BUSINESS PLAN FOR SOLAR POWERED TV SYSTEM DISTRIBUTION IN KENYA

AUGUST 2015
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EXECUTIVE SUMMARY

Company Overview - AngazaBoma is a social enterprise based in Nairobi, Kenya, whose main mission is to transform lives in developing countries by supplying healthy, efficient, eco-friendly products and offering the services needed to create long-term uptake and access to them. We are sole distributors of high-quality 19-inch digital LED solar-powered TV system enabling off-grid rural families to get access to TV entertainment, educative programs for school children, impact-based agricultural programs for farmers, powered by the Sun.

We are combating energy-poverty and climate change challenges. We are providing access to solar lights in some of the most remote regions of the East Africa and building a movement to eradicate the kerosene lamp in Kenya. Without electricity, families have no clean source of light, leaving millions to rely on expensive, unhealthy alternatives. Many use homemade kerosene lamps which are a poor source of light; they emit toxic black smoke, eat up to 15% of a family's income and are extremely hazardous.

We are distributing a high-quality 19-inch LED digital solar-powered Television system that provides off-grid rural TV lovers with unlimited entertainment. Our TV system enables customers to get real-time access to information, access to clean lighting using the solar bulbs that come with our system, enabling them unlimited access to communication by enabling them re-charge their mobile phones from the comfort of their house anytime, 24/7.

Our mission is to contribute to green energy revolution in Kenya and the rest of Sub-Saharan Africa by bringing communities modern, clean energy solutions for home-based lighting incorporating new technologies that improve people's standards of living, health, better the environment and eliminate energy poverty burden.

Lack of a reliable power supply is a major impediment to development in rural areas in Kenya where over 75% are not served by grid electricity. Economic growth and the reduction of poverty are difficult or impossible without the enabling power of electricity in all sectors of village life. Conventional sources of electricity as delivered through the national grid are prohibitively expensive and will not reach most rural areas for years or decades. Solar-generated electricity through distribution of solar-powered lamps is a cost-effective, reliable alternative that is available now.

As per our 10-year roll-out plan, we target to sell our solar-powered TV within the Eastern African market then expand to central Africa and West Africa. 3.3 million rural off-grid middle class customers across Eastern Africa have no access to TV entertainment, reliable in-house lighting, and mobile phone charging solutions due to lack of access to grid power connection. Due to their ability to afford our solar TV kit, we believe by rolling out our product within these market regions, we shall be able to provide real-time solutions to these big markets while still remaining sustainable. Over 75% of middle-class rural households in West and Central Africa have no access to grid power, thus facing similar problems of lighting, communication and connecting to the world via TV. Our solar-powered TV system will be able to connect over 20 million customers to

Industry & Marketplace Analysis - 75% of Kenyan 41 million people have no access to electricity. The majority of them live in rural, remote areas of the. Global development is a multi-billion dollar industry, with the World Bank providing huge sums of money to fund large-scale projects. In the past ten years, global electricity demand has grown by 40%. During this time, the use of RE has expanded at ten times the rate of fossil fuels. Experts predict that the world's electricity demand could triple by 2030, a colossal increase that will be fuelled by the industrialization of developing countries. As a specialty provider and integrator of RE systems designed for developing communities, AngazaBoma will position itself to capitalize on this explosive trend.

Products & Services - AngazaBoma will sell a high-quality solar-powered unit that enables off-grid households to have access to TV entertainment, solar lighting, and phone charging benefits without having to connect to the grid.

Marketing Strategy - Kenya is an East African Country with approximately 5 million middle-class people who form main target customers with only 25% connected to grid power. AngazaBoma's target customer is a Kenyan middle-class family that earns about $3000 per year. A basic solar electric system will be priced at $350. Market research conducted in Western Province strongly suggests that this price is feasible, despite the fact that it represents 11% of a typical family's annual income. Currently, these families use crude and dangerous kerosene lamps to light their homes, and expensive dry-cell batteries to power their radios. Our solar TV system is safer, more reliable, provides better lighting, and promises...
better value than the alternatives mentioned above. AngazaBoma will sponsor informational forums to educate customers about the economic benefits of financing, the technology behind solar electricity, and the use of electricity in cultivating a prosperous economy.

Operations and Development - AngazaBoma currently operates from Nairobi based head office. Our focus will be to set up 4 additional regional sales centres to ensure our customers can easily access the product without having to wait for hours before our delivery team from Nairobi.

