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REVOLUTIONIZING SUSTAINABLE PACKAGING SOLUTIONS



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CEOCFO: *Mr. Horne, what is the concept behind Evanescence Packaging?*

Mr. Horne: Evanescence was founded with the premise that it is extremely important that we find packaging material that is more sustainable than we have had in the past. Plastics and Styrofoam takes over 500 years to degrade in our landfills. People are concerned about our planet. Finding solutions that are compostable, biodegradable, and things that contribute to a circular economy are important. Evanescence was founded to acquire some technology that fit that criteria.

Even more importantly than the environmental aspects of it, is the key issue of cost. Being able to sell at a cost that is similar to traditional materials is what Evanescence has been able to achieve with a material that is far better for the environment than traditional plastics and Styrofoam. Moreover, it is also possible to be sold at a reasonable cost unlike a lot of other green products in the market that are multiples of what those traditional products are.

CEOCFO: *What is the technology?*

Mr. Horne: We have a proprietary technology that uses both starch and fiber to create molded packaging material. The reason why our cost is so much lower than most green packaging available in the market is the majority of green packaging is primarily fiber which is quite expensive. What we have been able to achieve is to make a majority of our material with starch which is far cheaper and allows us to keep our cost down. That is the key to our technology.

We are excited by that innovation and believe this will revolutionize the packaging industry. We do things much differently than anyone else and have achieved exceptional results that look and feel very similar to Styrofoam.

CEOCFO: *Has starch been used in something similar in the past?*

Mr. Horne: Other companies have tried to perfect it but have not been able to and through some very good work that our scientific team has done we have been able to achieve something exceptional. There are other products with starch in them but what we have been able to do is perhaps have more starch than other products. We have been able to achieve a formulation that is about 50/50 or maybe a little more starch than that. The good thing about the starch and fiber that we use is they are by-products to food production. These materials are considered waste from food. For example, starch is created through the making of potato chips. The other thing that is becoming more and more prevalent these days is plant-based protein products like Beyond Meat burgers, etc. Many of these products use peas as a protein source, so

there is a lot of pea starch that is made in that process. That is another example of waste material that can be used in our process.

When it comes to the fiber side, unlike other fiber products out on the market today that are using either bagasse, traditional wood pulp or bamboo, our product is independent to the actual fiber source. We can use a number of different fibers generated as waste material in the production of food, including wheat husk and chaff or rice husks is another example. These fiber sources are abundant and are waste in the production of food. The movement of converting waste stream into another useful product is also a great advantage of our innovation.

CEO CFO: *How do we know that starch will not affect the food at some point down the line?*

Mr. Horne: We use starch in our cooking all the time and is often times part of our cooked or processed food. Touching the food is not going to be an issue. There is still an amount of potato starch in skins for example. When you cut up and wash potatoes there is the white starch. That is the potato starch which is still there in the potato. These are not harmful at all; they are not chemicals, they are natural.

On the other hand, a lot of packaging material contains some fairly nasty chemicals. Quite frankly you could eat our packaging material and you would be fine. Our packaging material is organic and it would not taste like anything, but it would not be any worse than eating a rice cracker for example, and would have a very similar taste and consistency.

CEO CFO: *Where are you in development and commercialization?*

Mr. Horne: We are looking to have commercial production next year. We are in the process of finalizing our product mix and what our initial offering will be. One of the things that we can do is make a lot of diverse items, so we are working with several potential customers to define which items we will initially make and how we expand from there.

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We have our own fiber product, and we also have a joint venture in plant-based plastics known as PLA (Polylactic Acid) made from corn starch. We can make a number of items out of PLA including straws, cups, lids, plates and other things. We will have production and commercial availability of our straws and some other products starting in July this year.

CEO CFO: *How do you gain attention from the right people?*

Mr. Horne: We are a member of various industry associations, so we have been in conversations for quite some time now with a lot of large fast-food companies, grocery chains and meat processors who use a lot of traditional packaging and are looking to shift to green packaging. We are spending time building our brand through social media and other avenues as we see that as important as well for awareness.

We also see attending tradeshows as an important avenue. We recognize the importance of getting our name out there, getting the advantages of our product out in the marketplace and having people understand our uniqueness.

CEO CFO: *You have a long background in business; what has helped you most in this particular venture?*

Mr. Horne: It is about continually building your network and attracting a solid team with experience around you. I have been incredibly lucky throughout my career and have built a number of businesses. I have had some great people around me who have supported me, financed me and worked with me through my companies in the past. This company is sort of the next level of building on my experience and what is important to me.

