



# **EZPack Water Ltd.**

## **Business Plan November 2020**

[www.EZPackwater.com](http://www.EZPackwater.com)

[alex@ezpackwater.com](mailto:alex@ezpackwater.com)

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## 1. Introduction

EZPack Water Ltd. is a private Israel company that develops, manufactures and markets products for the water industry:

1. Compact-robotic Reverse Osmosis (RO) water purification and desalination systems.
2. Proprietary-innovative self-powered hybrid-green-energy water condensation systems (Air Water Generator).
3. Water storage, transportation and distribution systems based on proprietary 2-layers bladders.

All EZPack® products are based on the concept of double liner bladder that was developed in response to the requirements of the Israel Water Authority to provide a complete solution for water storage and transportation in crisis situations. Over time EZPack® product line was expanded, and it is now including a large variety of models and accessories.

EZPack® is focused on the two layers water bladders solution and differentiates itself from its competitors by providing double layer water bladder solutions for various market segments, among them are: solar water heating market, off-grid water heating and cooling systems, emergency and disaster relief, military, fire-fighting, outdoor and 4WD.

EZPack® is part of the Israel Water Industry, that in the last decade, has totally changed the national water availability of Israel, and transformed Israel from a country with constant water shortage to a country where the water supply meets requirements. Israel today is leading the world water market, with innovative products and solutions all over the spectrum.

EZPack® has identified Africa as one of its prime markets, and the Company is devoting significant resources for this market. The first major project EZPack® has in Africa is in Lesotho, where the Company will provide running water to 200 villages around the country.

The Company requires additional financing to generate an increased rate of growth, to invest in markets development, and to introduce additional products and activities.

## **2. Company History**

- Founded in 2010 by Danny Cohen, Alex Harel, Shalom Green and Ohad Zecharia which are also the major shareholders.
- Most of the Company sales have been in Israel, with an aggregate sale of over \$2,000,000.
- All revenues have been re-invested in the Company.
- The Company did not have outside funding (except of founders and friends of ~\$300,000).
- The Company is expecting a major first contract in Africa in 2021.
- To support its marketing activities and new products introduction the Company is planning to raise \$3-5 million.

### 3. The Need

#### Key Global Water Facts<sup>1</sup>:

- 785 million people lack even a basic drinking-water service, including 144 million people who are dependent on surface water.
- Globally, at least 2 billion people use a drinking water source contaminated with faeces. Contaminated water can transmit diseases such as diarrheal, cholera, dysentery, typhoid, and polio. Contaminated drinking water is estimated to cause 485,000 diarrheal deaths each year.
- By 2025, half of the world's population will be living in water-stressed areas.
- In least developed countries, 22% of health care facilities have no water service, 21% no sanitation service, and 22% no waste management service.

When water comes from improved and more accessible sources, people spend less time and effort physically collecting it, meaning they can be productive in other ways. This can also result in greater personal safety by reducing the need to make long or risky journeys to collect water. Better water sources also mean less expenditure on health, as people are less likely to fall ill and incur medical costs and are better able to remain economically productive.

With children particularly at risk from water-related diseases, access to improved sources of water can result in better health, and therefore better school attendance, with positive longer-term consequences for their lives.

Climate change, increasing water scarcity, population growth, demographic changes and urbanization already pose challenges for water supply systems. By 2025, half of the world's population will be living in water-stressed areas. Re-use of wastewater, to recover water, nutrients, or energy, is becoming an important strategy. Increasingly countries are using wastewater for irrigation – in developing countries this represents 7% of irrigated land. While this practice if done inappropriately poses health risks, safe management of wastewater can yield multiple benefits, including increased food production.

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<sup>1</sup> <https://www.who.int/news-room/fact-sheets/detail/drinking-water>

Options for water sources used for drinking water and irrigation will continue to evolve, with an increasing reliance on groundwater and alternative sources, including wastewater. Climate change will lead to greater fluctuations in harvested rainwater. Management of all water resources will need to be improved to ensure provision and quality.

The report of the US Army on "Implications of Climate Change for the U.S. Army"<sup>2</sup> says that saltwater intrusion into coastal areas and changing weather patterns will also compromise or eliminate fresh water supplies in many parts of the world. Additionally, warmer weather increases hydration requirements. This means that in expeditionary warfare, the Army will need to supply itself with more water. This significant logistical burden will be exacerbated on a future battlefield that requires constant movement due to the ubiquity of adversarial sensors and their deep strike capabilities.

Referring to the problem of "Hydration Challenges in a Contested Environment", the report recommends that *"The Army must develop advanced technologies to capture ambient humidity and transition technology from the United States Army Research, Development, and Engineering Command (RDECOM) that supports the water sustainment tenants of decentralizing and embedded, harvest water, and recycle and reuse"*.

The need for automatic water purifier systems is very much exist and currently there is no one that provide the right solution for this demand. There are many water purifiers out there, but those units demanding constant operation by a qualified personal, therefore, automatic system can be used much widely, also for those who do not have the skilled to operate reverse osmosis system (from private sector clients to villages in Africa).

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<sup>2</sup> US Army War College

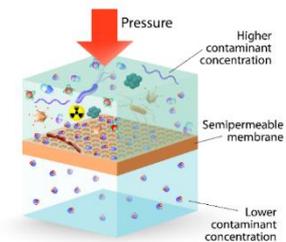
## 4. EZPack® Solutions and Products

### 4.1 **EZPuro™ - Compact-Robotic Water Purification/Desalination System**

Reverse Osmosis (RO) is the most efficient way to purify water today. **EZPuro™** is a robotic RO water purifier.

