

The First Home Olive Oil Press and Extended Fresh Olive Shelf Life Venture

BUSINESS PLAN & INVESTMENT SOUGHT



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Existing Solutions/Competition:

None!! – Existing presses range from large industrial presses, down to outdoor-size 60lb presses, with the lowest priced press costing 2200 US\$.

Our Development:

Olive X-Press Ltd. has completed the patent based development of the world's first and the only household countertop olive oil press! You are welcome to view the video at this link: <https://www.youtube.com/watch?v=aZ0YRUfZJoQ&feature=youtu.be>

We have four fully operational prototypes (internationally patented) that have been used numerous times in presentations/demonstration all over the world. The machine is fully designed and functional. You put in 3Kgs of olives and after approximately one hour you get around 500cc of the freshest and tastiest olive oil available.

1. Olive X-Tend Ltd. (part of our venture) has developed a complementary technology enabling to extend the shelf life of the oil within treated olives, enabling Olive X-Press users to prepare fresh, pure, cold pressed olive oil at home, upon demand, year round.

The development work was funded by seed money received from private investors.

Expertise:

The team that invented and developed the Olive X-Press machine and the Olive X-Tend fresh olive shelf life extension are all experts and include the (twice) past President (2000 and 2008) of the International Olive Council (IOC), the late Professor Shimon Lavee and Professor Zohar Kerem. You are dealing with experts in the field.

Target Populations:

1. The "Do-it-Yourself" gastronomic culture is increasing in popularity worldwide. Sales of bread machines, pasta machines, coffee machines, wine and beer home production equipment are increasing from year to year. People enjoy the creativity of producing and consuming their own home made food items. People feel safer when making their own, without being exposed to inaccurate labels and fraud that is very popular, especially when dealing with olive oil. This target population has the largest potential for the Olive X-Press™. This population has been waiting a long time for a new and innovative addition to existing kitchen appliances. Coupled with the increasing awareness worldwide of the virtues and advantages of olive oil, these new countertop olive oil presses are destined to become the next craze and will rapidly hit the top of the bestselling Christmas, Thanksgiving and/or wedding gift list. With the target price of 250US\$ per machine, these sleek looking easy-to-use machines will be affordable to a very

Olive X-Press

wide range of consumers. The household Olive X-Press™ users include two categories:

- Populations living in olive growing countries, near or around olive trees. There are millions of families, especially in the Mediterranean area, with two or three olive trees in their gardens or in the wild nearby. These people presently pickle some of the olives while the rest fall and rot, because the amount is too small to take to a commercial olive oil press. The possibility to produce pure olive oil in their kitchens will be a tempting alternative. With the Olive X-Press™, they will be able to make their own pure fresh olive oil at home. An average tree bears 40–80 kg per year, yielding 8–16 liters of oil, present alternative extra virgin olive oil purchase value of 80\$ - 360\$.
- Populations living in the rest of the world. These users will enjoy year-round availability of treated and vacuum packaged fresh olives for production of pure fresh olive oil at home. The olives shall be treated and packaged using the unique, patented shelf life extension technology developed by Olive X-Tend Ltd. A few cultivars of treated ready-to-use olives will be available, enabling Olive X-Press™ users to choose their preferred kind of olives and resulting oil.

A Potential Future Development

Delis machine: Olive oil production technology used by the Olive X-Press™ will be the core technology for the development of a larger version of the Olive X-Press™ for use in delis and/or restaurants. Following our technology usage, Deli customers will be able to come and purchase oil that is being made from X-Tend treated olives in front of their eyes. Italian restaurant guests will be more than happy to know that the olive oil used for preparation of the food they are served is fresh, having been pressed daily on the premises. Here again, it is most likely that delis/restaurants located in olive growing countries will use locally available fresh olives in season, and treated fresh olives during the rest of the year, while delis/restaurants in the rest of the world will use the treated fresh olives year round. We have lately negotiated with a major company that proposed a joint development of this machine and market.

Small grower machine: The third and largest version of the Olive X-Press™ will be targeted for small-scale professional olive growers. We are relating to a target population of 3 to 4 million small farms in the Mediterranean area, Western USA, Australia etc.

