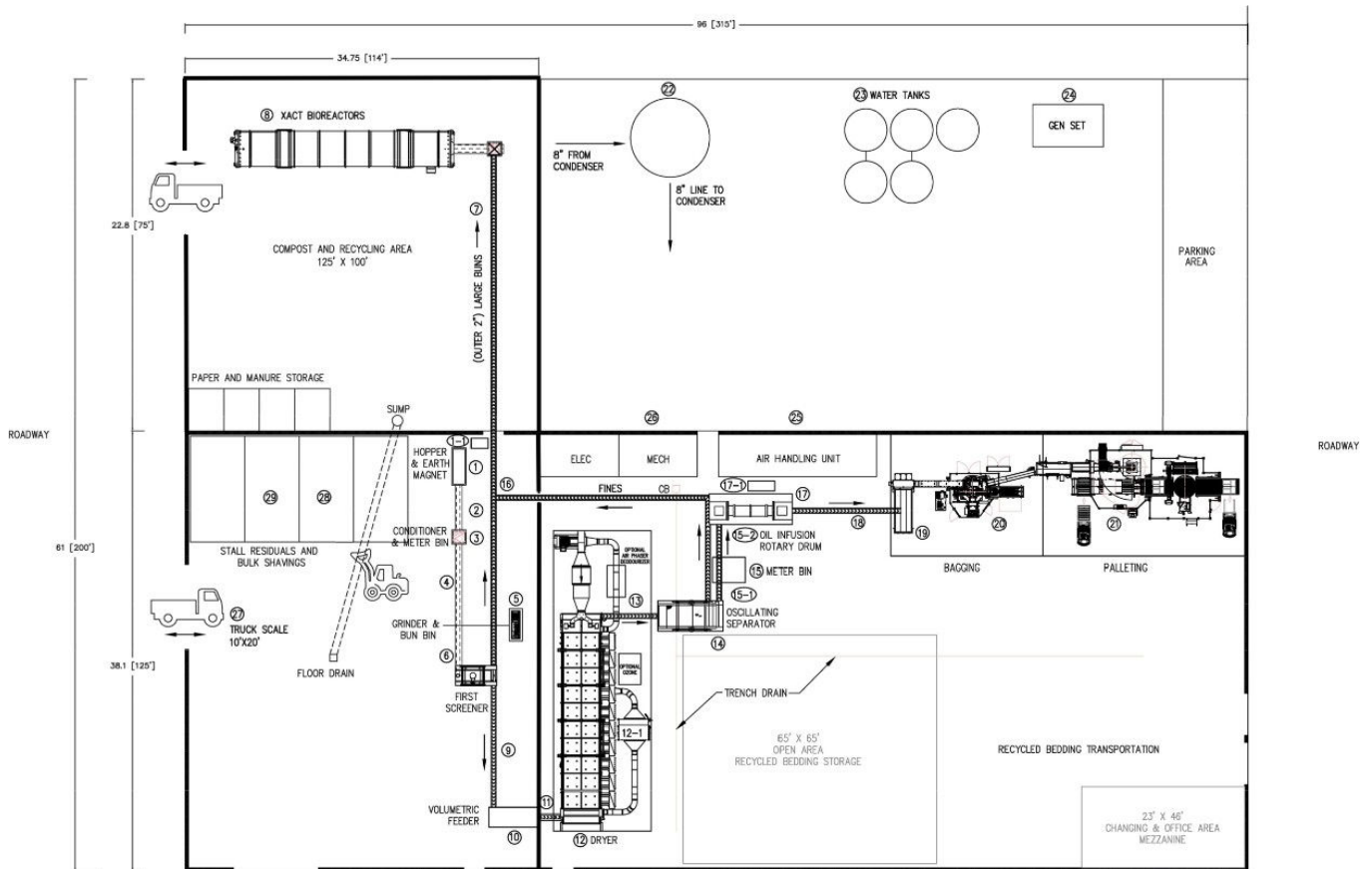
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# Appendix: 1. Work Flow





# Facility layout The Clydesdale – pre-rebuild design for the Stronach building at Palm Meadows



GRANT APPROVED: Prebuild budget starting January 2024 – Samples pre-made and prepare equipment for purchase

**March 2024 - \$200,00 USD is required, with a return of \$83,000 over ten months of the Grant project. The total spend is \$125,000.**