We have some solid investors who have been friends of mine for a long time and have helped me on the financing side. Through my time in politics and business, I have met with several people in the environmental movement, and that has certainly helped build awareness for the company and lead it to where we are now.

I think in building a team it is always about being able to find the right people to make things happen because execution is key to success.

I always find it interesting in businesses where an individual points to success and says that has all been me. I know from my past experience that it is never one person, it is always the ability to bring a strong team together and the ability of that team to interact to achieve the holistic vision and goals. For Evanesce much like the successes I have had in the past, I think we have a great team that we have put together. I am excited about the years ahead as we bring our exciting technology to market and build things out.

CEOCFO: *Would a customer who is now going to use your food container need to retool something in their packaging? How much change would they need to make other than substituting the container?*

Mr. Horne: We are trying to make it so that from the customer's standpoint there is very little retooling that needs to be done, especially when it comes to meat packing. One of the advantages is that a lot of the meat packers have been looking to move to an environmentally-friendly type of packaging and the problem that they were facing is that the pulp product that is compostable in the market now just does not have the same technical aspects as the Styrofoam that they have been using in the past.

One of the advantages that we have is that our product can replicate the technical and functional aspects of a piece of Styrofoam much better than any of the other pulp products that are on the market today.

CEOCFO: *Do you have manufacturing facilities ready or on the horizon?*

Mr. Horne: We are currently outfitting our manufacturing facility in South Carolina just off I-95 between Charleston and Savannah. For our second manufacturing facility, we are looking at some sites in Nevada and Arizona right now. We are excited about that and the ability to service both the East and West coasts fairly soon.

CEOCFO: *What was it about the South Carolina facility that made it a good choice for you?*

Mr. Horne: Transportation is key and being on the I-95 obviously provides an exceptionally good transportation route into some large markets on the East coast. We see that as a major advantage. On the meat packing side there are a lot of large plants in the area within 200 miles. The proximity to meat plants is another huge advantage.

In addition, the State of South Carolina and the County that we are in are also immensely helpful to business. We received a large incentive package from government to assist us there, as well as some good tax rebates and other benefits. Overall, the package and the location made a lot of sense.

CEOCFO: *The fact that the packaging will decompose in less than 90 days is amazing. Are you able to work or do you need to work with any of the environmental organizations or green organizations to help get the point across, or is that not necessary?*

Mr. Horne: I think it is important to get the message out to a lot of different groups. One of the groups that spends a lot of time on advocacy are environmental groups. I think it is a time for action rather than a time for discussions, and one of the things that I really like about our product, is that it actually, truly makes a real difference. We are not talking about not-tangible concepts, we are talking about a very tangible concept that makes a real impact on waste in the world and how we leave things for future generations. I think that is important.

In the discussion we have had with some of these environmental groups in the past, they too understand the benefits and want to see the promotion of these types of materials and the adoption of a circular economy so that things become far more sustainable and there is realization of how we are affecting the planet with our actions.

CEOCFO: *Are you seeking funding or investment partnerships as you move forward?*

Mr. Horne: We did a round of financing at the end of last year and we were excited because we went to market to raise CAD\$2.5 million in our Series-A round. We were over-subscribed and ended up raising CAD\$3.9 million. It was an exceptional interest from the market. We are currently raising another round and we have gone out to market for CAD\$6.5 million. It looks like we are going to close more in the CAD\$8 million range. From a financial standpoint we have had very good traction in the financial market and we are excited about that.

We are looking at potentially taking the company public later this year to raise additional funds to accelerate our growth. We also use a licensing model where we license the technology out so that others can use our materials in their products as well. We are always looking for the right partners who can use our material in their solutions. We see this business model as a great road forward for growth as well.

CEOCFO: *From the manufacturing side, is there anything special that you had to create to put together or figure out, or is it mostly just a standard manufacturing process?*

Mr. Horne: I think the interesting part of what we have been able to achieve is we have taken equipment that has been used for decades in the manufacture of food and we have been able to adapt that equipment to make packaging material. That is really the key and exciting part of our process. It is off-the-shelf technology; it is technically proven so there is no risk on our manufacturing, this technology has been around for a lot of years.

The other thing that has helped us in coming to where we are now, is our relationship with our equipment manufacturing partner, Haas, which was acquired by the Buhler Group. Our relationship with them has certainly helped us instrumentally in reaching the position we are in today.

CEOCFO: *Final thoughts about Evanesce Packing Solutions?*

Mr. Horne: I am excited by our own material innovation and our relationship with Minima Technologies on the bioplastics side. I see this industry as one that is going to grow exponentially for the next number of years. It is important for our planet; it is important for future generations. I am excited as a CEO and founder of the company to bring the company's products to market.