The advantages:

- a. Significant reduction in oil producing costs – Industrial presses charge 0.8 to 1.5 US\$ per liter in Europe and West USA.
- b. Significant reduction in transportation to the mill.
- c. Significant increase in output, based on the capability to perform selective olive harvesting. Industrial presses dictate massive picking and do not like handling small quantities.

Olive Shelf Life Extension:

Olive growing has been traditionally centered around the Mediterranean. This is changing rapidly and new olive plantations are emerging in many new countries in the Northern and Southern hemispheres, providing fresh fruit during opposing seasons (October to January in the Northern Hemisphere and April to July in the Southern hemisphere). Extending the shelf life of the oil within fresh olives using the proven technology developed by Olive X-Tend Ltd., as part of this venture, will provide fresh olives year round to Olive X-Press™ owners.

An important by-product of the Olive X-Press™ that comprises part of this full business plan is the shelf life extension of the oil within fresh olives for eight to twelve months. This will enable year round marketing and distribution of fresh olives through a special treating and packing technology to: a. Consumers in areas that do not grow olives and b. Consumers in areas that do grow olives, extending the fresh fruit availability season. Revenues from this technology will include:

1. Royalties from the olive distributors and retailers who will be part of the project.
2. Exclusive marketing rights and technical support regarding machinery, technology and know-how – provided to olive growers participating in the project.
3. Royalties from olive growers and industrial presses for using this technology in order to extend the shelf life of fresh olives upon arrival to the press facility.

The Market:

1. Manufacturing and marketing/sales of the Olive X-Press™ machines, including technical support and 24/7 help desk.
2. Exclusive marketing and technical support to olive growers regarding all aspects of olive shelf life extended packaging.
3. Royalties from Olive X-Press™ machine sales.
4. Royalties from olive distributors and retailers from extended shelf life olive sales.
5. License fees from olive growers and presses for using the olive extended shelf life technology.
6. Future potential revenues:
 - a. Revenues from sales of a Delis and small-grower professional version of the Olive X-Press™.
 - b. Revenues from professional extended shelf life studies and consultancy related to various additional olive types that will be provided by our agriculture Faculty – Rehovot team. Studies will support olive growers of different olive types and countries that are potential business partners.
 - c. Revenues from additional derivatives of the X-Press™, for other health-related oils such as avocado and others.

- d. Developing a virtual community market arena for our countertop customers, small olive growers that provide extended shelf life olives of numerous types/cultivars, and olive oil buyers.

Business Environment:

The main option is to handle the manufacturing (Local existing mills that will process/treat and vacuum-pack fresh olives) and distribution (by TV, door-to-door, website, local dealers, etc.) as part of the business venture and thus increase the profit margins and future revenues. It should be noted that the option exists to sell the full exclusivity for the completed and patented machine and the completed, proven and patented olive shelf life extension process to a leading manufacturer/distributor in the field for a lump sum or for a lump sum and revenue share.

1. For the machine:
 - a. Companies that manufacture counter-top kitchen appliances.
 - b. Companies that manufacture industrial olive oil presses, for know-how and cooperation in developing the small-grower version.
2. For the olives and the overall project:
 - a. Olive Growers and mills.
 - b. Farming product distributors.
 - c. General food/appliance retailers, such as Williams Sonoma, Strauss. Etc.
 - d. Natural food retailers.

Projected Retail Level Sales/Revenue for the First Six Years:

- Machine Sales – 125M US\$
- Olive Sales – 675M US\$
- Total – 800M US\$

Financial Forecast Considerations:

Note: The forecast does not include the deli/restaurant and/or the small-grower versions of the machine which together constitute significant additional business potential.

The Machine (Estimated Retail Price – 250 US\$):

The estimated sales quantities for the first six years are based upon the behavior of the counter-top bread making machine market.

We assume an average machine retail price of 250 US\$.

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1. 200,000 machines in olive growing countries/areas and in areas where olives are accessible (South Europe, Middle East, North Africa, Western USA, Australia – "Inner Business Circle") – 50M US\$.
2. 300,000 machines in the other countries and areas (Far East, Northern Europe, Central/Eastern USA – "Outer Business Circle") – 75M US\$.

The total revenue from the machines alone is therefore 125M US\$. This estimate doesn't include additional/larger versions of machines.

The Olives:

The following conservative assumptions were used for calculating the revenues from treated olive sales:

We assume a retail price of 3US\$ per 1Kg of treated olives.

This translates to 3,000US\$ per ton.