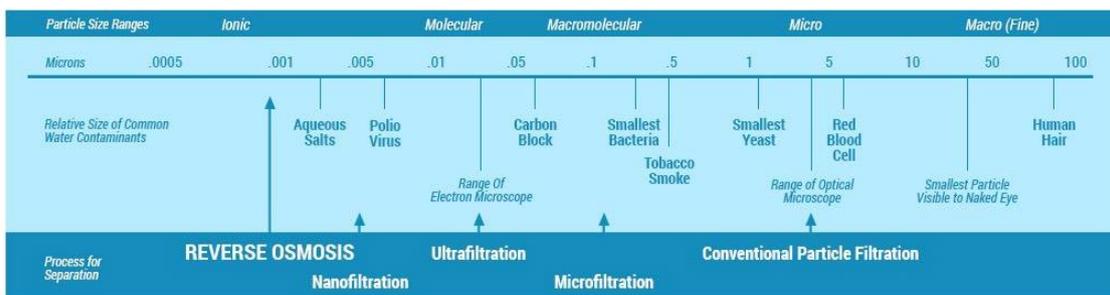
EZPuro™ technology allows to purify 99.3% of all the contamination in the feed water. This implicates that EZPuro™ provides extremely pure water that can be used for many purposes with zero user intervention.

#### REVERSE OSMOSIS



### Osmosis System Removal

Below are the various particulate removal thresholds for various water purification methods.

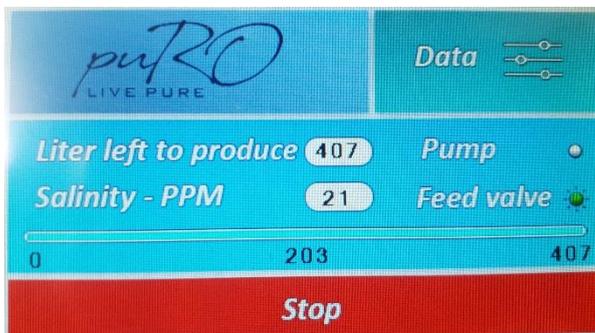


The EZCond™ has the following attributes:

- ✓ EZPuro™ is the SMALLEST and LIGHTEST machine in its category – a key feature in many industries.
- ✓ EZPuro™ is the SMARTEST water purifier in the world. It is a pioneer in the world of water treatment, with a level of automation that does not yet exist in any other product in the market. It can be easily operated by any individual, not only professionals, and promises a continuous optimized performance in term of water production rate, longer service periods and higher water quality. This is achieved by means of ROBOTIC control and monitoring system.
- ✓ EZPuro™ uses a complex algorithm to control two actuated proportional valves according data collected from multiple of sensors.
- ✓ EZPuro™ is equipped with 4.3" touch screen and Wi-Fi connection to maximize the user interface experience and allow

full monitoring on the machine performance without being on site.

- ✓ EZPuro<sup>™</sup> can handle very rough feed water, outperforming most of the machines in its category, which fail to operate under such conditions.



One of the markets that EZPack® that presents significant potential to the EZPuro<sup>™</sup> is the cannabis and special crops growers. Water quality is an often-overlooked aspect of cannabis growing. It can be responsible for so many problems, including those dealing with nutrients. Cannabis is ninety percent water and uses it in a number of ways to live and grow. Water transports nutrients gives the plant its stiffness and lushness or "turgor," and plays a major part in photosynthesis. During the day, water travels up the stem to the leaves where it evaporates through tiny holes called stomata and is then exchanged for carbon dioxide. This is called transpiration. The exchanged carbon dioxide is then used to in combination with light to create sugars which are the plant's food; this is called photosynthesis. Poor water quality means these processes can't function. So indoor or outdoor, water quality is very, very important.

Many problems stemming from water inconsistencies can mimic other issues that can affect the cannabis plant. Aside from over or under-watering, this can include symptoms of over or under fertilization, or

even heat stress, and it is usually only the experienced grower that can tell the differences at a glance<sup>3</sup>.

Water filtration systems are the way to go. There are numerous filtration systems available, however, growers usually opt for a RO (Reverse Osmosis) system. These systems work by forcing water molecules through a semipermeable membrane and filtering out contaminants in the process.

The primary advantage of a water filtration system is having an unlimited supply of clean water on hand. Furthermore, RO systems are generally considered to be the safest and purest choice for large-scale water filtration.

The EZPuro<sup>TM</sup> is an ideal RO system for growers. It can fit small, medium and large growers by integrating together several modules as required. The EZPuro<sup>TM</sup> basic operation model is 500 liter/hour (125 gallon/hour). When using more than one module, the modules are connected to control system that manage and control the operation according to the actual conditions. This configuration has several advantages:

- ✓ The control system determines online how many units to operate and at what rate according to the actual consumption, therefore, saving operating time and costs.
- ✓ When maintenance (or system malfunction) is needed, only the relevant system is out of operation, therefore the water supply continues.

EZPack® is offering the EZPuro<sup>TM</sup> D – distilled water RO system that includes all the pre-filters needed to produce high-quality distilled water.



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<sup>3</sup> <https://www.royalqueenseeds.com/blog-cannabis-water-quality-part-1-ph-n283>