Management Team - Kennedy Lamwenya, AngazaBoma’s founder, has traveled extensively in East Africa, and has forged a business partnership with Poynting Ltd, manufacturers of our solar TV system. As a permanent employee, the founder will seek, identify, and finance lucrative new project opportunities all over the world. Mr. Kennedy will also oversee AngazaBoma’s operations in Kenya.

Summary of Financials and Offering to Investors - In Kenya alone, solar TV kit financing will generate almost $800,000 of net income, and $2 million in accumulated cash, by 2020. AngazaBoma will seek $400,000 in a single round of seed financing to fund the purchase of additional stock. AngazaBoma will seek this capital from private accredited investors, non-profit relief agencies, or possibly as a partnership with a global venture capitalist company interested in penetrating emerging markets. AngazaBoma’s presence in Kenya will drastically improve the community’s prosperity, thereby building real demand for electronics and telecommunications products and services. In exchange for capital and strategic support, AngazaBoma will offer an investor equity, and will additionally offer a partner company direct, unlimited access to these markets at the grass-roots level. Angaza Kenya is dedicated to improving the lives of the Kenya’s underprivileged people by promoting the use of clean renewable energy. Therefore, AngazaBoma will also offer investors association with this noble initiative.

COMPANY OVERVIEW

The name AngazaBoma derives from a Swahili word meaning “lighting up a village.” Appropriately, therefore, the commitment of AngazaBoma will be to spread lighting technologies for harnessing renewable energy, therefore AngazaBoma is a social enterprise company based in Nairobi Kenya whose main business is to transform lives in developing countries by supplying healthy, efficient, ecofriendly products and offering the services needed to create long-term uptake and access to them. We are sole distributors of high quality 19 inch digital LED solar powered TV system enabling off-grid rural families get access to TV entertainment, educative programs for school children, impact based agricultural programs for farmers, powered by the Sun.

Vision Statement
• To Become the East African Leader in the Creation, Development, and Deployment of energy technologies that Converge the advancement of Human Civilizations with that of the Environmental Condition

Mission Statement
• To profitably and sustainably Introduce Renewable Energy Into the World’s Underdeveloped Communities.

Current Status
• AngazaBoma will be organized as an impact social company, with an head office in Westlands Area of Nairobi City during the last quarter of 2015 thereafter set up 4 additional regional sales office centres within the Western, Southern and Northern-Western part of Kenya. The company will serve as a for-profit holding, investing agency, and will work in partnership with developing communities, Government, NGOs and Private sector players to establish sustainable RE projects all over East Africa.

Objectives
To develop a long-term sustainable market for affordable, high quality, climate-friendly household goods in Kenya, initially featuring 19 inch solar powered TV system.

To deliver global climate benefits by reducing and avoiding emissions from non-renewable biomass use and monetize these benefits through carbon credits.

PRODUCTS & SERVICES

Product Description. Sunpoynttv is a solar-powered television that hooks up to a regular car battery. This innovative home-entertainment system is really easy to install. Main features include: 10 hours of television, Lights and cell phone charging every night. This is based on using a 40ah battery. The normal size of a car battery is 40ah. This means that you can even use a re-furbished or a used car battery.

By acquiring our solar tv system, our customers are able to enjoy full time tv entertainment, news and educational and agricultural content available on the programs as well be able to get access to clean lighting using the 2 solar bulbs that come with the system that allows school children to get access to 3 more study hours as well as saving the family $200 annually in kerosine expenses. Additionally, customers get access to easily recharge their phones using the charger adapters that forms part of the system. All our customers are able to enjoy 3 key solutions to the power challenges they face without having to pay any recurrent bills or expenses. The frequent chest pains and other lung related diseases among school children caused by inhalation of kerosine fumes completely stops since solar lighting is clean, chemicals free and non-hazardous.

AngazaBoma will offer financing packages for home and commercial-scale systems purchases. The retail price of the solar system in rural Kenya will be $350. AngazaBoma will enable customers to purchase systems on cash basis as well as in affordable monthly installments. These financing options will be especially popular in off-grid middle class markets, where affordability drives a preventative wedge in a customer’s ability to buy.

Stage of Development. Although fifty years of market exposure have proven RE technologies to be unequivocally reliable and durable, the commercial RE industry is still in its infancy, and the electricity markets in developing parts of the world remain almost completely untapped. A business solution is needed to meet the challenge of profitably selling this expensive, high technology equipment to people with meager incomes. In the past five years, a number of strategies have been implemented in rural, developing markets with astounding success. Almost all of these models have extended a microcredit or financing option to their customers.