We assume 6Kgs of olives required for producing 1Liter of olive oil.

We assume an average yearly consumption of 5Liters of olive oil per person.



We assume that 50% of purchased machines will never be used.

We assume 3 persons per sold machine that is used.

The above assumptions result in the following:

Olive oil produced yearly per machine – 15Liters.

Processed olives used yearly per machine – 90Kg.

Based on the above, the amount of processed olives required in the first six years is – 225Tons.

Revenues from the above olive sales – 675MUS\$.

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Description of the Technical Solution:

	<ul style="list-style-type: none">■ Electrically operated (existing motor).■ Standard blender size (Dimensions: 18"H x11" W)■ Whole olive processing (with stones) by innovative crusher/grinder.■ Output – 1 hour (including filtering) to produce 500CC of oil from 3Kg of olives■ Environmentally friendly.■ Easy to clean.■ Fluid temperature control.■ Design Factors:<ul style="list-style-type: none">○ Appearance/Looks○ Low cost (affordability)○ Production time, low/Easy maintenance.○ Low noise levels.■ Production efficiency.■ Oil – waste water innovative filter separation.■ Estimated production cost – 70-90\$ <p><u>Patents:</u></p> <p>US 8,677,894 - Device and method for preparing olive paste for oil extraction</p> <p>US 8,877,273 / EUR 2,288,266 - Device and method for extracting olive oil</p>
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The olive oil production process in the X-Press machine is different than the methods used in existing commercial presses/mills and we have therefore applied for and have been granted a patent as an original/innovative concept and process.

The current four prototype machines are already producing fresh, pure and cold pressed premium quality olive oil with efficiency levels that match commercial presses.

The designed/expected service life of the machine shall be over ten years.

Availability – The Olive X-Press™ shall be designed to be an off-the-shelf appliance, requiring no special installations or connections. Operating the machine will be simple and straightforward, requiring no technical prerequisites or specific knowledge.

Note: Several machine designs and technical implementations have been looked into. Current testing has narrowed down to the selected/preferred solution.

Barriers to Entry:

1. Granting 2 Patents on the counter-top olive press machine mechanisms. All machine/process IP belongs solely to Olive X-Press Ltd.
2. Granting a Patent (US 8,377,488 / EUR 2,420,554): "a method for treating olives to be utilized for olive oil production" on the olive shelf life extension technology. Here again, we are the first to have attempted this process, and it is therefore patentable. The IP belongs solely to Olive X-Tend Ltd.

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3. Early completion of machine design/development phase leading to strategic agreements/contracts with manufacturers/retailers, creating significant barriers.
4. Early completion of the proof-of-concept regarding the exclusive agreements with major olive growers in key olive producing areas.
5. Leveraging the current lead we have (both in the machine and in the olive treatment) into a widely distributed product within a short time cycle.
6. It should be noted that the option exists to sell the full exclusivity for the completed and patented machine and the completed, proven and patented olive shelf life extension process to a leading manufacturer/distributor in the field for a lump sum or for a lump sum and revenue share.

Partners, Competitors and Subcontractors:

Seed money investors:

OXP Holdings LLC. Invested in both Olive X-Press Ltd and Olive X-Tend Ltd.

Additional funding has been raised through a crowdfunding platform.

Subcontractors:

1. Development of the machine prototypes – Lead engineer Mr. Eric Turgeman and Red Magenta group. Yama industrial design studio for the machine design.
2. Research/Development of the olive shelf life extension, including laboratory work and consultancy services – The olive shelf life extension testing and research has been performed hand in hand with leading scientists in the field from the Hebrew University Faculty of Agriculture. These include Professor Shimon Lavee, a world renowned expert on olives and olive oil. Professor Lavee has been elected twice as the Chairman of The International Olive Council (IOC). Professor Lavee is a strong advocate of the counter-top olive oil press concept. Professor Lavee has been involved in this project together with Professor Zohar Kerem of the Hebrew University. We have successfully produced oil from olives that were picked 3-12 months earlier and treated using our innovative and unique technology. The resulting oil was tested successfully in the lab and in "Blind" tasting sessions.