#### **4.1 EZCond<sup>TM</sup> - Atmospheric Water Generator (AGW)**

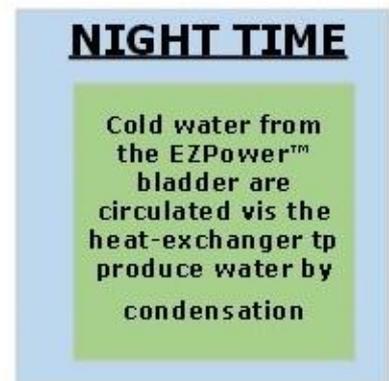
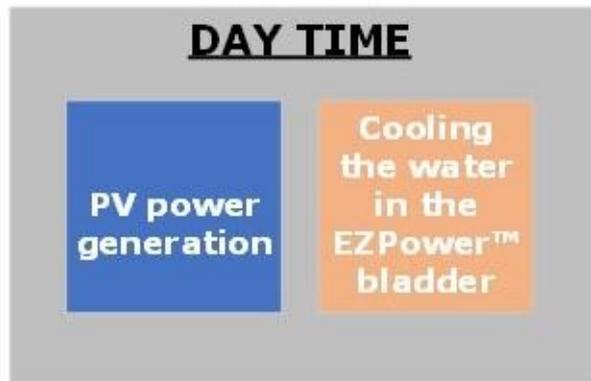
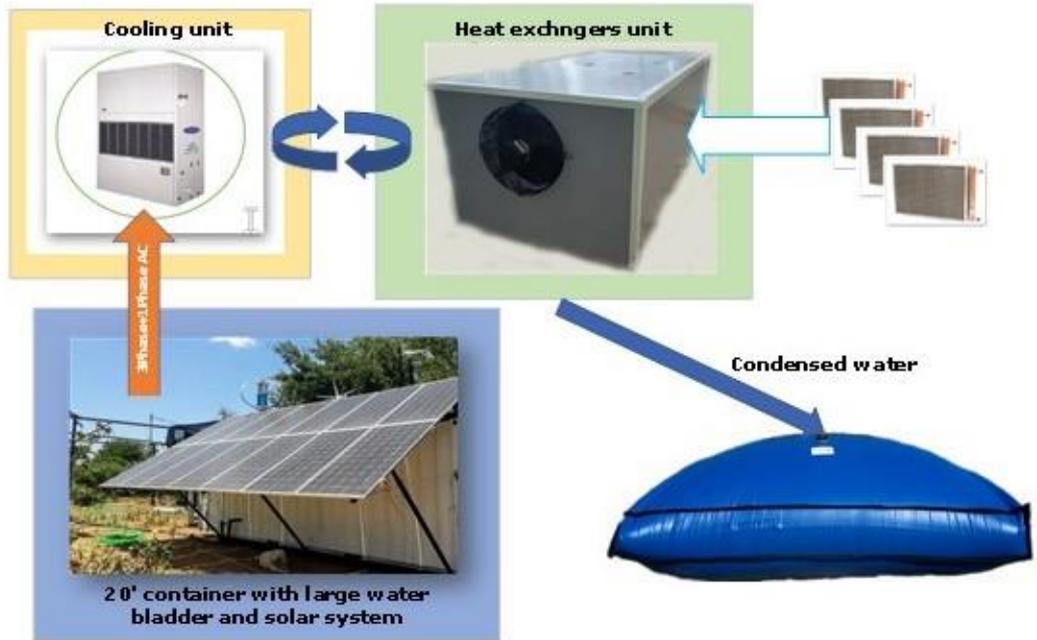
Atmospheric Water Generator (AGW) uses humid ambient air as a source for producing water. The system of atmospheric water generator utilizes the principle of condensation process as it extracts water vapor from the air. This extraction process is done by cooling the air below its dew point, pressurizing the air, or exposing the air to desiccants.

EZPack® AGW system – the EZCond<sup>TM</sup> is based on cooling condensation. Cooling condensation systems function by concentrating humid air and cooling it down to temperatures that turn the water vapor into dew.

One of the major problems of off-grid AGW systems, is large amount energy required to run system, especially when using solar power, since solar power is available during the day and the condensation process is done at night.

The EZCond<sup>TM</sup> is based on our innovative off-grid energy storage in large volume water bladders. Storing energy in water is always more economical than the batteries.

There is a time difference between the time that solar energy can be produced (during the day when sunlight is available) and the time that the dew is high, and water can be condensed (night). EZPack® is overcoming this problem by storing the energy in the format of cold water. We use a very large water storage (1-2 magnitude bigger than the night consumption); when energy is available (solar, wind, etc.) we use the energy to cool the water to desired temperature. During the night, we use the cold water for the condensation process. Because the amount of water used is very small portion of the large water reservoir, the change in the water temperature is small, and the water can be cooled to desired temperature during the day using the green energy. The cooling of the water is done by a heating pump.



Inside the EZCond™ Module with 1 Heat Exchanger



The EZCond™ Condensation Unit

The EZCond<sup>TM</sup> AGW unit is an isolated tunnel, with six heat exchangers that are connected to the main cold-water reservoir. A strong air blower (6,400 cubic meter of air per hour) is moving the air to the tunnel through the heat exchangers. The condensed water drips that are generated on the heat exchanger are collected to a water storage.

The EZCond<sup>TM</sup> is controlled by a proprietary smart algorithm, the optimizes the condensation system.

The EZCond<sup>TM</sup> can be built of several condensation units, according to the amount of water require

#### **4.2 Water Storage, Transportation and Distribution Systems:**

EZPack® bladders are built on our proprietary two layers concept; outside rigid layers and an inside liner which holds the water. The outer layer is built from PE/PVC combination, which is designed to sustain dynamic and static loads; the inner layer is food graded reinforced polyethylene and can be easily replaced.

##### 4.2.1 Products:

<p><u>Water Bladders</u></p> <p>The Company offers bladders based on its proprietary 2-layers technology at volumes from 10-liter up to 24,000-liter.</p>	
<p><u>Water Storage &amp; Distribution</u></p> <p>The Company offers a full solution for water supply in emergency and/or water crises. The bladder is based on a proprietary aluminum stage, and the water is running by gravity.</p>	
<p><u>JerryFlex<sup>TM</sup> - Jerry-Can Replacement</u></p> <p>The JerryFlex<sup>TM</sup> 2 layers bladder that is aimed to replace the standard rigid jerry-can.</p>	