NPC Proof of Concept Budget				
Eligible Cost Category (Refer to Eligible Project Cost Category Tab)	Activity Item	Employee Name or Supplier		Project Cost FY24 (USD, excluding tax) exchange rate 0.7
				0.70
<b>Activity Section</b>	<b>1.0</b>	<b>Activity Section</b>	<b>Organize manufacturers and order bedding to create 480 new recycled shavings bags</b>	
Direct Labour	1.1	Paul Cross	60% FTE \$73,100 split through seven sections: Paul Cross	\$7,310.00
Direct Materials	1.2	TBD	Buy new shavings. Virgin Bedding for 480 bags = 600 are to charge X \$7	\$2,940.00
subcontracts/consultants	1.3	Kyle James	20 hr. Clean the pre-test barn stalls before new wood shavings.	\$350.00
subcontracts/consultants	1.4	Milner / Tbird Horse Farms	20 hr. Fill stalls with new shavings and extract the next day after being soiled by the horses	\$350.00
subcontracts/consultants	1.5	Kyle James	20 hr. Leave 24 hours and remove used shavings into trucks	\$350.00
subcontracts/consultants	1.6	Kyle James	100 hr. Repeat over seven days to complete enough used bedding for trial.	\$1,400.00
Activity timeline			<b>Timeline 1 month</b>	
<b>Activity Section</b>	<b>2.0</b>	<b>Activity Section</b>	<b>Optimize Equipment and Inputs to recycle wood chips</b>	
Direct Labour	2.1	Staffing	60% FTE \$73,100 / 7 sections:	\$7,310.00
subcontracts/consultants	2.2	Tash + N4L + TBD	100 hrs. @ \$75 Tash, 40 hr. @ \$50 Natural 4 Life, 80 hr. Labor other	\$8,050.00
Direct Materials	2.3	Tash + N4L + TBD	The infusion apparatus	\$14,000.00
Direct Materials	2.4	Tash + N4L + TBD	The compound oils	\$4,900.00
Direct Materials	2.5	Tash + HiPoint + TBD	The conveyor system	\$8,400.00
Direct Materials	2.6	Tash + HiPoint + TBD	The Mass flow and metering bins, plug flow and continuous flow handling.	\$10,500.00
Activity timeline			<b>3-month pre and post samples</b>	
<b>Activity Section</b>	<b>3.0</b>	<b>Activity Section</b>	<b>Samples Produced: Horse Shavings</b>	
Direct Labour	3.1	Staffing	60% FTE \$73,100 / 7 sections:	\$7,310.00
subcontracts/consultants	3.2	Kyle James	100 hrs. @ \$25 labor	\$1,750.00
Other direct costs	3.3	BM&M	Bring soiled bedding to have manure and wood separated by BM&M equipment – three days	\$4,550.00
subcontracts/consultants	3.4	Gryphon	Take separated shavings to dry by Gryphon environmental – timeline ten days.	\$5,250.00
subcontracts/consultants	3.5	BM&M	Return dried bedding to be re-separated at BM&M. The timeline is ten days.	\$5,250.00
subcontracts/consultants	3.6	Tash + N4L	Infuse the bedding with the micro misting compound - Tash – timeline seven days.	\$2,450.00
subcontracts/consultants	3.7	Triple Shavings	Bag finished recycled shavings - triple S – timeline three days.	\$2,450.00
Activity timeline			Total timeframe. One month	