3. Competition:

The success of the venture will most probably lead to development and sales of additional competing machines (as happened with the counter-top bread machines). This will lead to increased consumer awareness at first and subsequent increase in sales. The following years are difficult to anticipate. However, competition in the olive sales will be more difficult due to agreements with growers and retailers, and to the patent which will be more difficult to circumvent than the machine patent. "Our" olives, being suitable for any type of press, will increase in sales due to the demand of additional types of press machines on the market.

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Planned Use of Proceeds – 24 Months (In US\$):

Note: we assume first machines will be selling within 14-18 month from investment

Item	Payment Method	Total	Comments
First "Fresh olives" treatment and press station establishment	Could be partly paid by teaming with existing mill / partner	175K	Existing fund raise
Home machine development accomplishment		195K	
Initial marketing efforts / Website		25K	
preparation for serial production, standard compliance		150K	
Delis machine prototype development		460K	Optional
Home machine injection molds, rigs, packaging design, manufacturer contractor training		50% of 600K = 300K	Manufacturer joint funding
4000 machines manufacturing	Upon acceptance testing completion	70% of 400K = 280K	Manufacturer joint funding
Machine two patents international registration		15K	Patent law office: Soroker-Agmon IP Law Offices
Fresh olives preservation treatment and packaging (3KG capsules) machine	Could be partly paid by teaming with manufacturing partner	50% of 350K = 175K	Delivery 20-26 Weeks. Olives to be treated 2 Ton per day (each packaging machine support 700 * 3KG single household batch operation)
Engineering supervision cost		40K\$	
Cost excludes freight delivery, installation in the US, custom, voyage; hotel costs if any are required.		40K\$	

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Item	Payment Method	Total	Comments
Refrigeration set up cost for 40sq-m X 3m height		30K\$	
Second machine on different location		50% of 360K = 180K	Optional TDB
Project management	Monthly – 10K	240K	
Business development	Monthly – 8K	192K	
Business development expenses	2*trade shows Travelling with machine for Demo's Web + TV promotion	260k	Decision if to invest in this phase or "load" it onto partners to be made (TV, local dealers / distributors)
Olive shelf life extension – Lab research & marketing backup		40K	Hebrew University Agriculture Faculty - Rehovot
Olive procurement and shipping		20K	For machine evaluation during serial production re-design
Olive shelf life patent international registration		20K	Patent law office: Soroker-Agmon IP Law Offices
Office		40K	
Computers ++		5K	
Brochures ++		10K	
Stationery ++		3K	
Travel expenses		20K	
Conventions, shows		10K	
Marketing consultancy		10K	
Legal services	Monthly retainer 1K	24K	
Accounting services	Monthly 0.5K	12K	
Contingency (spare)		100K	

Estimated Total: 3.4M US\$

Estimated Development Time:

Home X-Press™ machine: We estimate that the subcontracting / partner production preparation of the Home X-Press™ machine will be completed within 14 to 18 months from receiving the round of investment.

4-8 months should enable us to establish potential cooperation agreements/contracts with strategic partners. Production of first few thousands of machines estimated within 18 months.

Delis X-Press™ machine: We estimate that the prototype development of the larger, Delis X-Press™ machine, ready for marketing and demos, will be completed within 14 to 18 months from receiving investment.

Additional 4-8 months should enable us to establish potential cooperation agreements/contracts with strategic partners.

Treated olive delivery: The olive shelf life extension preparation (station for treatment, storage and delivery) will be completed within the 2019 olive season.

Estimated Home Machine Manufacturing Cost:

Initial estimates were that the production cost for a single machine will be 70-90US\$. This translates into a retail price of 250 US\$. We are targeting this retail price.

Marketing Plan:

1. Self marketing for the home Machine. As mentioned previously, selling via TV or door-to-door, Amazon and Fedex (both machines and treated olive capsules), or by local dealers across the Mediterranean will generate more profit per machine (while possibly selling less machines). This could be done in phases, i.e. starting with the self-marketing approach and later expanding to retailers ("As seen on TV"....).
2. An alternative approach could be a Strategic partner – Large kitchen appliance manufacturers (Cusinart, SEB, Kenwood and such) will be approached at the beginning of the household marketing phase. The manufacturing and distribution should preferably initially be done by Olive X-Press, and hopefully later by such a known/trusted partner.
3. Olives – Primary olive growers will be approached. Marketing agreements will be signed with selected growers. Packaging/treating machines will be located at the growers' facilities. We will offer the growers a price for fresh / year round olive oil supply + packaged high quality and percentage oil olives that is 5% to 10% higher than what they get today.