<p><u>HipoKit™ - A Double Decker Modular Water Systems Conversion Kit</u></p> <p>The Company developed module that allows easy conversion of flatbed truck (or trailer) into a tanker. Within two hours a team of two persons can transfer a truck or trailer into a water tanker. No heavy tools are required.</p>	
<p><u>Spider™ - Detachable Mobile Water Unit</u></p> <p>The Spider™ replaces the old Buffalo. It is a mobile water unit on trailer or truck, which can be placed in the field and free the vehicle for other missions.</p> <p><a href="https://youtu.be/tdAuWepJBQM">https://youtu.be/tdAuWepJBQM</a></p>	
<p><u>FlexCon™ - Water Storage Container</u></p> <p>24,000-liter water stored in 20' container.</p> <p>48,000-liter water stored in 40' container.</p>	
<p><u>Water Storage for 4WD &amp; Pickups</u></p> <p>Unique bladder installation on the roof of pickup/SUV, or back-bed of pickup, for water storage everywhere.</p>	
<p><u>Tactical vehicle Water Storage</u></p> <p>Water storage installation for tactical vehicle; include custom design installations.</p>	
<p><u>Firefighting</u></p> <p>Using FlexCon™, HipoKit™ and EZStack™ the Company is offering systems to push water to fire-trucks in fire-fighting-line.</p> <p><a href="https://www.youtube.com/watch?v=Yo9YyxngVvk&amp;feature=youtu.be">https://www.youtube.com/watch?v=Yo9YyxngVvk&amp;feature=youtu.be</a></p>	

### **4.3 Running Water to African Villages**

EZPack® water storage systems present an effective mean for water distribution within the villages and up to the family household creating a water distribution network that is based on bladders, pipes and pumps connecting the bladders with standard flexible water pipes.

A schematic system setup for a village



- Central water storage that contains EZPack bladders.
- Household storage based on 200-liter bladder.
- An electrical power pump of 500 liter / minute based on Solar and backup by a battery. Pump will be used to elevate the water from the river water level or from the water tank track.
- Preferred design calls for gravity usage as the best mean to transfer water to the family water storage.
- EZPack® developed a modular set of metal stages to mount the bladders where needed.
- Pipelines and accessories (like taps) are all standard water approved system
- Civil Eng. Work will be reduced to minimum is at all.
- EZPack® bladders are sealed and it requires no maintenance. The insert is made of food-graded materials. Once a year, the inner liner can be replaced and by that ensure high quality water storage and distribution.

#### Implementation

There about 200 villages in Lesotho that requires running water installations. EZPack® will install the first 2-3 villages and train local team that will continue the installation.

The first 3 villages installation was planned to Q3 2020, followed by installation of 3 villages per months, until the project is finished. However, with the COVID-19 crisis, the all program will be postponed to 2021.

The project is supported by Lesotho government and The Water Trade and Power (Lesotho) Ltd. which is government company.

The cost for 3 first villages is \$315,000, and after that each village is about \$90,000; so total project is \$10-13 millions.

d, and the availability of energy.

## 5. The Market

### 5.1 RO Water Purification

The RO Water Purifier market was valued at 9,420 Million US\$ in 2018 and is projected to reach 15,600 Million US\$ by 2025, at a CAGR of 7.5% during the forecast period<sup>4</sup>. In this study, 2018 has been considered as the base year and 2019 to 2025 as the forecast period to estimate the market size for RO Water Purifier.

The global water purifier market size was valued at \$31,013 million in 2018 and is projected to reach \$58,322 million by 2025, to register a CAGR of 9.0% during the forecast period<sup>5</sup>.

The penetration rate of water purifiers is anticipated to increase in the near future, due to rise in concerns of health and wellness among people.

In 2018, based on technology, the RO water purifier segment occupied the largest market share of 65.4%, followed by UV segment with 20.7%, and is expected to grow at the highest CAGR of 9.9% from 2019 to 2025. RO water purification systems are widely adopted across the globe, due to their performance efficiency, low electricity consumption, and regular technological innovation.

The global legal marijuana market size is expected to reach USD 66.3 billion by the end of 2025, according to a new report by Grand View Research, Inc<sup>6</sup>. It is anticipated to expand at a CAGR of 23.9% during the forecast period. Increasing legalization and use of marijuana in medical as well as recreational applications is expected to promote the growth.

Growing adoption of cannabis as a pharmaceutical product for treating severe medical conditions, such as cancer, Parkinson's disease, Alzheimer's disease, arthritis, and other neurological conditions is anticipated to drive demand for medical marijuana in the forthcoming

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<sup>4</sup> <https://www.marketwatch.com/press-release/ro-water-purifier-market-2019-industry-size-growth-share-future-trends-price-top-key-players-review-business-opportunities-demand-and-global-analysis-by-forecast-to-2025-2019-11-29>

<sup>5</sup> <https://www.alliedmarketresearch.com/press-release/water-purifier-market.html>

<sup>6</sup> <https://www.grandviewresearch.com/press-release/global-legal-marijuana-market>

years. Increasing need for pain management therapies and growing disease burden of chronic pain among elders is also expected to boost demand.

Other key finding on the cannabis growing market are:

- U.S. legal cannabis market was valued USD 11.9 billion in 2018 and is anticipated to expand at a CAGR of 24.1% from 2019 to 2025.
- Medical cannabis held the largest market share in 2018 and is estimated to be expand at a CAGR of 12.7% by 2025 owing to increasing of marijuana for the treatment of cancer and other medicinal conditions.

## 5.2 AGW – EZCond<sup>™</sup> - Market

The market valuation of atmospheric water generators will cross \$16 billion by 2026<sup>7</sup>. The market growth is attributed to factors such as water scarcity, falling levels of rainfalls and stringent regulation for consumption & conservation of water.



Some major findings of the atmospheric water generator (AWG) market report include:

- Growing awareness regarding depleting sources of potable water will support industry growth over the market forecast period.
- Market growth is attributed to the improved production efficiency of the atmospheric water generator as it has increased manufacturers' sales across the residential and commercial sectors.

