

# TKA HOLDING GROUP

*A Sustainable Solution for Construction & Demolition Waste Recycling*



Business Name: TKA HOLDING GROUP  
Address: PO BOX 25  
BARTONSVILLE, PA 18321  
Principal: GERALD B. GAY  
Direct Phone: (570) 656-6093

**2020 BUSINESS PLAN**

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All inquiries or requests for information should be submitted to the company, as follows:

Gerald B. Gay

TKA HOLDING GROUP

Email: [geraldbgay@hotmail.com](mailto:geraldbgay@hotmail.com)

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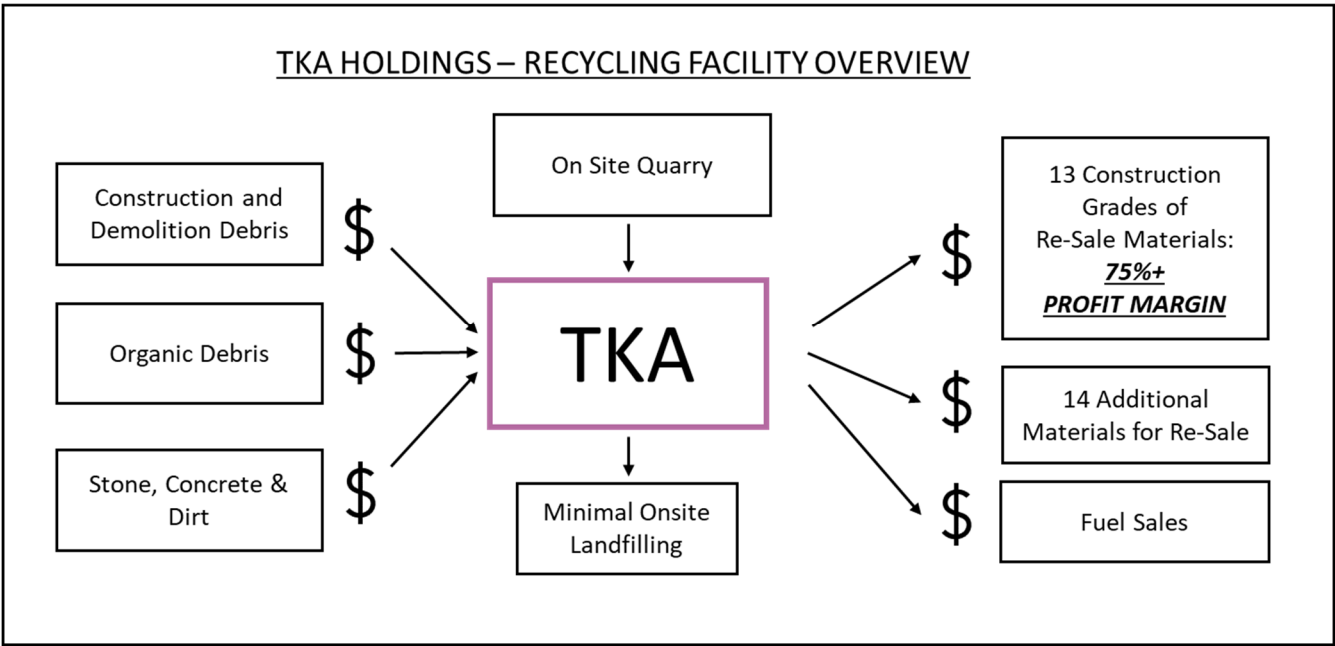
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**EXECUTIVE SUMMARY**

TKA HOLDING GROUP, INC is in the Construction and Demolition Waste Recycling Business. The Company's Bangor, PA Construction and Demolition Waste Recycling Facility will be a multi-phase development project encompassing:

- I.) Commercial operation processing demolition materials and building waste from the Tri-State area receiving materials at a profit, processing and recycling these materials, and then selling the recycled concrete and stone grades on outbound trucks returning to concrete producers, road and other construction operators in the Five Boroughs, PA, and NY Metro Area.
- II.) Additional consumer revenue through on-site diesel fueling station, and
- III.) Future supportive utility layers including on-site electricity generation from organic matter thermal destruction and solar array generation of site power.

This project will deliver above-average returns and represents a substantial revenue base from the intake of materials from NYC private and public development projects, Tri-State contracts with government agencies for processing materials from ongoing roadway and infrastructure projects, and any public/private development projects required to achieve percent-recycled ratios for materials processing to secure L.E.E.D. Platinum project classifications. Due to the unique structure of the business of taking in tipping fees of inbound material and subsequently selling re-processed materials, the company reasonably projects 80%+ profit margins on a cost of goods sold basis.



TKA HOLDING GROUP will generate revenue in tipping fees collected on the in-bound tonnage from loads primarily consisting of dirt, stone, concrete, organics (wood, brush, stumps), and materials coming from the Five Boroughs and Tri-State area, which will be processed, sorted, cleaned, stored, and then resold to market. This unique business model creates a loop and reciprocal channel of revenue in the subsequent formation of thirteen (13) construction-grade materials, meeting NY, NJ, and PENNDOT commercial materials specifications for industrial and

infrastructure reuse, with an additional 14 resalable products used within the construction, landscaping and other markets. This recycled material revenue channel and flow of processed materials will frequently be sold back to concrete manufacturing facilities located in the Five Boroughs. Processed and sorted materials will often return to the market by the same trucks that delivered unprocessed waste materials, allowing truck drivers to easily double their daily loads transported, thus increasing driver revenues and closing the loop on the TKA HOLDING GROUP's revenue cycle.

Key competitive advantages of this project are development capacity for processing and recycling, then returning to market 80-90% of all materials brought in, so that effective lifespan for this site will span a minimum of 25-30 years conservatively.

The Company is in the Construction and Demolition Waste Recycling Business. It is looking to finish closing on 138 acres of industrial zoned land that has rail access along with access to major roadways, including Interstate 80, Route 33, Route 22, Route 78, the Pennsylvania Turnpike, and Route 81, all with either direct access to the selected site or within 5 to 20 minutes of the acreage. From each entrance to this site, there are no competitors in our industry capable of taking material in and recycling it within a 70-mile radius of the site. TKA will be taking in 10 different types of materials to start, which will produce a total of 31 different types of material for resale with all materials meeting PA, New Jersey, and New York, PennDOT approval for materials

Initially, the site will be permitted to operate an "Air Burner" to accept organic (wood and brush) material for destruction vs landfill, which is of great interest to the local municipality. This is a key part of the TKA business model as it allows TKA to accept several additional types of high margin inbound material that would otherwise need to be shipped hundreds of miles away. Once the "Air Burners(s)" are on-site and operational, TKA can later convert them to drive cogeneration power. Additional organic material can be used in anaerobic digestion and composting in future stages, depending on the feedstock supply TKA can maintain. In the future, supportive utility layers of on-site cogeneration, solar, and food waste digestion will increase project sustainability as well as overall revenue capture. Due to the large surface area of the site, TKA believes that a solar generation plan can be incorporated by third-party developers in future phases.

The key points with this project are processing and recycling, then a return to market of 70-90% of all materials brought in so that the effective lifespan for this site will span a minimum of 25-30 years conservatively.

- Inbound materials: Dirt concrete, stone, brick block fracking material milling material dredge wood pallets wood products C&D material and soils.
- Outbound Materials: Three types of topsoil, four types of state spec concrete, eight types of state spec stone product, three types of fracking material, four types of millings, four types of C&D recycled products, four different colored mulch materials, and different types of materials from the air burner that can be sold after burning.
- The project will add a refueling and wash station so inbound trucks can refuel as well as reload for delivery, vs leaving the site empty of payloads and needing to refuel elsewhere.
- Access to the site is much better than local competitors that are currently being restricted by local municipalities



- In the future, air burners, which will initially be used to dispose of organic material that cannot be recycled, can also expand in number to produce up to 5 MW of power for our facilities to operate which will be approximately 90% of the power needed to run our operation at 100% in the future. The addition of Solar energy can also be deployed onsite for internal power needs and resale into the grid of any excess power.

In-bound material such as dirt mixed with concrete will be dumped directly into a truck unloader where the product will go through a scalper and take out all the dirt and separate the concrete. After the concrete is separated, the concrete will go through a jaw crusher which will break the concrete down to a 5 inch minus size product that will then go under a magnet to take out all the steel. After all the steel is removed the concrete product will go through a three-deck screener making for different concrete products for resale to be used for walkways, parking lots, driveways bicycle paths, stabilization for roadways, and trench basis. The dirt that is separated from that will be sent to a screener to be processed into resealable products such as clean topsoil, 1-inch minus topsoil, 2-inch minus topsoil, and fill material - all very profitable materials.

Inbound material such as dirt mixed with stone will be dumped directly into a truck unloader where the product will go through a scalper and take out the dirt and separate the stone after the stone is separate the stone will go through a jaw crusher would you break the rock down to a 7-inch minus size product that will then go under a magnet to take out any steel after the steel is removed the stone product will go through a series of Conveyors which will make different piles of different size stone for resale At the same time making a stockpile of product on top of a tunnel conveyor that will be feeding a con crusher that will be making the final size products before they go to the final screeners for the final material to be processed into resealable products to the concrete companies in New York New Jersey and Pennsylvania.

## **OUR MISSION AND VISION STATEMENT:**

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- Our Vision is to become the preferred choice when it comes to recycling and disposal of construction and demolition wastes in the whole of the Tri-State area.
- Our mission is to ensure that we build a successful waste recycling company that will provide standardized recycled materials, sold at a very attractive profit margin that will provide the relevant industries in saving cost, energy, convenience, and time.
- Provide a more sustainable alternative to standard landfilling operations and act as a blueprint for future operations around the country.

## **OUR BUSINESS STRUCTURE**

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Our business can accommodate both full-time and part-time/contract staff. Adequate provision and competitive packages have been prepared for all our employees. At TKA, we will ensure that we hire people that are qualified, hardworking, creative, customer-centric, and are ready to work to help us build a prosperous business that will benefit all the stakeholders.

Key to our success will be our reliance on and relationship with our equipment supplier and engineering subcontractor Murrysville Machinery Company (MMC), who has been in the market for over 30 years and will supply and maintain the majority of equipment used at the TKA facility.

MMC has 2 locations in Pennsylvania and is integral to the setup, maintenance, and expansion of our facility.