Financial Analysis:

General:

The analysis assumes parallel market penetration by the machine and the olives. This parallel market development is also required due to the mutual dependency of both components, assuring the overall success. The results of this parallel market penetration will be sold/ marketed to strategic partners capable of manufacturing and marketing both products. The optional decision regarding self-manufacturing/ marketing will be made during the initial market penetration. The timing of such agreements and decisions will be defined by the optimal points in time, promising the highest revenues.

First time point: Completion of a working serial machine and feasibility proving of the olive process, including packaging and delivery to the Household customers. The filed patents for both technologies will enable to approach manufacturers for the machine and growers/packers/distributors of olives. Discussions may be conducted with strategic partners, who could also assist with the final industrial development/design phases. Revenues from the machines and the olive sales will be shared between the company and the strategic partners.

Second time point: We decide to take the machine issue a step further and complete the full serial manufacturing preparation work and engage a Chinese (or similar) manufacturer to produce the machine. In this case the strategic partner would market the machines as our marketing/servicing front and the company would handle the manufacturing.

Future support: The company shall continue development of the machine and its derivatives (various sizes/outputs and other types of oils) and will continue to accumulate knowledge regarding the olives. The results will be marketed by the machine and olive marketing front partners.

Full independent operation: In this format, the company shall handle the complete manufacturing and marketing of the machines. In the long run - we see this as the lowest probability option, even though it probably promises higher revenue figures.

Assumptions Regarding the Potential Revenues to the Company Following Home Machine Development Completion:

Machines:

1. Quantities – We estimate revenue from sales of home machines over the first six years of 125M US\$. This is the overall revenue paid by consumers at the retailers.
2. The company's part – We estimate that we could receive 5% to 7% of the retail price per machine. This translates into 6.25M to 8.75M US\$.
3. If we opt to market and sell the machines ourselves, these figures will be significantly higher per machine, but the number of machines sold will be lower and therefore the revenue from the machine sales in this modus operandi is difficult to estimate.

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4. We estimate the manufacturing cost of one X-Press™ home machine at 70 to 90 US\$.

Olives:

1. Providing olive growers with the capability to market/distribute extended shelf life olives will be tied to exclusivity agreements.
2. The local grower association/organization will purchase the know-how, the associated machinery (or both) enabling to process and package extended shelf life olives at a cost of 40K US\$ per grower.
3. We estimate/target a total of 50 major growers that will join this venture, at a total cost of 2M US\$.
4. The company's share in the above sum will be 20% or 400K US\$.
5. We estimate that a local grower will return the investment with sales of 500 tons of extended shelf life olives.
6. We estimate the company's share in the olive sales to be 3% of the retail price. This means that for the estimated sales of 675M US\$ (retail level) over the six year period, the revenue to the company shall be 20.25M US\$.

Total Company Revenues in the first six years (M US\$):

■ Machine Sales	6.25M to 8.75M US\$
■ Olive Packaging/Technology	0.4
■ Olive Sales	20
Total:	27.65-29.15M US\$

Note: The above figures do not include one-time payments for licensing/exclusivity to be received from the acquiring entity.

Summary of Home Machine Venture:

1. The overall serial development phase expenditures are estimated at 3MUS\$. Of this, we have received an initial investment from a private investor, enabling commencement of the development activities and the current achievements in both fields.
2. The overall company revenues for the first six year period are estimated at 27.65-29.15M US\$ (excluding licensing/exclusivity payments).
3. The olive shelf life extension technology could be marketed to industrial olive oil press plants in order to enhance oil quality by reducing olive acidity between picking and processing. This could generate additional revenue.

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4. The "unknown" or "risk" factors regarding both the serial machine manufacturing and the commercialization of the olive shelf life extension have been reduced significantly, based on the current progress with both development drives.
5. We believe that the optimal business model for both our companies is for the machines to be manufactured and sold initially by Olive X-Press, combined with extended shelf life olives that we will provide.
6. We believe that the market penetration might involve more "unknowns" and risk factors than the technology developments. This may lead to a business approach of selling the development IP at an earlier phase to cover the development costs and make do with a lower royalty percentage from sales.
7. Additional future potential lies in larger Deli machine versions and derivatives for other types of oil, and in further development of shelf life extension.