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<sup>7</sup> Global Market Insights, Inc., Dec 10, 2019

- Opportunities for the market growth is also influenced by the initiatives and strategies adopted by market leaders including product development with low maintenance and installation cost.
- Cooling condensation products market demand is majorly due to its functional and cost-effective advantage over wet desiccants, thus acquiring a significant share in the atmospheric water generator market.
- Atmospheric water generator sales across the industrial sector were the highest and the segment is further anticipated to grow at the fastest rate than the commercial and residential sectors.

The market size as per the application segment is classified into the industrial, commercial and residential sectors. As per the world bank report, the industrial sector consumes around 20% of all water for various applications such as processing, washing, fabricating, diluting, and cooling. Increasing industrial water demand coupled with stringent regulatory guidelines pertaining to water consumption limits may fuel atmospheric water generator sales.

The market demand is highly centric in water-stressed or water contaminated areas, as this technology is considered as reliable sources of clean, safe water. Overall market growth is also attributed to increased product demand in domestic applications, since they can eliminate the need for bottled drinking water.

Introduction of policies like DWQS (Drinking Water Quality Section) in Japan, Safe Drinking Water Act in U.S., National Rural Drinking Water Program in India , Drinking Water Directive in countries of European Union and various other initiatives taken by respective governments are projected to propel industry growth by ensuring safe accessibility of potable water for its population.

However, high requirement of power supply for AWG systems like condenser, dehumidifier and evaporator makes it an impractical choice for few regions with high electric charges.

Investments in research & development activities to produce low priced and clean technology is predicted to generate new growth opportunities for atmospheric water generator (AWG) market.

## 5.3 Water Storage, Transportation and Distribution Systems Market

### 5.3.1 The Israel Market

Although Israel is a small country, it is one of the world leaders in water solutions and innovation. Therefore, strong presence in the Israel water market is very important for credibility and acceptance.

**Water Supply for Water Crisis** - The Israel Water Authority Guidelines states that each water utility and/or municipality should have the ability to provide 4 liters of water per person per day to 50% of the population in its area in water crisis. This requirement is going to be changed to 100% of the population. For the population of Israel, which is about 8 million people, there is a need to store and provide 32,000 cubic meters of water per day. The water utilities and municipalities are in the process of purchasing the required equipment and already are equipped to support about 50% of the population. This market is very competitive. Only equipment from suppliers approved by the Israel Water Authority can be purchased. The purchase decision is almost always to the lower bidder. EZPack® price are competitive, and EZPack® has significant market share of those customers in Israel.

### 5.3.2 Institutional World-Wide Market

The institutional market is responsible for water supply in an emergency disaster. Currently the company is focused on the US market, which is divided to federal, state, and local level:

- In the federal level FEMA is responsible for emergency preparedness.
- In the state-level each state has its emergency department.
- In the local level (city council or county) there is an emergency department that is responsible all local aspects.

The institutional emergency water storage requirements in the US is estimated at ~141 million gallons<sup>8</sup>. The market size is estimated at ~164 million USD<sup>9</sup>. Currently in the USA there are no mandatory requirements for water preparedness level. Each department and

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<sup>8</sup> Based on Census population information; only states subject to potential disasters; 1 day storage for 30% of population; 1.5 Gallon per day per person.

<sup>9</sup> Calculated as \$2 per gallon

state organized according to its assessments and budget. The market potential is tens of thousands of units but the time scale and rate are changed from state to state. In the last years the US is facing an increase in the frequency of natural disasters (Harvey in Texas, Irma in Florida, etc.). Such events raise the awareness and the priority order of emergency preparedness. The current assessment in the USA, forecasts an increase in natural disasters rates due to global warming, a fact which divert more and more resources to the subject.

International organizations for support to third world countries and countries that face natural disasters - this market is characterized by fluctuations due to events. Participating in this market requires local presence and work with international organizations (the UN, the World Bank, etc.). The company is also a registered supplier of the UN and it is competing on UN bids.

Another market segment is water transportation. The company has several solutions for water transportation that allows conversion of any flatbed truck or trailer into large volume water tanker. There is demand for water transport solutions; however, there is not always justification for dedicated tanker. The ability to meet temporary needs is in fact a new concept that may open for the company a large market potential that up until now does not have solution.

Mobile water units – for construction sites, remote locations, oil, gas and mines; another segment is the rental equipment companies.

### 5.3.3 Military Market

EZPack® is an authorized supplier of the IDF and the Israel Ministry of Defense. EZPack® is supplying the IDF with various water storage and transportation equipment. EZPack® is also supplying water storage for the new APV projects of the IDF.

The world military market presents potential for very large sales in following areas:

- Mobile water systems at the team, platoon, company and battalion level.
- Logistics water supply systems.
- Water storage for tactical vehicles.

The market potential is huge, but procurement processes are long and require a representative in each country where we want to sell.

Currently the company is working in several channels:

- ✓ Marketing activity for the US services – initial sales has been established.
- ✓ Worldwide marketing activity – mainly by agents and distributors. The Company is in the process of submitting proposal to the Australian Army.

#### 5.3.4 Firefighting

The Company has realized it has a unique product for firefighting, especially for wildfires. With the FlexCon™ vast amount of water can be pushed to the fire line to support the firetrucks. A standard fire-truck carry about 1,000-gallon (~4,000-liter). Each FlexCon™ can provide 6,000-gallon (24,000-liter) that can support 6 firetrucks. The Company plans to present its capabilities to the US Forest Services, who are responsible for wildfire fighting in the US.

#### 5.3.5 Outdoor Vehicles (4X4)

Two of the Company products line fits the outdoor vehicles market – the JerryFlex™ and the Lagoon™. The Company plans to introduce those products to online retail-marketing-network like Amazon.

#### 5.3.6 The African Market

The Company has developed several solutions for the African market, all of them based on our products:

- Installing running-drinking water in small villages - a low cost and fast installation solution.
- Rain harvesting solutions – for homes, villages and for family agriculture.
- Water supply for refugee camps.
- Large volume storage for villages and cities.