A profit-sharing arrangement will be made available to all our senior management staff based on their performance for a period of five years or more as agreed by the board of trustees of the company. For now, we will contract the maintenance of our trucks and recycling plant to service providers, we don't intend to maintain a very large overhead from the onset

But as soon as the business grows and stabilizes, we will assemble our own in-house maintenance team. Given the above, we have decided to hire qualified and competent hands to occupy the following positions:

- Chief Executive Officer
- Recycling Plant Manager
- Human Resources and Admin Manager
- Sales and Marketing Executive
- Accountant
- Plant Engineers/Technicians and Operators
- Client Service Executive

## **THE FOLLOWING SWOT ANALYSIS**

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The following is an analysis of our: Strengths, Weaknesses, Opportunities, and Threats:

### **Strength:**

- ✓ Strong management with decades of experience in the quarry, construction, demolition, and landfiling business, with a known team willing to commit to the company upon funding.
- ✓ EXTREMELY large profit margins will allow us to return very attractive cash flows to equity investors and leave a very large margin of cash flow for debt service.
- ✓ Experienced and committed outside partners in the equipment procurement, engineering, and servicing space in the local area.
- ✓ Our business is centrally located in a densely populated industrial estate in PA; our location is one of our major strengths.
- ✓ The local municipality is eager to work with TKA for permitting and operations to move away from older landfill operations and towards TKA's more sustainable model.
- ✓ Inbound and Outbound revenue for both TKA and drivers. Contracts and Contacts in the business willing to use the location once built.
- ✓ Breath of capacity: Because TKA plans to be able to accept a much wider array of inbound materials at a lower cost than any nearby competitors, waste producers and haulers will be incentivized to use our facility.
- ✓ Local Competitors are reaching the maximum lifespan of their operations and others have closed, thereby eliminating several markets such as organic waste disposal which TKA can fill Via its unique business model.
- ✓ The site was previously permitted for our operations and can be permitted easily to allow our facility to operate quickly

- ✓ Murrysville Machinery Company ([www.murrysvillemachinery.com](http://www.murrysvillemachinery.com)) is our subcontracting partner with over 30 years of experience in providing and maintaining equipment for the quarry, mining, demolition, recycling, and other diverse heavy industries.

**Weakness:**

- ✓ TKA is a newly formed company with no current operating history which will increase the cost of debt and increase the difficulty of raising equity for the project. With a lack of collateral, the company will be forced to raise a higher amount of equity than a larger, more established firm. TKA is willing to partner with established players in the space or joint venture with a strategic investor to overcome this weakness.
- ✓ TKA has no other sources of revenue to supplant any delays or unforeseen losses. Some areas – like Philadelphia, Cleveland, Chicago, and Southern California – have entrenched C&D recycling firms with long-term clients.

**Opportunities:**

- ✓ C&D accounts for most of the material recycled by this industry and drive a major portion of business in the NY metro and other areas to us. Higher concrete prices not only encourage downstream buyers to opt for lower-cost recycled materials but also enable operators to raise the price of the materials they recover and resell, boosting revenue.
- ✓ The price of concrete and other related material is expected to increase going forward, presenting a potential opportunity for the industry, because we can offer a lower-cost alternative. Our business concept also positioned us to be the preferred choice in the Tri-State area.
- ✓ There are no standard waste recycling companies within the area where we will be located, thus there is no direct competition within our target market area.
- ✓ Because we take inbound material AND outbound material, trucking operators can double their daily paid load capacity, which is not currently available to them in the Tri-State area.

**Threats:**

- ✓ A slowdown in the construction market due to a poor economy
- ✓ Mature market with established contracts at the local competition for both waste despoil and new construction materials
- ✓ Nearby operators may try to copy or business model and move away from pure landfilling to recycling.
- ✓ Regulation and permitting can change or be revoked for cause or no cause due to changes in local or national policy.



## OUR COMPETITIVE ADVANTAGE

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Our major competitive advantage is the combination of the industry experience of our management team and suppliers, coupled with a new business model in the industry that benefits both users of the operation and the municipality surrounding the facility. Because TKA gets paid to take materials and can efficiently and cost-effectively convert that waste stream into resalable products, our profit margins are extremely high vs our competitors that must mine new materials.

We were able to highlight some factors that will give us a competitive advantage in the marketplace; some of the factors are trust, honesty, good waste collection network, excellent relationship management, strong management, strong fleet operations, our size advantages, cost advantages, customer loyalty and strong reputation amongst domestic industry players.

Another competitive advantage that we are bringing to the industry is the fact that we have designed our business in such a way that we can comfortably work with both individuals and big conglomerates that are involved in the massive generation of C&D waste.

Lastly, all our employees will be well taken care of, and their welfare package will be among the best within our category in the industry. It will enable them to be more than willing to build the business with us and help deliver our set goals and objectives.

## INDUSTRY ANALYSIS

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### TKA LOCAL COMPETITIVE LANDSCAPE

#### **Capital Auto Parts Bangor PA**

Receives material only dumps into the wetland area always shut down because of filling in wetlands. They can receive PA clean fill, and fill with low levels of arsenic.

Seven-minute drives into Pennsylvania through Portland bridge our neighbor one way. This site is marginally permitted and is frequently shut down due to allowing delivery of construction and demolition waste.

4 miles before Delaware water gap

#### **Kunkletown material in Kunkletown PA**

Receives material only. They can receive PA clean fields, stone products, and uncontaminated materials.

27 miles after Delaware gap on back roads 45-minute drive one way

#### **Crushcrete in Bethlehem PA**

Receives and sells crushed concrete with a very small yard maybe 4 acres. They can receive concrete that's clean with no dirt and no rebar size is less than 24 inches.

40 Miles after Delaware gap 50-minute drive one way.

**Copley quarry in Coplay PA**

Receives material only filling in 1 hole Approximately 10 acres and is half-filled. They can receive dredge material PA clean fill and uncontaminated fill.

50 miles after Delaware water gap hour in 10-minute drive one way.

**Hazleton materials in Hazleton PA**

Receives materials only a large reclamation project 300 plus acres. They can receive dredge material PA clean fill uncontaminated fill and rock.

75 miles after the Delaware water gap I will in a 35-minute drive one way.

NAME	ACRES	DISTANCE*	SERVICES	INBOUND MATERIALS	OUTBOUND MATERIALS	LIFESPAN
Capital Auto	20	67 Miles	- -	PA Clean Fill dirt, Uncontaminated Fill	- -	5 Yrs
Kunkletown	3	98 Miles	- -	PA Clean Fill dirt, Uncontaminated Fill	- -	5-7 Yrs
Crushcrete	4	111 Miles	- -	Clean Concrete (Less Than 24", No Dirt, No Rebar)	Crushed Concrete	25 Yrs
Coplay	10	121 Miles	- -	PA Clean Fill dirt, Uncontaminated Fill	- -	15 Yrs
Hazleton Materials	300	142 Miles	- -	PA Clean Fill dirt, Uncontaminated Fill, Dredge Material, Rock	- -	25 Yrs

\* Distances are to/from George Washington Bridge

**TKA Advantages Vs. Our Competitors**

TKA Holding Group site Will be incredibly unique. we will have 6 scales two-way trucks entering our scale site and leaving our site. trucks dumping at our site after being weighed will be dumping into truck unloaders right by the scale house. That product that they dump into the truck unloaders will then go through scalpers, jaw crushers, magnets, conveyor belts, cone crushers, screeners, then into stockpiles that will be material for resale meeting state-approved Specifications. Our permitting process will also allow us to bring in the following materials due to us recycling all the materials being brought into our site and not just dumped in a hole. Examples of deliverables are dirt, concrete, block, fracking material, millings from Rd base, dredge material, wood pallets, wood products, stumps, C & D material, and demolition debris. Our site will have a minimum lifespan of 25 – 30 Yrs.

## Our Target Market

Before starting our C&D waste recycling company, we are certain that there is a wide range of businesses that need our services. We will ensure that we develop strategic contracts with the major waste generators and building material purchasers in our serviceable area.

This will give us several options to generate revenue for our company. Given that, we have created strategies that will enable us to reach out to various leads generated from the construction, renovation, repair, and demolition of houses, large building structures, roads, bridges, and dams. who we know can't afford to do without our services.

We have conducted our market research and survey and we will ensure that all our waste recycling services are well accepted in the marketplace.

## Sources of Income

TKA will ensure that we leverage on our strength and the opportunities available to us in the U.S. market to generate enough income that will help us drive the business to stability. We will go all the way to explore every available source of income in the waste recycling industry. TKA HOLDING GROUP will generate revenue in tipping fees collected on the in-bound tonnage from loads primarily consisting of dirt, stone, concrete, organics (wood, brush, stumps), and materials coming from the Five Boroughs and Tri-State area, which will be processed, sorted, cleaned, stored, and then resold to market.

Below are the sources we intend exploring to generate income for TKA ;

- I.) Commercial operation processing demolition materials and building waste from the Tri-State area receiving materials at a profit, processing and recycling these materials, and then selling the recycled concrete and stone grades on outbound trucks returning to concrete producers, road construction operators and in the Five Boroughs, PA and NY Metro Area.
- II.) Additional consumer revenue through on-site diesel fueling station, and
- III.) Supportive utility layers including on-site cogeneration and regeneration of recycled materials, solar array generation of site power, as well as a food waste digestion facility in future stages of the development.

This project will deliver industry-standard returns on residential development and represents a substantial revenue base from the intake of materials from NYC private and public development projects, Tri-State contracts with government agencies for processing materials from ongoing roadway and infrastructure projects, and any public/private development projects required to achieve percent-recycled ratios for materials processing to secure L.E.E.D. Platinum project classifications.

## SALES FORECAST

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We are well-positioned to take on the available market in Tri-State and we are quite optimistic that we will meet our set target of generating enough income/profits from the six months of operation and grow the business and clientele beyond 20+ to other cities in the state of New York and Tri-State area.

We have been able to examine the waste collection and recycling services industry and we have analyzed our chances in the industry and we have been able to come up with the following sales forecast.

Below is the sales projection for TKA, it is based on the location of our business and our competitive advantage.