INDUSTRY & MARKET ANALYSIS

As an Renewable Energy provider targeting emerging markets, AngazaBoma will compete in the industry known as Renewables for Sustainable Village Power (RSVP). RSVP is a small, but fast-growing subset of the gigantic global energy industry, which is currently experiencing an economic revolution. One significant characteristic of this revolution has been astonishing growth. Over the past ten years, for instance, the world’s demand for electricity has increased by 40%. Experts predict that, as industrialization sweeps developing countries, current demand could triple by 2025, because so many new electricity users live in remote areas, most of this increased demand has been, and will continue to be serviced by Renewable Energy provider. As a result, renewables are by far the fastest growing segment of world energy use.

The second trend of importance is privatization and deregulation. Over the past five years, this has been a global contagion, especially in developing countries, where governments continue to implement aggressive policies designed to attract foreign investment. Kenya, for instance, adopted the National Investment Promotion and Protection Act in 1998, which guaranteed the privatization of several key industries, including energy. The opening of these economies has sparked the proliferation of scores of small, entrepreneurial energy companies striving to profitably satisfy the need for rural energy development. Some of these companies have developed profitable business models based on selling solar electric systems through micro-credit arrangements.

Meanwhile, large companies such as Shell have established dedicated RE divisions, and are aggressively executing multi-million dollar RE projects in places such as South Africa. But
despite this recent surge of activity, the RSVP industry still faces some imposing challenges. For example, the vast majority of people who most need RE technologies still cannot afford them. Substantial increases in end-user purchasing power have remained elusive, and, as a result, sales are not close to what they could be. Consequently, RE manufacturers have been unable to drive economies of scale enough to cost-compete with fossil fuels. Another problem is the lack of skilled RE technicians in developing countries. There are only a handful of training centers in the world teaching RE system installation. Finally, international turmoil remains an imposing obstacle. In many countries, political and economic instability has prevented the long-term investment and presence needed to sustain RE projects. These challenges are typical of any global industry that is only just beginning to mature, and real progress is being made to address them. Over the past decade, for instance, PV production costs have been reduced by 80% (an additional 50% to 75% is required to cost compete with coal-fired electricity). Furthermore, experts predict that economic and industrial development in emerging countries will lead to a 100% increase in world income by 2020.

As prosperity builds demand for electricity, RE training centers are being established in the developing world. Furthermore, despite civil wars and social unrest, there are scores of developing countries, like Kenya, where political stability harbors fantastic economic opportunity. Many experts predict that this global “Energy Revolution” contains the seed that will become the world’s premier growth industry of the 21st Century.

Marketplace Analysis-Kenya is the biggest East African business hub economy, very peaceful and politically stable. The country has demonstrated over 40 years of political stability, and is governed by a multiparty democracy based on English common law. Kenya has posted an average annual economic growth rate of 4.5% over the past ten years, however inflation currently lingers at 7%.

Kenya’s GDP is expected to grow at 5.5% annually through 2020.
Agriculture is the Kenya’s primary industry, accounting for 60% of its GDP, and employing over 70% of its workforce. Only 25% of Kenya’s population live in urban areas, meaning that the country’s 30 million people are widely dispersed over. Between 2000 and 2013, demand for electricity in Kenya grew at an average annual rate of 15.2%, a trend that is expected to continue.

Over 75% of Kenya’s electricity consumers are served by hydroelectric power, and the country experiences generation shortfalls during drought conditions. Almost all of Kenya’s electricity usage is confined to its urban areas. The Western province, where we intend to pilot our product, is an off-grid rural region inhabited by various farming communities with a population of 3M people, stretching over 270 kilometers from the capital, Nairobi. The average yearly income is about $3000 per family, and, though this is strikingly poor by western standards, Western Province is one of Kenya’s most prosperous rural communities.

Customer Analysis Western Kenya is an extremely dispersed region, with over 3.5M people living in an area of 2,200 square kilometers. As a result, only 10% of these region’s most centralized homes and businesses are electrified by the regional national utility grid, while 0.6% are electrified with solar power. The remaining 89.4% have no hope of seeing the grid extended to their homes during the next 30 years.

Residents of Western Kenya realize that modernization cannot take place without electricity, and that access to electricity will significantly enhance their economic prosperity and quality of life. As a result, it is no surprise that 100% of the 1000 Western Kenya residents surveyed in February 2015 indicated a strong desire to participate in a financing program that would allow them to afford a solar TV system.