The Company is currently working on a project in Lesotho for supplying running water to villages. This project presents sales potential of millions of over 10 million USD in Lesotho alone.

#### 5.3.7 Summary

The aggregate market potential of the various segments reaches several hundreds of millions of dollars worldwide. The limiting factors (constraints) for the company to utilize the market potential are internal constraints of working capital and marketing resources. Approaching the mass consumers market presents to the company

production capacity challenges. The following table summarizes the market potential:

<b>Market</b>	<b>Potential</b>
Israel water market	5-20 M\$
Institutional emergency water storage	US ~ 200 M\$ World-wide - ~400M\$
Home emergency water storage	US ~1B\$
Military	Hundreds of million USD
Outdoor	Tens of million USD
Firefighting	US ~20-50 M\$
Running water to African Villages	10-20 M\$

## **6. Patents**

- 6.1 Flexible heated bladder – published in Israel; pending in USA and China.
- 6.2 Flexible Inflatable Polyhedron-shaped water tank – published in the USA.
- 6.3 Mobile water unit – pending.
- 6.4 Hot-cold water renewable energy – pending.
- 6.5 Energy storage system – pending.
- 6.6 JerryFlex<sup>™</sup> - pending.

The company believes that during the development process additional patents will be applied, expanding the intellectual property (IP) of the company.

## **7. Competition**

### 7.1 RO Water Purification

Many RO systems exist in the market from various sources. Some of the major suppliers are:

- DowDuPont
- H2O Innovation
- NITTO DENKO
- SUEZ
- TORAY INDUSTRIES

However, EZPuro<sup>™</sup> is unique in:

- ✓ Being the only fully automated (robotic) system.
- ✓ Being the smallest compact system.

Those attributes provide EZPack<sup>®</sup> with unique advantage in the market while maintaining competitive price compared to the competitors.

### 7.2 AGW – EZCond<sup>™</sup>

Key players in the market are:

- Watergen
- Aqua Sciences
- EcoloBlue
- Island Sky
- Drinkable Air
- Dew Point Manufacturing
- Sky H2O

No company is based its products on the concept of storing energy in cold water. This concept is unique to the EZCond<sup>™</sup> and believe will provide us with strategic advantage.

Also, many of those suppliers focused on the home/retail market. EZPack is planning to focus on the commercial market, off-grid market and the cannabis growing market.

### 7.3 Water Storage, Transportation and Distribution Market

Several companies manufacture and market flexible bladders, but all companies produce one-layer bladders, unlike EZPack<sup>®</sup> bladders

that are built on our proprietary two layers technology. A one-layer bladder is basically a one-time product for drinking water since it cannot be cleaned according to the requirements for drinking water.

Examples of one-layer bladders and prices:

<b>Company</b>	<b>Bladder &amp; Price</b>	
Go-to tanks USA <a href="http://www.gototanks.com">www.gototanks.com</a>	500 gal - 749\$	
Wet Earth Australia <a href="http://www.wetearth.co.au">www.wetearth.co.au</a>	1120 liters - 726\$ 2050 liters - \$1,299 2990 liters - \$1,667	
Water Tanks USA <a href="http://www.wataretanks.com">www.wataretanks.com</a>	73 gal - \$502.85 275 gal - \$695.06 525 gal - \$874.78 800 gal - \$1,003.90 1,140 gal - \$1,309.91 1,340 gal - \$1,423.92	
Rainwater Tanks Direct Australia <a href="http://www.rainwatertanksdirect.co.au">www.rainwatertanksdirect.co.au</a>	2,000 liters - \$1,760 3,000 liters - \$2,046 5,000 liters - \$2,552 7,000 liters - \$2,970	

The current price levels in dollars/liter justifies the assumption that company's products are priced attractively and in addition to all other benefits of a multi-use bladder (two-layered) versus one-time (one-layer) bladder.

The following table and chart show the analysis for the US market:

USD/Liter	USD/1000 liters	Capacity (Liter)	Price (USD)	Capacity (Galon)
1.81	1,809.66	277	502	73
0.67	665.07	1,045	695	275
0.39	394.21	1,900	749	500
0.44	438.10	1,995	874	525
0.33	329.93	3,040	1,003	800
0.30	302.17	4,332	1,309	1,140
0.28	279.46	5,092	1,423	1,340



In the large volume water transportation market, EZPack® mainly competes with dedicated tanker. Such tanker costs hundreds of thousands of USD, and for pick use and flexibility EZPack® presents the best cost-effectiveness solution.

EZPack® Spider™, HipoKit™, JerryFlex™ and FlexCon™ are all new products that EZPack® is the first to introduce to the market, and all of them presents innovative new solutions.

## **8. Marketing Strategy and Business Model**

The Company is well established in Israel and one of the leading suppliers. The Company customer base in Israel:

- ✓ Water Utilities
- ✓ Municipalities
- ✓ IDF

The Company strategy in the USA will be focused on:

- Establishing our own sale office in the US that will lead the sales activities in the country (EZPack® Inc. in Hartford Connecticut).
- Developed access to government and military agencies by using lobbying and agents.
- Establishing presence in Amazon and other online-marketing retailers – hiring digital-marketing salesman.
- Continue marketing through NGOs, strategic partners, water purification companies and distributors.
- Forming a subsidiary that will focus on providing water services first to firefighting agencies in the West USA, following by water emergency services.

For the rest of the world the Company plans to rely on distributors. The Company will direct most of its efforts (outside the US) to Africa.

## **9. R&D**

The Company is constantly working on improving its products and introducing new products.

The EZPuro<sup>™</sup> will be ready for production in the end of Q3-2020.

The EZCond<sup>™</sup> is currently being developed. First pilot of system was planned to start work in France in the end of Q2-2020. Due to COVID-10 crisis, we anticipate it will delayed to the end of 2020.