**First Fiscal Year (FY1): \$49mm**

**Second Fiscal Year (FY2): \$143mm**

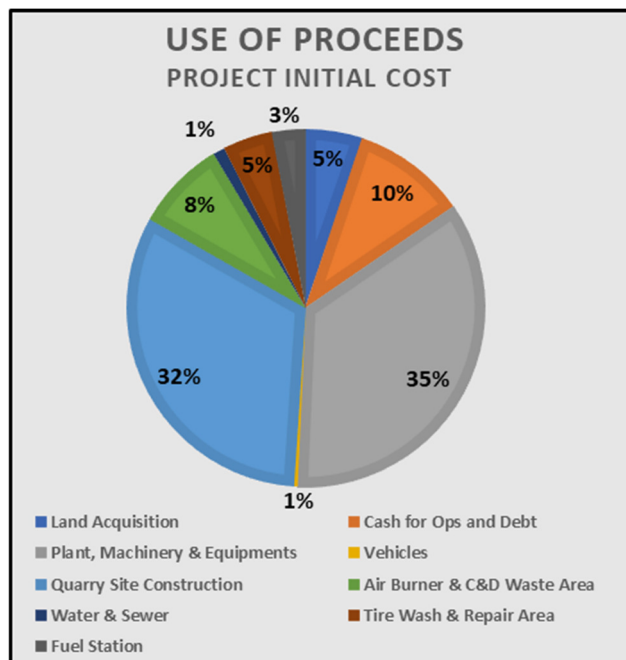
**Third Fiscal Year (FY3): \$143mm**

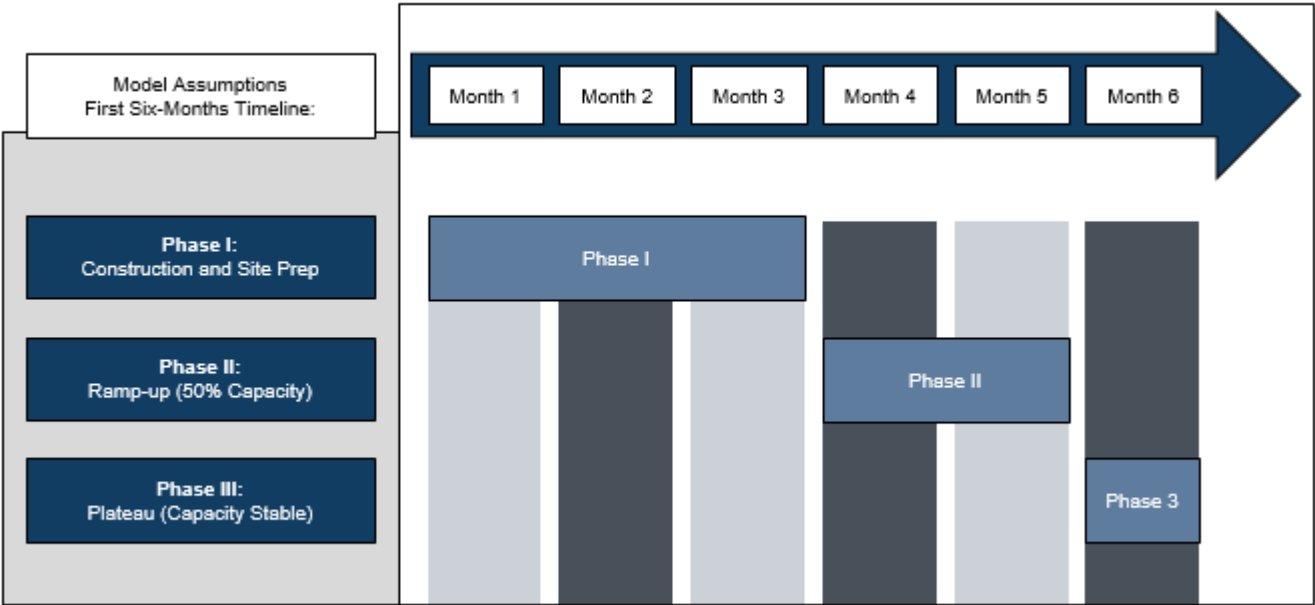
This projection was done based on what is obtainable in the industry and with the assumption that there won't be any major economic meltdown and there won't be any major competitor offering the same waste collection and recycling services as we do within the same location. Please note that the above projection might be lower and at the same time it might be higher.

## FINANCIAL PROJECTIONS AND COSTING

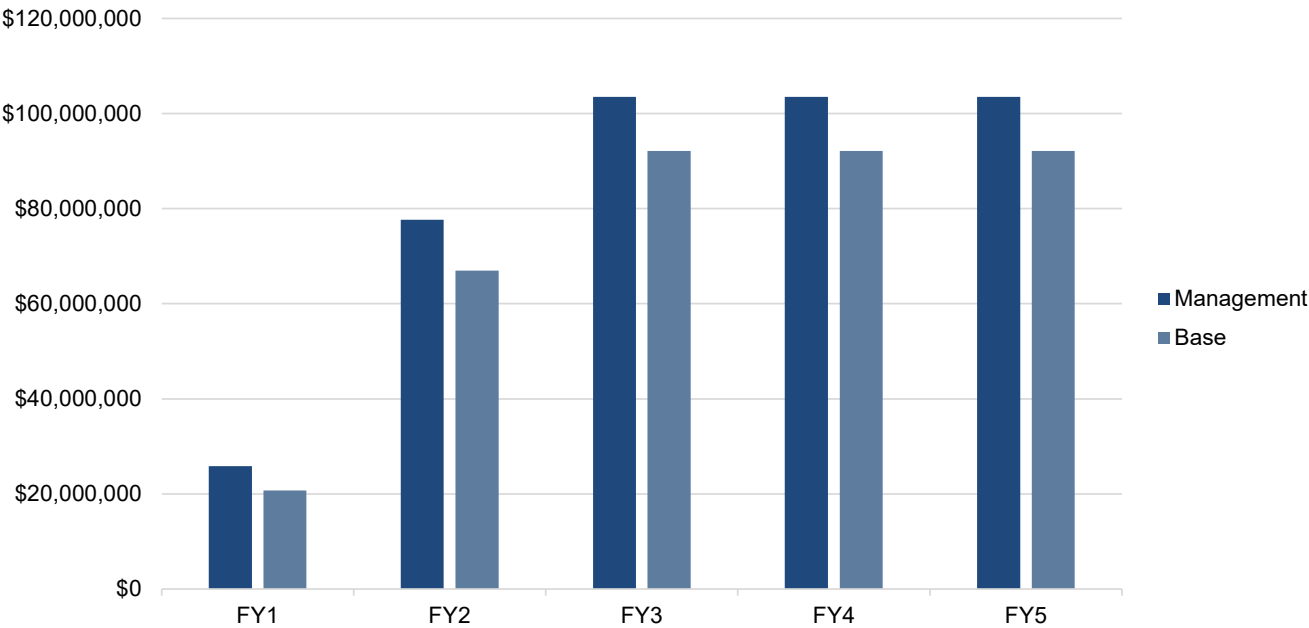
We believe that TKA's operations will generate strong financial performance and provide extremely attractive opportunities for investors across the capital structure. The asset-heavy nature of the business requires a significant capital raise at the outset of operations, and we are seeking a combination of debt and equity to establish the business. The initial capital base will enable TKA to commence operations across its primary lines of business, with proceeds going toward the following items:

ITEM DESCRIPTION	AMOUNT
Land Acquisition	\$ 3,500,000
Cash for Ops and Debt	\$ 7,000,000
Plant, Machinery & Equipments	\$ 24,058,229
Vehicles	\$ 250,000
Quarry Site Construction	\$ 21,932,991
Air Burner & C&D Waste Area	\$ 5,597,900
Water & Sewer	\$ 725,000
Tire Wash & Repair Area	\$ 3,075,330
Fuel Station	\$ 2,038,000
<b>Total Cost</b>	<b>\$ 68,177,450</b>
<b>Investment</b>	
Issuer	TKA Holding Group
Funding Round	
Amount	<b>\$68M</b>
Projected Market Cap	<b>\$285M</b>





Revenue and EBITDA Projections





## BUSINESS PLAN - TKA Holdings Group

Projected Financial Proforma	2021E	2022E	2023E	2024E	2025E	2026E
<b>Recycling Revenue by Material</b>						
Stone	9,012,080	21,628,992	21,628,992	21,628,992	21,628,992	21,628,992
Concrete	3,998,400	9,596,160	9,596,160	9,596,160	9,596,160	9,596,160
Dirt	15,229,060	36,549,744	36,549,744	36,549,744	36,549,744	36,549,744
Quarry/Stone	5,285,280	13,213,200	13,213,200	13,213,200	13,213,200	13,213,200
C&D	8,639,400	20,734,560	20,734,560	20,734,560	20,734,560	20,734,560
Organic	7,199,500	17,278,800	17,278,800	17,278,800	17,278,800	17,278,800
<b>Recycling Segment Revenue</b>	<b>49,363,720</b>	<b>119,001,456</b>	<b>119,001,456</b>	<b>119,001,456</b>	<b>119,001,456</b>	<b>119,001,456</b>
<b>Fueling Segment Revenue</b>	<b>9,625,000</b>	<b>23,100,000</b>	<b>23,100,000</b>	<b>23,100,000</b>	<b>23,100,000</b>	<b>23,100,000</b>
<b>Combined Revenue</b>	<b>58,988,720</b>	<b>142,101,456</b>	<b>142,101,456</b>	<b>142,101,456</b>	<b>142,101,456</b>	<b>142,101,456</b>
<i>% Growth</i>		<b>140.90%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>
Combined Cost of Goods Sold	(15,051,017)	(31,081,744)	(31,081,744)	(31,081,744)	(31,081,744)	(31,081,744)
<b>Gross profit</b>	<b>43,937,703</b>	<b>111,019,712</b>	<b>111,019,712</b>	<b>111,019,712</b>	<b>111,019,712</b>	<b>111,019,712</b>
<i>Margin, %</i>	<b>74.48%</b>	<b>78.13%</b>	<b>78.13%</b>	<b>78.13%</b>	<b>78.13%</b>	<b>78.13%</b>
<b>Total Executives Salary</b>	(312,000)	(312,000)	(312,000)	(312,000)	(312,000)	(312,000)
<b>Selling Expenses</b>	(54,448)	(93,340)	(93,340)	(93,340)	(93,340)	(93,340)
<b>General &amp; Administrative Expenses</b>	(49,980)	(85,680)	(85,680)	(85,680)	(85,680)	(85,680)
<b>Plant Maintenance Cost</b>	(39,200)	(67,200)	(67,200)	(67,200)	(67,200)	(67,200)
<b>SG&amp;A Costs</b>	(455,628)	(558,220)	(558,220)	(558,220)	(558,220)	(558,220)
<b>EBITDA</b>	<b>43,482,074</b>	<b>110,461,492</b>	<b>110,461,492</b>	<b>110,461,492</b>	<b>110,461,492</b>	<b>110,461,492</b>
<i>Margin, %</i>	<b>73.71%</b>	<b>932.31%</b>	<b>932.31%</b>	<b>932.31%</b>	<b>932.31%</b>	<b>932.31%</b>
Depreciation & amortization	(41,304,728)	(11,837,892)	(3,515,587)	(1,165,123)	(501,282)	(313,794)
<b>EBIT</b>	<b>2,177,347</b>	<b>98,623,600</b>	<b>106,945,905</b>	<b>109,296,369</b>	<b>109,960,210</b>	<b>110,147,698</b>
Interest expense	(3,661,482)	(2,761,479)	(1,981,767)	(1,202,056)	(422,344)	—
<b>Income</b>	<b>(1,484,135)</b>	<b>95,862,121</b>	<b>104,964,137</b>	<b>108,094,314</b>	<b>109,537,866</b>	<b>110,147,698</b>
Tax expense	(519,447)	33,551,742	36,737,448	37,833,010	38,338,253	38,551,694
<b>Net Income</b>	<b>(9,839,203)</b>	<b>62,310,378</b>	<b>68,226,689</b>	<b>70,261,304</b>	<b>71,199,613</b>	<b>71,596,004</b>

## Our Pricing Strategy

TKA has a lease arrangement with various companies and the company's pricing is based on miles per thousand tons of waste collected and transported. We have perfected our plans to charge competitive rates since we have minimal overhead compared to our competition in the industry.

We will ensure that we leverage on price to win customers; our prices will be affordable and negotiable. As the business grows, we will continue to review our pricing system to accommodate a wide range of clientele.