<b>Activity Section</b>	<b>4.0</b>	<b>Activity Section</b>	<b>Field trial Feasibility: Horse shavings</b>	
Direct Labour	4.1	Staffing	60% FTE \$73,100 / 7 sections:	\$7,310.00
subcontracts/consultants	4.2	Kyle + HiPoint + TBD	Shavings bedding gets charged and used in 10 stalls, 4 barns, seven days. (80hr)	\$1,400.00
subcontracts/consultants	4.3	Kyle + HiPoint + TBD	Tested bedding to be analyzed. - Internal testing moisture smell attributes (80 hr.)	\$1,400.00
subcontracts/consultants	4.4	Siliker	Tested bedding to be lab tested in key attributes. Lab Siliker	\$3,150.00
Activity timeline			Total timeframe: 1 month	
<b>Activity Section</b>	<b>5.0</b>	<b>Activity Section</b>	<b>Samples Produced: Horse Biofertilizer</b>	
Direct Labour	5.1	Staffing	60% FTE \$73,100 / 7 sections:	\$7,310.00
subcontracts/consultants	5.2	BM&M	Take separated manure from BM&M and transport –3 days	\$3,500.00
subcontracts/consultants	5.3	Xact	Process in Xact bioreactors for seven days – total timeline 15 days	\$3,500.00
Activity timeline			1-month pre-sample, three months post samples	
<b>Activity Section</b>	<b>6.0</b>	<b>Activity Section</b>	<b>Test and Review business case for secondary product stream</b>	
Direct Labour	6.1	Staffing	60% FTE \$73,100 / 7 sections:	\$7,310.00
subcontracts/consultants	6.2	Siliker labs	Verify & Lab test the base NPK Value of biofertilizer RAW	\$5,250.00
subcontracts/consultants	6.3	John Paul + TBD	Hire a Consultant to review with the team business case for the secondary product stream	\$11,200.00
Activity timeline			Total timeframe. Three months	
<b>Activity Section</b>	<b>7.0</b>	<b>Activity Section</b>	<b>Automation – Central Hub Automation Equipment</b>	
Direct Labor	7.1	Staffing	60% FTE \$73,100 / 7 sections:	\$7,310.00
subcontracts/consultants	7.2	Paul + Tash	Build the hub framework requirements to link all mfg. together to create the final system flow	\$2,100.00
subcontracts/consultants	7.3	Paul + Tash	Extract and Analyze all PRL from each Manufacturer to define the parts required to connect	\$2,450.00
subcontracts/consultants	7.4	Paul + Tash	Define & build connection points, start-stop emergency, failsafe from each piece of equipment	\$2,100.00
subcontracts/consultants	7.5	TBD	Test the system's integrity.	\$3,500.00
Activity timeline			Total timeline pre-post samples six months	
Equipment	2+7	Other	Activity Section 2 + Section 7 Purchase switches, panels, and connectors for the hub to facilitate equipment and Equipment for the process flow to function	\$17,910.20
Indirect overheads	All	Other	< 55% of Direct Labor	\$28,138.60
				<b>\$209,709.50</b>

			<b>Project Administration Fee plus applicable tax:</b>		
				<b>Project Administration Fee (5% of Total Eligible Project Cost)</b>	
				Insert Applicable GST/HST (For Quebec: GST+QST) (%)	
				<b>Project Administration Fee plus GST/HST (\$)</b>	
Review of totals			<b>Direct Labour</b>	\$51,170.00	
			<b>subcontracts/consultants</b>	\$56,000.00	
			<b>Direct Materials</b>	\$40,740.00	
			<b>Other direct costs</b>	\$15,750.00	
			<b>Equipment (&lt;10% project costs)</b>	\$17,910.20	
			<b>Indirect overheads @ 55% direct labor</b>	\$28,138.60	
				\$209,708.80	
				<b>\$83,883.52</b>	40% of \$209k

\$200,00 USD is required, with a return of \$83,000 over ten months of the Grant project. The \$125,000 sample run is part of the overall Stronach budget.

**BUDGET REQUIRED FOR THE STRONACH REBUILD \_ 1.8 The Clydesdale by Month**

<b>Fixed Expenses by Category and Account</b>	<b>TOTALS</b>	Past unpaid	Month 1	Month 2	Month 3	Month 4
		January	February	March 1st	April 1st	May 1st
<b>Total G&amp;A</b>	<b>\$252,000</b>	<b>\$0</b>	<b>\$9,350</b>	<b>\$21,700</b>	<b>\$27,067</b>	<b>\$32,717</b>
<b>Total Admin/Staff</b>	<b>\$195,000</b>	<b>\$10,000</b>	<b>\$15,000</b>	<b>\$20,000</b>	<b>\$15,000</b>	<b>\$15,000</b>
<b>Total Samples Run required</b>	<b>\$88,000</b>	<b>\$0</b>	<b>\$5,000</b>	<b>\$9,000</b>	<b>\$18,000</b>	<b>\$7,000</b>
<b>Total Clydesdale build-out schedule</b>	<b>\$ 6,585,092</b>				<b>\$1,371,490</b>	<b>\$0</b>
Monthly totals	\$ 7,120,092	\$ 10,000	\$ 29,350	\$ 50,700	\$ 1,431,557	\$ 54,717

Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
June 1st	July 1st	August 1st	September 1st	October 1st	November 1st	December 1st	January 1st
<b>\$35,567</b>	<b>\$32,900</b>	<b>\$25,050</b>	<b>\$17,050</b>	<b>\$12,400</b>	<b>\$12,400</b>	<b>\$12,400</b>	<b>\$13,400</b>
\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000
\$7,000	\$7,000	\$7,000	\$7,000	\$7,000	\$7,000	\$7,000	
\$1,810,986	\$0	\$1,671,515	\$0	\$1,331,101	\$0	\$400,000	\$0
<b>\$ 1,868,553</b>	<b>\$ 54,900</b>	<b>\$ 1,718,565</b>	<b>\$ 39,050</b>	<b>\$ 1,365,501</b>	<b>\$ 34,400</b>	<b>\$ 434,400</b>	<b>\$ 28,400</b>