## 10. The Team

**Alex Harel - CEO, founder & director** - Alex Harel holds a BA degree in Science and Economics and MA degree in Labor Studies. He served for 21 years in the Israeli Air Force (IAF) as a fighter navigator, squadron commander and other senior tasks (retired as Lieutenant Colonel). Alex Harel was one of the pioneers of TQM in the IAF, and he is involved in founding and managing several start-up companies in Israel and the USA.

**Green Shalom – Marketing & Business Development, founder & director** - Shalom is the founder and President of Green Business Development Ltd. Shalom is an Industrial Engineer by profession (Technion, 1973) and a certified 'Johna' at the Goldrat Institute (USA), with vast international business development experience. Shalom served as a board member and the Chairman of the board for several industrial companies during the last fifteen years.

Once the Company will secure funding, additional manpower will be hired as detailed in the financial forecast.

## 11. Financial Forecast

<b>Sales</b>	<b>YEAR 1</b>		<b>YEAR 2</b>		<b>YEAR 3</b>		<b>YEAR 4</b>		<b>YEAR 5</b>	
	<b>Units</b>	<b>\$</b>	<b>Units</b>	<b>\$</b>	<b>Units</b>	<b>\$</b>	<b>Units</b>	<b>\$</b>	<b>Units</b>	<b>\$</b>
Israel		\$50,000		\$100,000		\$150,000		\$250,000		\$400,000
Ezpuro	5	\$70,000	20	\$280,000	50	\$700,000	100	\$1,400,000	1500	\$21,000,000
EZCond			5	\$70,000	10	\$140,000	25	\$350,000	50	\$700,000
USA										
Biom	5	\$200,000	10	\$400,000	25	\$1,000,000	50	\$2,000,000	100	\$4,000,000
Outdoor/Home	200	\$22,000	750	\$82,500	1,500	\$165,000	3,000	\$330,000	5,000	\$550,000
FlexCon	10	\$140,000	20	\$280,000	50	\$700,000	180	\$2,520,000	225	\$3,150,000
Spider	30	\$180,000	150	\$900,000	225	\$1,350,000	315	\$1,890,000	450	\$2,700,000
Military				\$200,000		\$500,000		\$1,000,000		\$1,500,000
<b>Total</b>		<b>\$542,000</b>		<b>\$1,862,500</b>		<b>\$3,715,000</b>		<b>\$7,740,000</b>		<b>\$11,900,000</b>
Worldwide										
Outdoor		\$0	250	\$27,500	500	\$55,000	1,000	\$110,000	2,000	\$220,000
FlexCon		\$0	20	\$280,000	50	\$700,000	100	\$1,400,000	100	\$1,400,000
Spider		\$0	50	\$300,000	25	\$150,000	35	\$210,000	50	\$300,000
<b>Total</b>		<b>\$0</b>		<b>\$607,500</b>		<b>\$905,000</b>		<b>\$1,720,000</b>		<b>\$1,920,000</b>
African Villages		\$0	10	\$900,000	30	\$2,700,000	50	\$4,500,000	50	\$4,500,000
<b>Total</b>		<b>\$662,000</b>		<b>\$6,290,000</b>		<b>\$12,930,000</b>		<b>\$25,420,000</b>		<b>\$54,240,000</b>
<b>COGS</b>	<b>YEAR 1</b>		<b>YEAR 2</b>		<b>YEAR 3</b>		<b>YEAR 4</b>		<b>YEAR 5</b>	
	<b>Units</b>	<b>\$</b>	<b>Units</b>	<b>\$</b>	<b>Units</b>	<b>\$</b>	<b>Units</b>	<b>\$</b>	<b>Units</b>	<b>\$</b>
Israel		\$30,000		\$60,000		\$90,000		\$150,000		\$240,000
Ezpuro	5	\$28,000	20	\$112,000	50	\$280,000	100	\$560,000	1500	\$8,400,000
EZCond			5	\$28,000	10	\$56,000	25	\$140,000	50	\$280,000
USA										
Biom	5	\$97,000	10	\$194,000	25	\$485,000	50	\$970,000	100	\$1,940,000
Outdoor/Home	200	\$10,670	750	\$40,013	1,500	\$80,025	3,000	\$160,050	5,000	\$266,750
FlexCon	10	\$67,900	20	\$135,800	50	\$339,500	180	\$1,222,200	225	\$1,527,750
Spider	30	\$87,300	150	\$436,500	225	\$654,750	315	\$916,650	450	\$1,309,500
Military		\$0		\$100,000		\$250,000		\$500,000		\$750,000
<b>Total</b>	<b>240</b>	<b>\$262,870</b>	<b>920</b>	<b>\$906,313</b>	<b>1,775</b>	<b>\$1,809,275</b>	<b>3,495</b>	<b>\$3,768,900</b>	<b>5,675</b>	<b>\$5,794,000</b>
Worldwide										
Outdoor	0	\$0	250	\$13,338	500	\$26,675	1,000	\$53,350	2,000	\$106,700
FlexCon	0	\$0	20	\$135,800	50	\$339,500	100	\$679,000	100	\$679,000
Spider	0	\$0	50	\$145,500	25	\$72,750	35	\$101,850	50	\$145,500
<b>Total</b>	<b>0</b>	<b>\$0</b>	<b>320</b>	<b>\$303,750</b>	<b>575</b>	<b>\$452,500</b>	<b>1,135</b>	<b>\$860,000</b>	<b>2,150</b>	<b>\$960,000</b>
African Villages	0	\$0	10	\$540,000	30	\$1,620,000	50	\$2,700,000	50	\$2,700,000
<b>Total</b>		<b>\$320,870</b>		<b>\$3,151,013</b>		<b>\$6,555,975</b>		<b>\$12,782,000</b>		<b>\$25,099,200</b>
<b>GROSS PROFIT</b>		<b>\$341,130</b>		<b>\$3,138,988</b>		<b>\$6,374,025</b>		<b>\$12,638,000</b>		<b>\$29,140,800</b>
<b>GROSS PROFIT (%)</b>		<b>52%</b>		<b>50%</b>		<b>49%</b>		<b>50%</b>		<b>54%</b>