Where the Company plans to retain ownership of the unit pricing is based on the volume of feedstock processed and a charge per ton is agreed with the customer. Price is built up with consideration to the following:

- Dumping or gate fees payable by the customer if they were to dispose of the waste. The cost and operational savings for the customer are taken into account to arrive at a gate fee;
- The value of the recovered products, The Company endeavors to retain all of this revenue.; and
- Other savings or operational benefits for the customer.

The Company may have an additional revenue stream for unit placements within the Tri-State area as the process, avoidance of transportation, and recovery of products may qualify for US environmental grants.

## **SALES AND MARKETING STRATEGY**

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The marketing strategy for TKA is going to be driven by professionalism, excellent customer service, honesty, and quality recycled products. We want to drive sales via the output of our jobs and via referral from our satisfied customers. Management has well over 20 years in the Construction and demolition space and with the cost advantages of our facility over any competitors, we have the ability to maximize our customer utility and facility capacity

TKA is a business that is strategically located and we are going to maximize the opportunities that are available which is why we spent more to locate the business in a location that has significant logistical advantages for our users over our competitors.

Our sales and marketing team will be recruited based on their vast experience in the industry and they will be trained regularly to be well equipped to meet their targets and the overall goal of TKA.

Our goal is to grow TKA to become the leading C&D waste recycling company in Tri-State which is why we have mapped out strategies that will help us take advantage of the available market.

TKA is set to make use of the following marketing and sales strategies to attract clients:

- Introduce our C&D recycling business by sending introductory letters alongside our brochure to corporate organizations and other key stakeholders in the Tri-State area.
- Use our extensive contact network to acquire contracts from customers we already know and who have already committed to using the facility.
- Advertise our recycling company in relevant trade journals
- Engage in direct marketing approach
- Join local chambers of commerce and industry to market our products and services.

## **STARTUP CAPITAL FOR TKA HOLDING GROUP.**

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TKA is set to start as a private business that will be solely owned by Mr. Gay and his business partners along with other equity partners. These will be the sole financiers of the company but may likely welcome other business partners when needed for expansion arises. TKA is seeking the sum of \$3M minimum to \$10M in equity financing, 15-30mm in debt financing to get to positive free cash flow. The valuation at the time of conversion will exceed \$200mm based on sales projections., At around \$70mm pre-investment valuation, we are offering a 15% equity stake in the company which could produce up to a 60%IRR on investment or a 100%+ cash on cash return yearly to investors after year 3 of operation from passthrough of NOP (net profits).

These are the areas we intend generating our startup capital for our business;

- Generate part of the startup capital from personal savings.
- Source for investment from Private Equity investors and WHN Investors
- Apply for a loan from banks and private lenders

## BUSINESS GROWTH & EXPANSION STRATEGY

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The future of a business lies in the number of loyal customers that they have, the capacity and competence of their employees, their investment strategy, and business structure. If all of these factors are missing from a business, then it won't be too long before the business closes shop.

One of our major goals of starting TKA Recycling plant is to build a business that will survive off its cash flow without the need for injecting finance from external sources once the business is officially running.

We know that one of the ways of gaining approval and winning customers over is to offer our recycled products a little bit cheaper than what is obtainable in the market and we are prepared to survive on a lower profit margin for a while.

TKA will make sure that the right foundation, structures, and processes are put in place to ensure that our staff welfare is well taken of. Our company's corporate culture is designed to drive our business to greater heights and training and retraining of our workforce is at the top burner of our business strategy.

We know that if that is put in place, we will be able to successfully hire and retain the best hands we can get in the industry; they will be more committed to helping us build the business of our dreams

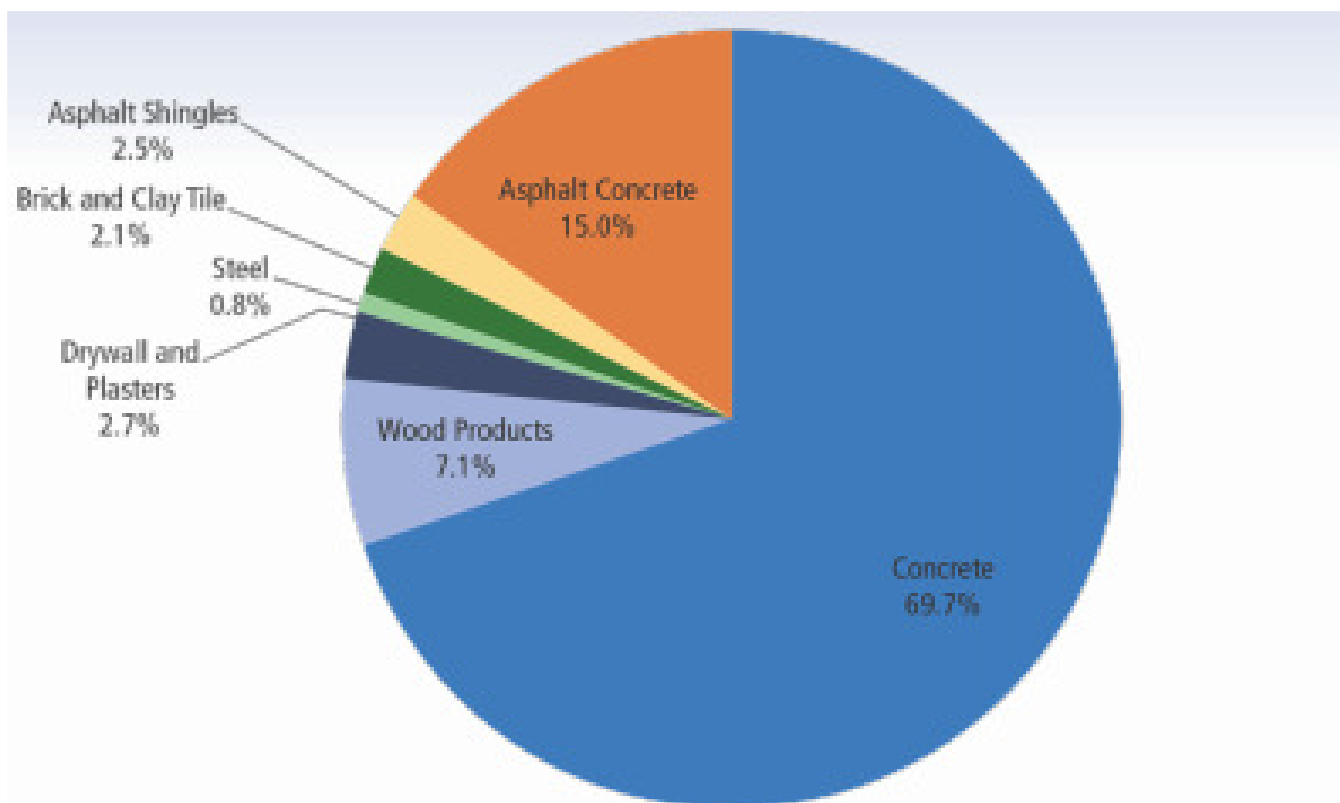
### Market Analysis:

Construction and demolition debris recycling is a fast-growing market in the United States. Whether on the collection or the processing side, there are business opportunities in construction and demolition debris recycling for those who plan thoroughly.

- ✓ Transportation and trucking are make-or-break factors in bidding jobs in C&D debris recycling since the materials tend to be heavy and bulky, to begin with.
- ✓ In the Tri-State area, concrete recycling is a big business with a big future. Since the areas are aggregate poor, they are hot markets for material that can be used as a base for paving projects.
- ✓ Natural disasters have been a major source of concrete demolition material. Disasters often provide a time for newcomers to get into the business since there is a lot of business to go around.
- ✓ Product coming in can vary from job to job, and without steady quality and consistency of product, marketing is tough. Firm getting into the recycling processing business producing recycling material for consumers, found itself stuck with expensive equipment in a losing proposition since it had no enduring markets.

There are several bases a newcomer to construction and demolition debris recycling must touch before getting started in business

- ✓ There are four reasons why someone will use a particular location: price, proximity to the job site, turnaround time, and less damage to tires (since most C&D recycling yards are on concrete pads).
- ✓ Be sure there is a large population base nearby. C&D debris recycling prospers where there are people.
- ✓ Know the building industry and its rate of growth over the past 10 years. Is it growing locally? Remember that 60 percent to 80 percent of your material will come from the building industry.
- ✓ Understand state regulations first. Then look at the county and municipal rules. Several Counties forbids wood in landfills, for instance. It must be ground up or used in co-generation.
- ✓ Next, know what your cost will be to capitalize a C&D debris recycling operation. Usually, they put the cost of a good 1,000-cubic-yard-per-day operation at about \$1 million. Add in fuel, maintenance, transportation, and costs to dispose of residues



## National Market Trends

The C&D waste collection recycling industry especially in the United States is dynamic and at the same time challenging. But one thing is certain, once our company can gain credibility, it will be much easier for us to secure permanent deals/contracts with large waste generators who are compelled by the law in the United States to dispose of their waste.

It also includes a section on the generation of construction and demolition (C&D) debris, which is not a part of MSW but comprises a significant portion of the non-hazardous solid waste stream.

Construction and demolition (C&D) debris is a type of waste that is not included in MSW. Materials included in C&D debris are steel, wood products, drywall and plaster, brick and clay tile, asphalt shingles, concrete, and asphalt concrete. These materials are used in buildings, roads and bridges, and other structures. The generation estimate represents C&D debris amounts from construction, renovation, and demolition activities for buildings, roads and bridges, and other structures. In 2017, 569 million tons of C&D debris were generated. Figure 14 shows the 2017 generation composition for C&D debris. C&D concrete was the largest portion at 69.7 percent, followed by asphalt concrete at 15.0 percent.

C&D wood products made up 7.1 percent, and the other products accounted for 8.1 percent combined. The 2017 generation estimates are presented in more detail in Table 6. As shown in Figure 15, demolition represented over 90 percent of total C&D debris generation. Construction, on the other hand, represented under 10 percent.

Tables 6 & 7 display the amount of C&D debris generation from buildings, roads and bridges, and other structures for each material. The “other structures” category includes C&D debris generation estimates from communication, power, transportation, sewer and waste disposal, water supply, conservation and development, and the manufacturing infrastructure. In 2017, roads and bridges contributed significantly more to C&D debris generation than other structures, and concrete made up the largest share of C&D debris generation for all three categories.

**Table 6. C&D Debris Generation by Material and Activity, 2017 (in millions of tons)**

	Waste During Construction	Demolition Debris	Total C&D Debris
Concrete	24.0	373.0	397.0
Wood Products <sup>7</sup>	3.3	36.9	40.2
Drywall and Plasters	4.3	11.0	15.3
Steel <sup>8</sup>	0	4.6	4.6
Brick and Clay Tile	0.3	11.9	12.2
Asphalt Shingles	1.4	13.0	14.4
Asphalt Concrete	0	85.7	85.7
<b>Total</b>	<b>33.3</b>	<b>536.1</b>	<b>569.4</b>



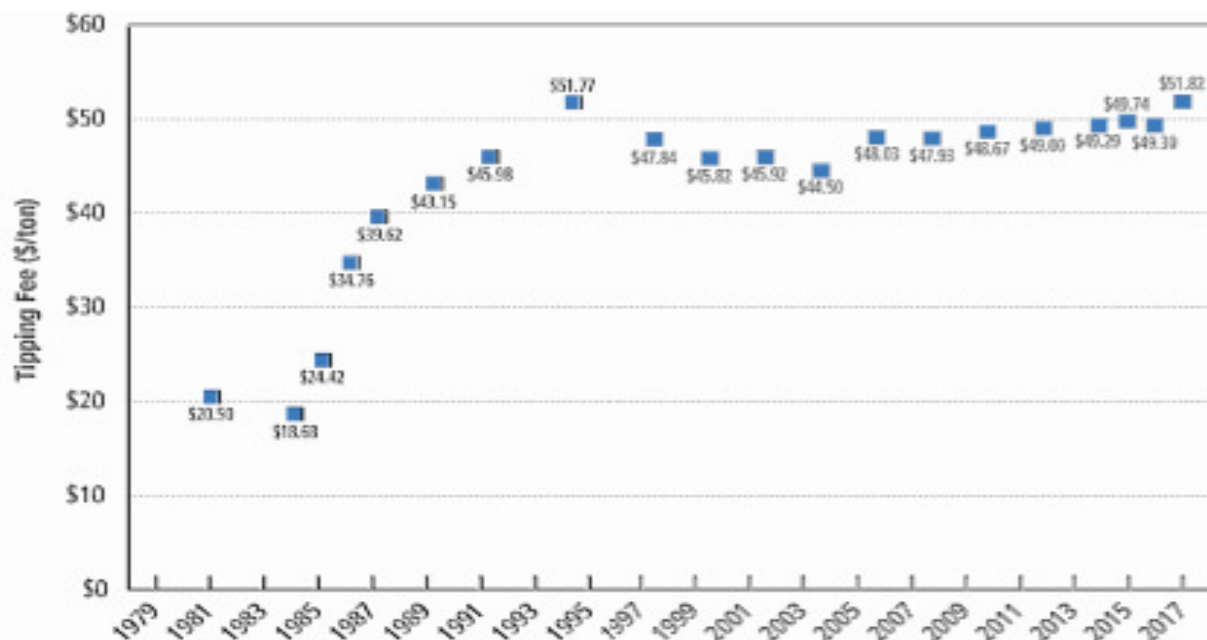
Table 7. C&D Debris Generation by Source, 2017 (in millions of tons)

	Buildings	Roads and Bridges	Other
Concrete	98.8	164.5	133.7
Wood Products <sup>7</sup>	38.9	-	1.3
Drywall and Plasters	15.3	-	-
Steel <sup>8</sup>	4.6	-	-
Brick and Clay Tile	12.2	-	-
Asphalt Shingles	14.4	-	-
Asphalt Concrete	-	85.7	-
Total	184.2	250.2	135.0

### Landfill Tipping Fees: National Landfill Tipping Fees, 1982-2017 (\$ per ton)

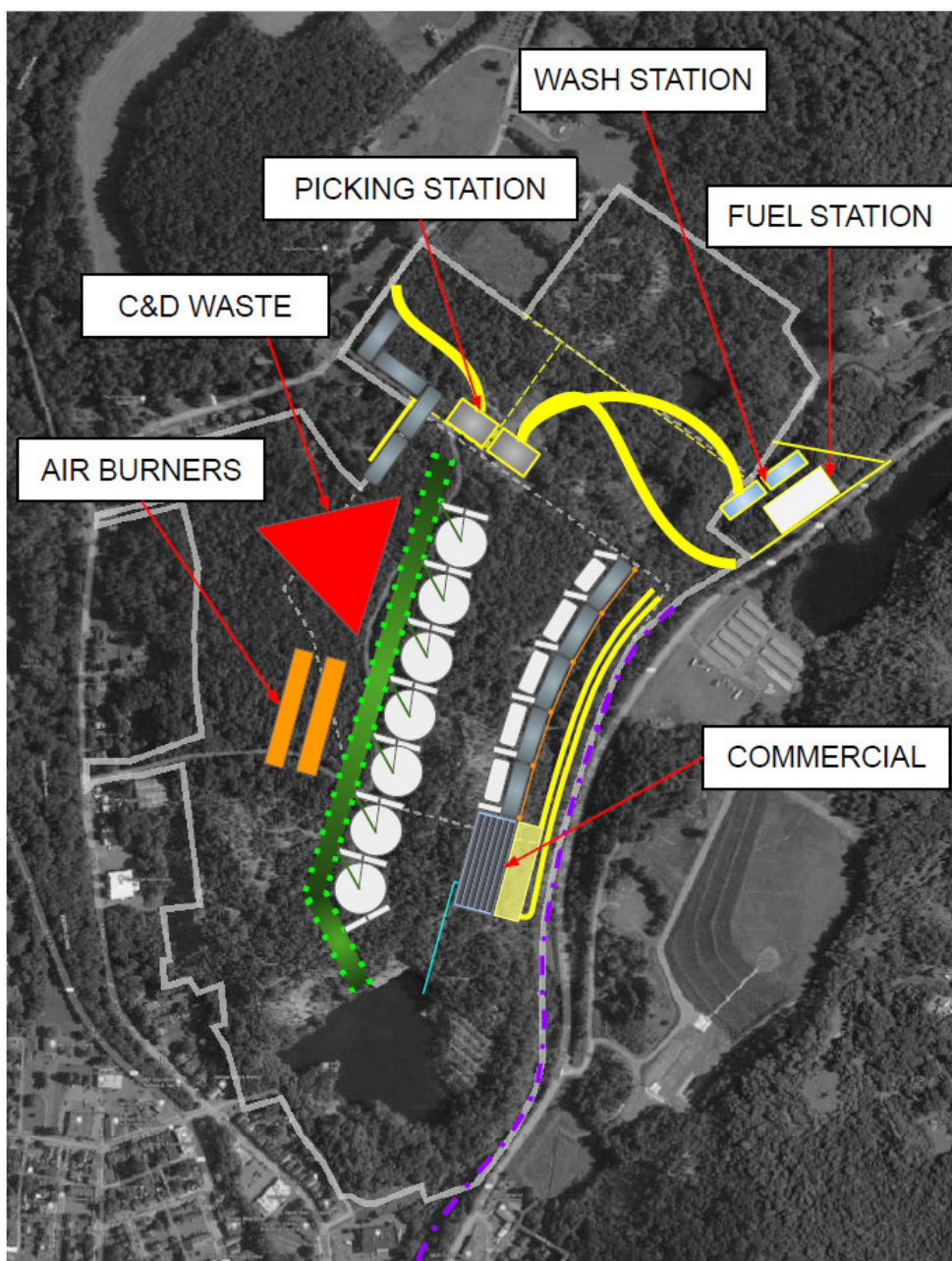
From 1985 to 1995, there was a rapid rise in national landfill tipping fees, followed by a steady decrease from 1995 to 2004. Since 2004, there has been a slow and steady average increase of about one percent per year in landfill tipping fees. The tipping fees are expressed in constant 2017 dollars.

National mean annual landfill tipping fees were normalized to the value of the dollar in 2017 using the Consumer Price Index (CPI) from the Bureau of Labor Statistics to allow meaningful comparisons. This figure shows an average increase from 1985 to 1995 of \$3.31 per year, followed by a steady decrease of \$0.81 per year through 2004 and an average increase of \$0.56 per year from 2004 to 2017.



## SITE:

The project is sited on 138 acres of land in Bangor, PA., previously uses as a quarry and previously permitted for an incinerator. The site is located near several other landfill operations including those listed in the above sections of this business plan. The local town is very interested in having a recycling plant in operation to reduce the areas' use of landfill operations within their community. One of the main competitive advantages of TKA is the fact that operating as a recycling facility will enable the company to simultaneously operate as a landfill, but with much less material going to landfill, which is a benefit to the operational life of TKA, the multiple waste streams TKA and accept and the town itself.

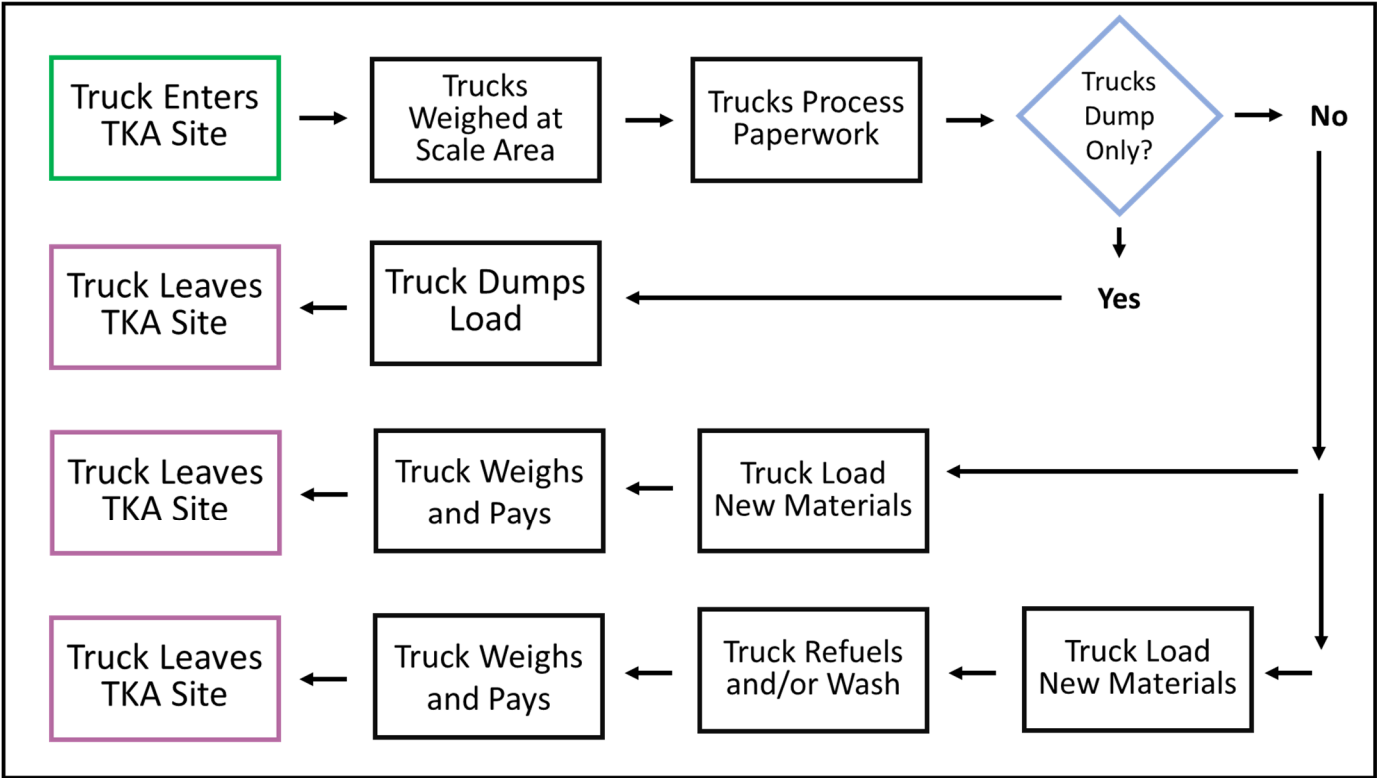


PROCESS:

This part of the business plan will be covering and explaining the process of recycling the concrete waste to be used as aggregates in mixing new concrete. Thenceforward, the process is divided into smaller processes. They are priced based on machine costs, labor, rent, etc. Then this cost of the final product, which is concrete aggregates, is compared with the price of the new material. Moreover, the different types of equipment are explained in detail, thus encouraging the investors to choose the most convenient method for their project.