<b>P&amp;L</b>	<b>YEAR 1</b>	<b>YEAR 2</b>	<b>YEAR 3</b>	<b>YEAR 4</b>	<b>YEAR 5</b>
Sales	\$662,000	\$6,290,000	\$12,930,000	\$25,420,000	\$54,240,000
COGS	\$320,870	\$3,151,013	\$6,555,975	\$12,782,000	\$25,099,200
<b>Gross Profit</b>	<b>\$341,130</b>	<b>\$3,138,988</b>	<b>\$6,374,025</b>	<b>\$12,638,000</b>	<b>\$29,140,800</b>
<b>Gross Profit (%)</b>	52%	50%	49%	50%	54%
<b>Operating Expenses</b>					
Operating expenses	\$138,000	\$456,000	\$636,000	\$948,000	\$1,296,000
R&D	\$104,000	\$394,000	\$489,000	\$733,000	\$880,000
Marketing	\$452,440	\$1,916,800	\$3,018,100	\$5,393,400	\$9,982,300
G&A	\$158,000	\$253,000	\$305,000	\$339,500	\$369,000
<b>Total</b>	<b>\$852,440</b>	<b>\$3,019,800</b>	<b>\$4,448,100</b>	<b>\$7,413,900</b>	<b>\$12,527,300</b>
<b>Financial Expenses</b>					
Depreciation	\$0	\$4,900	\$7,000	\$18,900	\$29,400
<b>Total Expenses</b>	<b>\$852,440</b>	<b>\$3,024,700</b>	<b>\$4,455,100</b>	<b>\$7,432,800</b>	<b>\$12,556,700</b>
<b>Profit Before Tax</b>	<b>-\$511,310</b>	<b>\$114,288</b>	<b>\$1,918,925</b>	<b>\$5,205,200</b>	<b>\$16,584,100</b>
<b>Profit Before Tax (%)</b>	-77%	2%	15%	20%	31%

<b>CASH FLOW</b>	<b>YEAR 1</b>	<b>YEAR 2</b>	<b>YEAR 3</b>	<b>YEAR 4</b>	<b>YEAR 5</b>
<b>Cash-In</b>					
Sales	\$662,000	\$6,290,000	\$12,930,000	\$25,420,000	\$54,240,000
Investment	\$1,000,000	\$2,000,000			
<b>Total</b>	<b>\$1,662,000</b>	<b>\$8,290,000</b>	<b>\$12,930,000</b>	<b>\$25,420,000</b>	<b>\$54,240,000</b>
<b>Cash-Out</b>					
COGS	\$320,870	\$3,151,013	\$6,555,975	\$12,782,000	\$25,099,200
Operating expenses	\$138,000	\$456,000	\$636,000	\$948,000	\$1,296,000
R&D	\$104,000	\$394,000	\$489,000	\$733,000	\$880,000
Marketing	\$452,440	\$1,916,800	\$3,018,100	\$5,393,400	\$9,982,300
G&A	\$158,000	\$253,000	\$305,000	\$339,500	\$369,000
Equipment	\$70,000	\$100,000	\$270,000	\$420,000	\$595,000
Loan repayment	\$350,000	\$100,000			
<b>Total</b>	<b>\$1,593,310</b>	<b>\$6,370,813</b>	<b>\$11,274,075</b>	<b>\$20,615,900</b>	<b>\$38,221,500</b>
<b>Cash-Flow</b>	<b>\$68,690</b>	<b>\$1,919,188</b>	<b>\$1,655,925</b>	<b>\$4,804,100</b>	<b>\$16,018,500</b>
<b>Acc. Cash-Flow</b>	<b>\$68,690</b>	<b>\$1,987,878</b>	<b>\$3,643,803</b>	<b>\$8,447,903</b>	<b>\$24,466,403</b>

## 12. Use of Proceeds

Working Capital	\$1,108,623
R&D	\$498,000
Marketing	\$1,092,000
<b>TOTAL</b>	<b>\$2,698,623</b>

### 13. Risk Analysis

Risk	Actions Required to Mitigate the Risk
Meet new products development objectives	<ul style="list-style-type: none"> <li>➤ Identify of manpower potential problems</li> <li>➤ Implement control methods</li> <li>➤ Use of sub-contractors and professional manpower.</li> </ul>
Achieve production costs targets	<ul style="list-style-type: none"> <li>➤ Cost reduction methods.</li> <li>➤ Developing suitable subcontractors and suppliers.</li> <li>➤ Constant analysis of persistent in-house production versus subcontractors.</li> <li>➤ Transferring production to target countries if indeed.</li> </ul>
Regulation Barriers	<ul style="list-style-type: none"> <li>➤ Apply standards as barrier to competitors.</li> <li>➤ Avoid specifications that require compliance with harsh standards.</li> </ul>
Building marketing network to achieve sale goals	<ul style="list-style-type: none"> <li>➤ Market agreements with distributors and strategic partners.</li> <li>➤ Ensure sufficient resources to support sales.</li> <li>➤ Analyze advantages and disadvantages of the products and build relevant marketing strategy that suits them.</li> <li>➤ Building efficient customer service.</li> </ul>
Cash Flow	<ul style="list-style-type: none"> <li>➤ Constant control and management of cash-flow.</li> <li>➤ Secure investment into the company.</li> </ul>
Maintaining profitability	<ul style="list-style-type: none"> <li>➤ Control expenses according to Sales.</li> <li>➤ Early detection of unprofitable products.</li> </ul>
Production volume	<ul style="list-style-type: none"> <li>➤ Early detection of gaps and provide solutions</li> <li>➤ Constant control on suppliers and identifying bottlenecks</li> </ul>