The recycling plant which is spread on 138 acres of industrial zoned land that has rail access along with access to major roadways, including Interstate 80, Route 33, Route 22, Route 78, the Pennsylvania Turnpike, and Route 81, all with either direct access to the selected site or within 5 to 20 minutes of the acreage. There are no competitors in our industry capable of taking material in and recycling it within a 70-mile radius of the site. Will be taking in 10 different types of materials to start which will produce 31 different types of material for resale with all materials meeting PA, New Jersey, and New York, PennDOT approval for materials.

Operational Flow Chart





The process of the recycling plant is summarized in the following chart. All the plant machines are purchased from Murrysville Machines.

In the beginning, the truck goes in through the gates of the recycling plant. The first step is to scale the truck to determine the weight of the material and thus determining the initial price to be paid to the plant. Notice in this model, the owner of the waste is the one paying the fees to recycle. This is an alternative for dumping the waste in landfills, which costs a lot more.

The workers inspect the debris visually. Sometimes they put clean material on the top and the inner material is all unwanted wasted. There is another worker to re-inspect the material after being dumped in the plant. We have summarized the recycling process and techniques used by this stationary plant. The process mentioned here illustrates the techniques used in the stationary plant. The process technique is a main contributor to the cost as it will be integrated when evaluating costs in the financial model. Therefore, this data aids investors and contractors when implementing and operating the plant.

Images below: Recycling process of the concrete waste in stationary plant

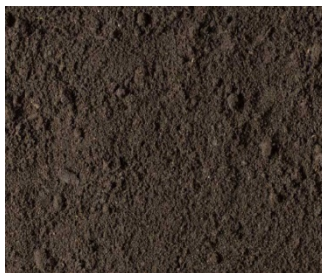


In this process, the number of workers varies from 10 to 14. They remove all the unwanted materials, such as wood, plastics, etc. steel and aluminum which are not filtered in this stage. Each worker is responsible for removing one type of material separation equipment:



Types of materials for resale:

***Aggregates, Soil, Road base Fill, Mulches, Sand, Metals, Post Combustion Products.***





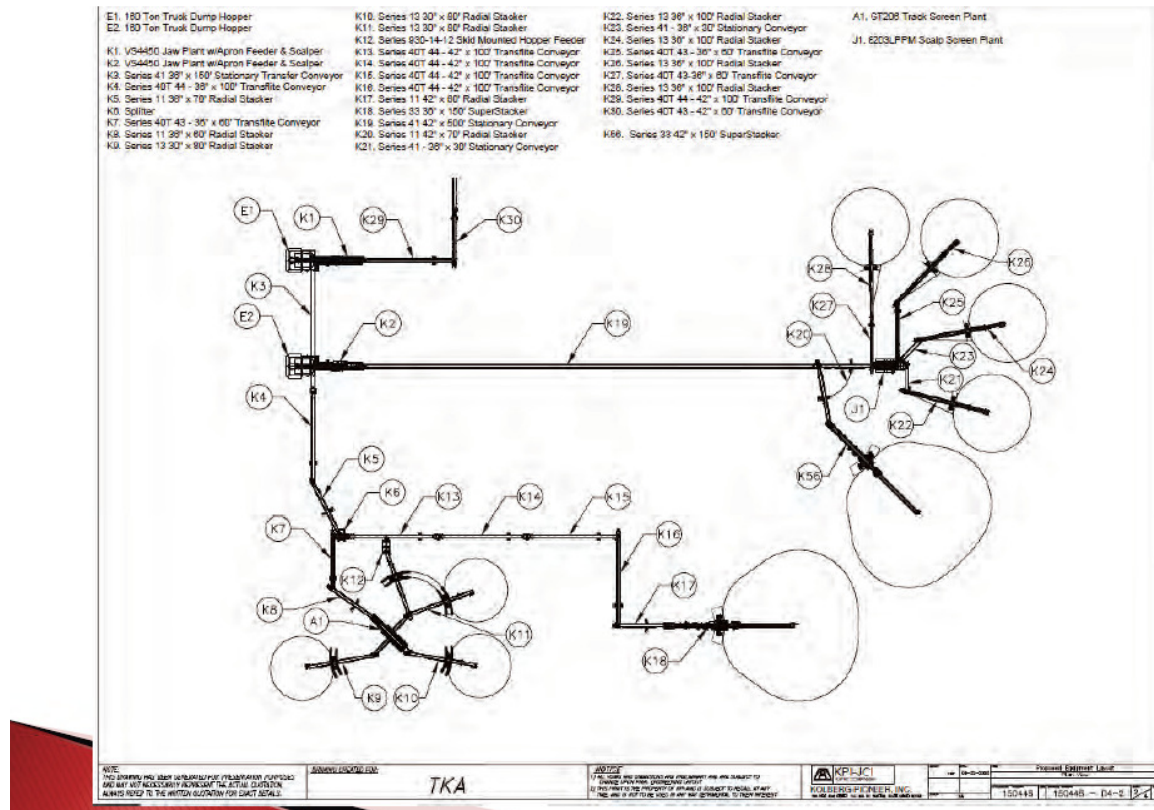
## Air Burners



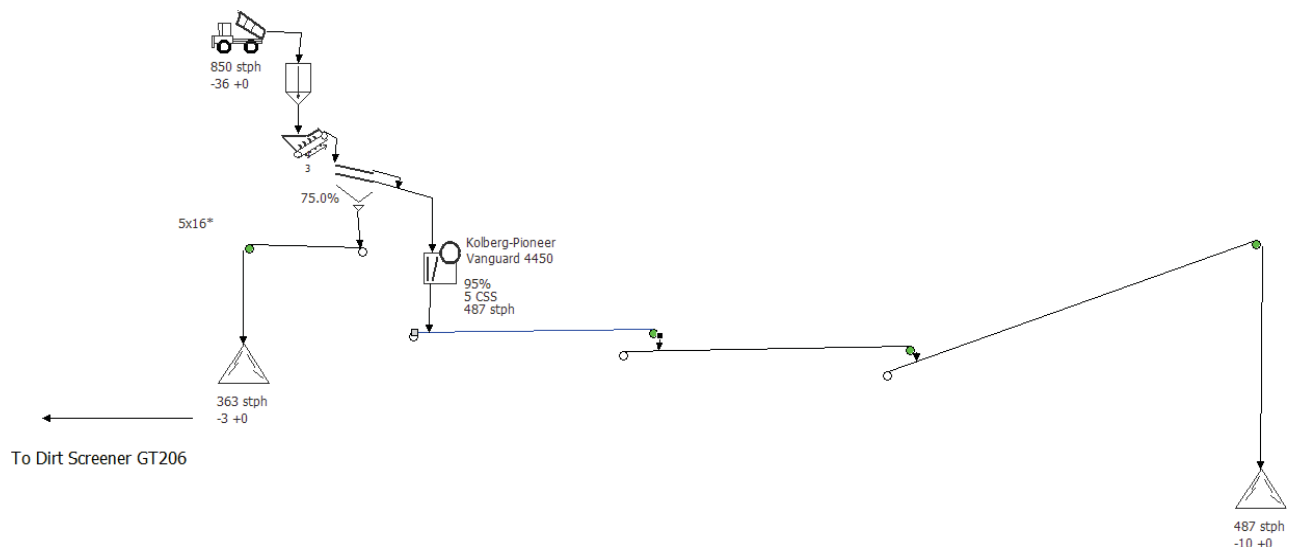
Airt Burners are a key component of the TKA Facility infrastructure. The current site has previously been permitted to incinerate waste and TKA believes it can re-permit this function because the burners TKA plans on using are vastly more efficient and have a proven lower emissions output than previously deployed.

The use of air burners will allow TKA to take several types of mixed construction debris and deal with organics and certain types of plastic and paper waste comingled in the construction debris the site receives. TKA and also accept certain types of waste that have been banned from landfilling in the local area such as tree stumps and other types of organic debris.

## Facility Layout: Solution Layout- Primary Stone Circuit, Concrete and Dirt Circuit



## Agg Flow- Primary/ Secondary Stone Circuit



## **CAPACITY OF THE PLANT**

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The capacity worldwide ranges from 50 to 800 tons per hour TPH, on average. Our initial estimates indicate intake will be 5,000 tons per day, growing to 10,000 tons per day

## **REVENUES:**

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The revenues are based on the tipping fees for material accepted to the facility AND recycled products sold into the market. The facility does have revenue generated by the mining of virgin materials from the existing quarry, but the main source of revenues will be from external material delivered to the site, processed, and resold volume of the material sold multiplied by their market price. As the interest in recycled building material grows and more buildings are trying to achieve a LEED certification for sustainability, the company believes we can sell all our material on a timely basis.

- I.) Commercial operation processing demolition materials and building waste from the Tri-State area receiving materials at a profit, processing and recycling these materials, and then selling the recycled concrete and stone grades on outbound trucks returning to concrete producers, road construction operator and in the Five Boroughs, PA and NY Metro Area.
- II.) Additional consumer revenue through on-site diesel fueling station, and
- III.) Future supportive utility layers including on-site cogeneration and regeneration of recycled materials, solar array generation of site power, as well as a food waste digestion facility in future stages of the development.

This is the main revenue stream for this project. However, there might be other revenue streams for this project since its main function is crushing. The plant can crush any material within the input range 400mm to 700mm. Moreover, the plant can also recycle other kinds of materials like granite, coarse aggregates, asphalt debris, etc.

### **Company Plans**

The Company wishes to grow profitably by commercializing its current recycle plant and reinvest a portion of surplus funds in research and development to extend technology solutions in the processing of C&D and other waste and in particular the recovery of high-value material for sale and reuse.

The Company also plans to convert and expand its air burner capacity to drive electric generation for use onsite. The company also plans to work with a 3<sup>rd</sup> party developer to use its remaining unused acreage to produce solar electricity for internal use and supplying excess power to the grid.

The primary objective of the Company is to retain ownership of its plant and equipment, deriving its income from feedstock “gate” fees (processing charges on the polluter/feedstock supplier), the sale of recycled material derived and reusable products recovered.

### **Company strength and core competence**

One of the most important company strengths and core competencies lies in the understanding and development of its operations. The Company's business models are based on two key components that will provide for technology protection and secure the forward revenue streams:

- i. Plant, know-how and electronic componentry which governs plant operation and processes are maintained in house and is proprietary; and
- ii. Contracted future revenue streams, which are either wholly or partially attributable to the Company along with service contracts.

The placement of a TKA unit is an industrial decision and as such, the lead time for evaluation and order is much longer than compared to a consumer sale. Many of the customers are extremely large organizations and decision making is often hierarchal, adding to decision making and lengthening order time.

## **OPERATIONAL MANAGEMENT**

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The Company retains responsibility for all permitting, health and safety, workplace, and environmental regulations. This is an area where specialist knowledge is required as the processing of toxic waste is a potentially very hazardous activity.

### **Job Roles and Responsibilities**

#### **Chief Executive Officer – CEO:**

- Increases management's effectiveness by recruiting, selecting, orienting, training, coaching, counseling, and disciplining managers; communicating values, strategies, and objectives; assigning accountabilities; planning, monitoring, and appraising job results
- Creating, communicating, and implementing the organization's vision, mission, and overall direction – i.e. leading the development and implementation of the overall organization's strategy.
- Responsible for fixing prices and signing business deals
- Responsible for providing direction for the business
- Responsible for signing checks and documents on behalf of the company
- Evaluates the success of the organization

#### **Recycling Plant Manager:**

- Oversee recycling pick-up or drop-off programs to ensure compliance with community ordinances.
- Create or manage recycling operations budgets.
- Inspect physical condition of recycling or hazardous waste facility for compliance with safety, quality, and service standards.
- Negotiate contracts with waste management
- Schedule movement of recycling materials into and out of storage areas.
- Provide training to recycling technicians or community service workers

- Oversee campaigns to promote recycling or waste reduction programs in communities or private companies.
- Develop community or corporate recycling plans and goals to minimize paper waste and conform to resource constraints and develop program goals or plans.
- Identify or investigate new opportunities for materials to be collected and recycled.
- Plan implementation or promotion of recycling programs.

#### **Admin and HR Manager**

- Responsible for overseeing the smooth running of HR and administrative tasks for the organization
- Maintains office supplies by checking stocks; placing and expediting orders; evaluating new products.
- Ensures operation of equipment by completing preventive maintenance requirements; calling for repairs.
- Defining job positions for recruitment and managing the interviewing process
- Carrying out induction for new team members
- Responsible for training, evaluation, and assessment of employees
- Responsible for arranging travel, meetings, and appointments
- Oversee the smooth running of the daily office activities.

#### **Sales and Marketing Manager**

- Manage external research and coordinate all the internal sources of information to retain the organizations' best customers and attract new ones
- Model demographic information and analyze the volumes of transactional data generated by the customer
- Identifies development opportunities; follows up on development leads and contacts
- Writing winning proposal documents, negotiate fees and rates in line with organizations' policy
- Responsible for handling business research, market surveys, and feasibility studies for clients
- Responsible for supervising implementation, advocate for the customer's needs, and communicate with clients
- Create new markets cum businesses for the organization
- Empower and motivates the sales team to meet and surpass agreed targets

#### **Accounts Receivable:**

- Responsible for preparing financial reports, budgets, and financial statements for the organization
- Provides management with financial analyses, development budgets, and accounting reports
- Responsible for financial forecasting and risk analysis.
- Performs cash management, general ledger accounting, and financial reporting for one or more properties.



- Responsible for developing and managing financial systems and policies
- Responsible for administering payrolls
- Ensuring compliance with taxation legislation
- Handles all financial transactions for the company
- Serves as an internal auditor for the company

#### **Recycling Plant Engineers (2) and Technicians/Machine Operators (8)**

- Responsible for installing, maintaining, and repairing all the recycling machines in the plant
- Operate recycling processing equipment, such as sorters, balers, crushers, and granulators to sort and process materials.
- Responsible for sorting, shearing, shredding, torching, and baling paper waste materials to be sold to downstream metal smelters for further processing.
- Operating facilities for separating and sorting used and condemned paper waste for recycling
- Operate forklifts, skid loaders, or trucks to move or store recyclable materials and finished products.
- Handle any other job functions as it relates to recycling materials.

#### **Client Service Executive**

- Welcomes clients and potential clients by greeting them in person or on the telephone; answering or directing inquiries.
- Ensures that all contacts with clients (e-mail, walk-In center, SMS, or phone), provides the clients with a personalized customer service experience of the highest level
- Through interaction with clients on the phone, uses every opportunity to build client's interest in the company's products and services
- Consistently stays abreast of any new information on the organizations' products, promotional campaigns, etc. to ensure accurate and helpful information is supplied to clients when they make inquiries
- Receives parcels/documents for the company
- Distribute mails in the organization
- Handles any other duties as assigned by the manager.

## **Personnel**

Management is very aware that as the Company grows training and development of personnel are vitally important. Current and future employees will be highly educated and at a minimum hold science and engineering qualifications. All aspects of the Company operations from toxic waste evaluation to plant placement and commissioning are heavily technical.

## Management and Organization

### **KEY MANAGEMENT**

#### Gerald B. Gay, CEO and Chairman

20 years quarrying development and operations; 6 years of facility concept development for stone, dirt and C&D waste recycling. 38 years of excavation in residential, commercial and utility contracting; 37 years of commercial and residential real estate development and sales; Profitable sold prior contracting and infrastructure business.

#### GRANTLEY LEE, President & Senior VP, Head of Facility Operations

Original owner of Murrysville Machinery with 25 years of selling, installing, calibrating and maintaining quarry equipment; 22 years designing quarry machinery systems; 21 years of designing, installing and maintaining crushing and screening equipment, conveyor systems and equipment. Profitably sold Murrysville Machinery Inc.

#### IAN RAMSEY, VP of Machinery Operations and Maintenance

20 years with Murrysville Machinery specializing in machinery systems setup, specification and maintenance, quarry systems design and assembly; 14 years of machinery facility inventory. IAN has worked with Grantley at Murrysville. Key position to maintain site optimization of material flow and continuous uptime.

#### MIKE CERCIELLO, VP of Inbound / Outbound Sales

30 years of cement block manufacturing; 25 years of concrete plant batching; 25 years of crushing, screening and meeting state certifications for quarry stone products; 23 years of managing on-road salesmen for construction products sales; 15 years truck fleet logistics management.

#### CHRISTOPHER CASEY, VP Wood, C&D Recycling Circuits Facility Operations Controller

10 years of construction company development site management, handling collection and disposal of all on-site organics and including burning of organics; 3 years of experience controlling truck traffic on sites.

#### WILLIAM FINK, VP Facility Operations Controller

15 years of experience as a logistics operator for a produce company supplying Amazon, Walmart, BJ's and Costco distribution centers in the northeast with up to 1,000 loads a day; 5 years of management for rail access distribution and receiving of produce for Northeast region Walmarts.

## **ADVISORY BOARD**

### Roderick O. McMahon, Advisory Board Member

Rod is the Principal and CEO of Murraysville Machinery, bringing over 30 years of experience in investment banking and will be supplying the heavy machinery for TKA's site development. Rod holds a BS from Bucknell University.

### Rich D. Galli, Advisory Board Member

Rich brings over 35 years of professional engineering experience in industrial processes and has worked with TKA in design and layout of materials processing capacities for TKA's site development and operation. Rich holds an MS in Civil Engineering from Manhattan College.

### Jeffrey Merle, Advisory Board Member

Jeffrey is the VP of Machine Sales at Foley CAT and brings over 25 years of heavy machinery operation and maintenance knowledge to TKA's site development and operation planning. Jeffrey holds a professional degree and extensive CAT certifications in machinery maintenance.

### JAMES MITCHEL, Advisory Board Member

10 years of experience in investment banking and asset management with Deutsche Bank and Natixis Global Asset Management, specializing in financial modeling and revenue structures development, Project Financing, M&A structuring and Credit Financing.

### GABRIEL A. CARTER, Advisory Board Member

12 years of industrial processes facility design; 10 years of business and mobile platforms development. 7 years of commercial real estate development and financial modeling for a ground-up developer network.

### PETER LUSK, JR., Advisory Board Member

Over 30 years of experience in investment banking and venture startups, specializing in CleanTech, Renewable Energy projects, USGBC LEED Certification and compliance, and NYSERDA projects.

## FINANCIAL FORECAST AND ANALYSIS

The company has immediate project opportunities that generate revenue within six months from confirmed order. Should the financing requirements of the Company be met then the Company can be earning significant revenue by mid-2021 –Management expects to be at breakeven by the end of the First quarter 2022 and profitable thereafter.

The five-year income pro forma presented hereafter relates only to the deployment of 8 projects over 5 years, including the sale of equipment where direct project management and implementation is either not feasible or possible. Based on the marketing and sales effort already expensed, Management has established a prospect backlog list of additional clients and projects that could double the number of operating units included in this plan.

To implement the immediate opportunities and sustain the company's growth, the company is seeking to raise \$25 million in equity and debt. Between \$5mm-\$10mm in equity and \$20mm-\$10mm as a term loan. These monies will be used for land acquisition, site prep and to complete signing contracts, and operating expenses. These funds are sufficient to achieve a plan which will deliver EBIT of over \$500m in year five.

## FIVE YEAR PROFIT PROJECTION

Projected Financial Proforma	2021E	2022E	2023E	2024E	2025E	2026E
<b>Recycling Revenue by Material</b>						
Stone	9,012,080	21,628,992	21,628,992	21,628,992	21,628,992	21,628,992
Concrete	3,998,400	9,596,160	9,596,160	9,596,160	9,596,160	9,596,160
Dirt	15,229,060	36,549,744	36,549,744	36,549,744	36,549,744	36,549,744
Quarry/Stone	5,285,280	13,213,200	13,213,200	13,213,200	13,213,200	13,213,200
C&D	8,639,400	20,734,560	20,734,560	20,734,560	20,734,560	20,734,560
Organic	7,199,500	17,278,800	17,278,800	17,278,800	17,278,800	17,278,800
<b>Recycling Segment Revenue</b>	<b>49,363,720</b>	<b>119,001,456</b>	<b>119,001,456</b>	<b>119,001,456</b>	<b>119,001,456</b>	<b>119,001,456</b>
<b>Fueling Segment Revenue</b>	<b>9,625,000</b>	<b>23,100,000</b>	<b>23,100,000</b>	<b>23,100,000</b>	<b>23,100,000</b>	<b>23,100,000</b>
<b>Combined Revenue</b>	<b>58,988,720</b>	<b>142,101,456</b>	<b>142,101,456</b>	<b>142,101,456</b>	<b>142,101,456</b>	<b>142,101,456</b>
<b>% Growth</b>		<b>140.90%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>
Combined Cost of Goods Sold	(15,051,017)	(31,081,744)	(31,081,744)	(31,081,744)	(31,081,744)	(31,081,744)
<b>Gross profit</b>	<b>43,937,703</b>	<b>111,019,712</b>	<b>111,019,712</b>	<b>111,019,712</b>	<b>111,019,712</b>	<b>111,019,712</b>
Margin, %	74.48%	78.13%	78.13%	78.13%	78.13%	78.13%
<b>Total Executives Salary</b>	(312,000)	(312,000)	(312,000)	(312,000)	(312,000)	(312,000)
<b>Selling Expenses</b>	(54,448)	(93,340)	(93,340)	(93,340)	(93,340)	(93,340)
<b>General &amp; Administrative Expenses</b>	(49,980)	(85,680)	(85,680)	(85,680)	(85,680)	(85,680)
<b>Plant Maintenance Cost</b>	(39,200)	(67,200)	(67,200)	(67,200)	(67,200)	(67,200)
<b>SG&amp;A Costs</b>	(455,628)	(558,220)	(558,220)	(558,220)	(558,220)	(558,220)
<b>EBITDA</b>	<b>43,482,074</b>	<b>110,461,492</b>	<b>110,461,492</b>	<b>110,461,492</b>	<b>110,461,492</b>	<b>110,461,492</b>
Margin, %	73.71%	932.31%	932.31%	932.31%	932.31%	932.31%
Depreciation & amortization	(41,304,728)	(11,837,892)	(3,515,587)	(1,165,123)	(501,282)	(313,794)
<b>EBIT</b>	<b>2,177,347</b>	<b>98,623,600</b>	<b>106,945,905</b>	<b>109,296,369</b>	<b>109,960,210</b>	<b>110,147,698</b>
Interest expense	(3,661,482)	(2,761,479)	(1,981,767)	(1,202,056)	(422,344)	—
<b>Income</b>	<b>(1,484,135)</b>	<b>95,862,121</b>	<b>104,964,137</b>	<b>108,094,314</b>	<b>109,537,866</b>	<b>110,147,698</b>
Tax expense	(519,447)	33,551,742	36,737,448	37,833,010	38,338,253	38,551,694
<b>Net Income</b>	<b>(9,839,203)</b>	<b>62,310,378</b>	<b>68,226,689</b>	<b>70,261,304</b>	<b>71,199,613</b>	<b>71,596,004</b>

## Basis and principal assumptions

### **Direct Project Expenses and Project Partner Fees**

These expenses relate to own units placed as all revenue for the franchisee is included in Revenue. Direct project expenses are those expenses related to the processing of waste and the expenses of running the process. Such costs include operators, insurance, power consumption, utilities (nitrogen, cooling water), and maintenance.

### **Administration**

Administration expenses are for centralized costs, such as sales, marketing, travel, office expenses, utilities, and pre-commissioning costs, which relate to understanding and developing a solution for the waste issue raised by a toxic waste producer.

### **Depreciation**

Depreciation is charged on a straight-line basis over 5 years on units retained.

### **Loan Interest**

Loan interest relates to the balance outstanding on a term loan of \$5 million which is repaid out of after-tax cash flow. The interest rate assumed is 8% cumulated.

### **Taxation**

Taxation is calculated at a rate of 35% of profit before tax.

## Competitors

The company operates in a highly competitive market, which is dynamic and witnesses rapid technological changes. Apart from this, TKA faces indirect or potential competition from several Individual and Business oriented waste recycling Providers, who may provide various solutions and qualities in their current and future products. The key to success will be the ease of implementation, and the market penetration we can develop via connections in the business community.

Recently there has been a demand increase in the recycling market, demand has been driven by the growing worldwide population, shifting consumer interest towards a sustainable environment, and rising purchasing power of middle-class consumers in emerging economies.

## Risk

Main downside risks associated with the investment may include those relating to:

- ✓ The market in which we compete is intensely competitive and actions by competitors could render our services less competitive, causing revenue and income to decline.
- ✓ The prices at which others offer competitive services, including aggressive price
- ✓ Competition and discounting to individual customers, which may become increasingly prevalent due to changing economic conditions;
- ✓ The ability of our competitors to undertake more extensive marketing campaigns;
- ✓ The extent of our competitors' responsiveness to customer needs;

- ✓ Because a significant portion of expenses are relatively fixed, a variation in the number of customers or the timing of new customer addition may cause significant variations in operating results from quarter-to-quarter and could result in losses; and
- ✓ Changes in general economic conditions;
- ✓ Geopolitical risk

## CONCLUSION

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TKA is an attractive investment opportunity for investors keen on benefiting from the dynamics of the waste recycling industry. It offers low-cost exposure to what is likely to be an extremely lucrative cash flowing investment by late 2021. At the currently suggested equity offering capitalization, the equity investor should see close to a 100% cash on cash return each year for years 2 through 20, or until the plant is sold or taken public.

Our bullish outlook for the company is based on the above factors and a highly experienced management team. Although the company is planning to initially enter only with the Tri-State market, the Company's future plan is to penetrate other geographical markets in future years.

Furthermore, the company client base is likely to increase as the company extends and expands its marketing and development efforts. The inclusion of other high-quality value-added recycled material products could further enhance the consumer base. Also, the growing nationwide demand for recycled products and the growth in the number of customers nationwide would increase the IRR for an investment.

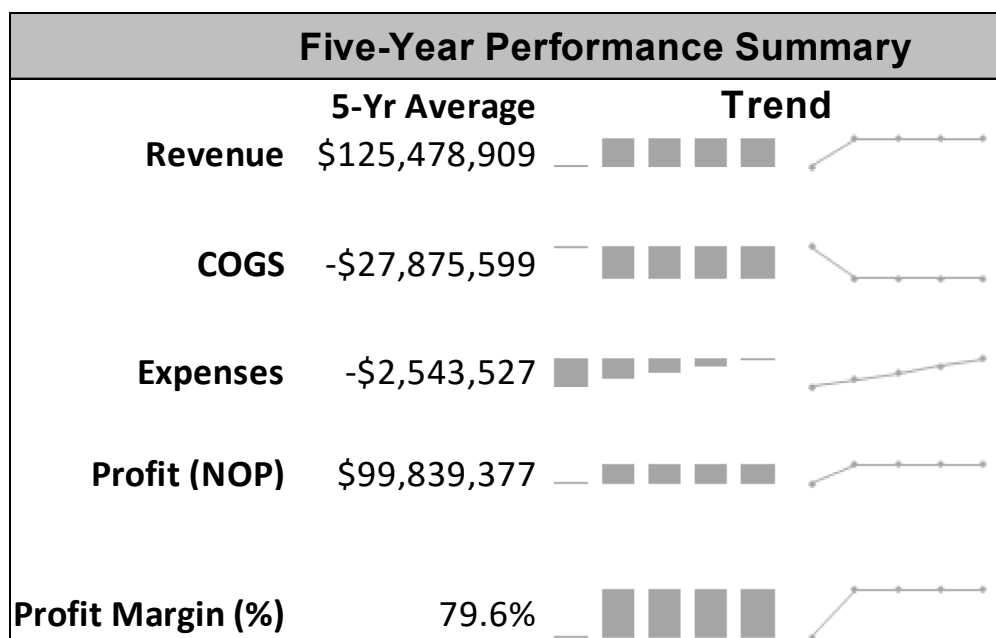
We, therefore, see many factors that could lead to an upward revision of our target market cap.

Based on these factors, we expect the Group's share value to reach a target of a corresponding market cap of \$250mm+ over a 24 – 36 period.



## Appendix 1 - Pro Forma Projections

Cash Flow Statement						
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
<b>Operating Activities</b>						
Net Income	(\$9,839,203)	\$62,310,378	\$68,226,689	\$70,261,304	\$71,199,613	\$71,596,004
Depreciation and amortization	\$41,304,728	\$11,837,892	\$3,515,587	\$1,165,123	\$501,282	\$313,794
Change in	(\$10,740,688)	—	—	—	—	—
Change in	\$10,740,688	—	—	—	—	—
<b>Operating cash flow</b>	<b>\$31,465,525</b>	<b>\$74,148,270</b>	<b>\$71,742,276</b>	<b>\$71,426,426</b>	<b>\$71,700,895</b>	<b>\$71,909,798</b>
<b>Investing Activities</b>						
CapEx	(\$240,000)	(\$240,000)	(\$240,000)	(\$240,000)	(\$240,000)	(\$240,000)
<b>Investing cash flow</b>	<b>(\$240,000)</b>	<b>(\$240,000)</b>	<b>(\$240,000)</b>	<b>(\$240,000)</b>	<b>(\$240,000)</b>	<b>(\$240,000)</b>
<b>Financing Activities</b>						
Debt Financing	—	—	—	—	—	—
Line of Credit	—	—	—	—	—	—
Credit Facility	(\$6,497,598)	(\$6,497,598)	(\$6,497,598)	(\$6,497,598)	(\$6,497,598)	—
Total debt issuance (repayment)	(\$10,507,303)	(\$10,507,303)	(\$10,507,303)	(\$10,507,303)	(\$10,507,303)	(\$4,009,705)
Equity issuance (distribution)	—	(\$85,119,190)	(\$60,994,974)	(\$60,679,124)	(\$60,953,592)	(\$67,660,093)
<b>Financing cash flow</b>	<b>(\$10,507,303)</b>	<b>(\$95,626,492)</b>	<b>(\$71,502,276)</b>	<b>(\$71,186,426)</b>	<b>(\$71,460,895)</b>	<b>(\$71,669,798)</b>
<b>Net Cash Flow</b>	<b>\$20,718,222</b>	<b>(\$21,718,222)</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
Ending Cash Balance	\$117,952,547	\$96,234,325	\$96,234,325	\$96,234,325	\$96,234,325	\$96,234,325



## Appendix 2 – Assumptions and Investor Returns

Inputs			
Sources and Uses			
Sources of Funds	Amount	% Funds	% Rate
Equity Investment	\$14,136,555	20.0%	
Credit Facility	\$32,487,990	46.0%	12.0%
Equipment Financing	\$24,058,229	34.0%	6.0%
Equity Investor % Ownership			
<b>Total sources</b>	<b>\$70,682,774</b>	<b>100%</b>	
Uses of Funds			% Fee
Real Estate Acquisition	\$3,500,000		
Initial Site Prep & Infrastructure	\$33,369,221		
Cash for Ops and Debt	\$7,000,000		
Operating Equipment	\$24,058,229		
Transaction Fees Equity	\$1,130,924		8.0%
Transaction Fees Debt (CF only)	\$1,624,400		5.0%
<b>Total uses</b>	<b>\$70,682,774</b>		

Debt Capitalization	
Credit Facility	
Amount	\$32,487,990
Loan Duration (months)	60
Interest Rate	12.0%
Equipment Financing	
Amount	\$24,058,229
Loan Duration (months)	72
Interest Rate	6.0%

Equity Ownership and Return	
Equity amount	\$ 14,136,555
Fair Market Valuation	\$ 228,969,495
Investor %	20.00%
Total Cash Ret. 20y	\$ 252,883,643
20yr Cash On Cash %	1789%
Total TKA 20Yr NOP	\$ 1,264,418,215
IRR	55.2%
Cash-on-cash	18.93x
Avg. Yearly Payment	\$ 12,644,182

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