The middle class families (who form 90% of our target customers) in Western Kenya live in large houses, typically constructed of brick, mud, and concrete. Each house has three to five bedrooms, a kitchen, a living room, a washroom, and an animal pen. Families submit no property taxes or mortgage payments. Furthermore, because these region is a farming community, residents spend very little on food, except for the few items.

Competitor Analysis/Competing Technologies
We currently don't face any direct competition in our current market (Kenya) since we are the first company to deal in the distribution of solar powered TV kit that offers customers 3-in-one solutions to the power problems they face within their households after being locked out of grid power connection. We slightly face limited competition from companies selling pico solar lamps as well as solar micro-grid small systems since some of our customers find them as the best alternative for their in-house lighting and phone charging needs. With key motivation to customers buying our solar TV kit being access to TV entertainment, we find categories these as minimal competition since our target market is quite different.

Because of grid power connection charges being very high for most families, where some residents views it as luxury items. Almost every family would love to have a grid power connection, but affordability is a preventative issue. As such, people are forced to use more conventional methods of lighting their homes. Kerosene, candles and dry cell batteries are readily available in this region, but neither item is particularly cheap in the long run. Kerosene sells for about $0.8 per liter, and a typical family uses four to six liters per month; many organizations, such as schools and health clinics, use $200 per month. Dry cell batteries retail for about $0.5, and may last one or two weeks at the rate most families use their radios. Some families also own diesel generators, while still others own automobile batteries, which they charge at a grid stations in the central part of the villages.

AngazaBoma’s chief indirect competition in Western Kenya is certainly kerosene and disposable batteries, and solar has several advantages over them. First, kerosene lamps are crude and dangerous; it is easy to find an adult in the region who has been burned, at some point in his or her life, by a kerosene lamp leaking, spilling, or completely exploding. Furthermore, kerosene lamps provide lighting that is only somewhat better than a large candle, and they tend to be noisy and smelly during operation. Dry cell batteries are expensive because they must be replaced so frequently, and their disposal poses a serious environmental threat. Also, many appliances cannot be powered with batteries. A solar electric system, on the other hand, is clean and safe, and provides the familiar fluorescent, white light that can illuminate an entire room. Furthermore, a solar TV system can be used to power any electric appliance. It offers modularity, flexibility, and expandability, so that one single power source can be used for the house’s every electrical need. Additionally, these systems are extremely reliable, and require only minimal maintenance on, and periodic replacement of, the battery. If well maintained, a solar electric system will last for thirty years. Solar electric systems are more expensive than conventional alternatives in the short-term, but in the long run provide a far superior value for the money. Due to lack of direct competition for our product, we are positioning ourselves to capitalize of our market dominance and exclusivity to double our marketing, advertising and promotions to ensure we attain customer loyalty, brand loyalty, achieve 70% market penetration across all our target market regions across Western Kenya, by always conducting research and in-depth information gathering regarding any potential competition launching within our markets.
MARKETING STRATEGY

Target Market Strategy
We got already proven and working go-to-market sales and distribution model which has ability to achieve 20M in product sales. These entails direct sales model where we are leveraging on our direct sales agents who directly sells to end customers on cash basis, partnership model which entails fostering win-win MOUs with Saccos, and MFIs by financing their members to buy TV by offering low interest soft loans and Dealership Model where we shall appoint regional retail agents already operating within our target markets to re-sell our products to their customer network, coupled by aggressive regional promotions, advertising and sensitization campaigns. By robust execution of the above sales models, we have been able to sell 500 units since we launched in February 2015. For regional markets, we shall operate on exclusive dealership model by partnering with leading local companies who already have local market experience by opening country offices to support our local agent is laying sales structure.

In order to make solar electricity affordable, AngazaBoma will offer families and businesses the option of paying for their system in twelve monthly installments through a network of over 200 Micro-credit institutions to whom our customers are members. Our Solar TV full Kit will be offered will be priced at $350 cash or $29.7 per month. Because people in this region maintain a purchasing power equivalent to about 50% of their annual income, AngazaBoma’s principal target market is families that earn at least $2000 per year. It is estimated that roughly one-third of Western Kenya households earn this amount or more, meaning that AngazaBoma’s primary target market in Western Kenya consists of about 1M families.

Product Financing Strategy Terms - Many micro-credit programs have failed in developing communities because customers have been allowed to default on their loans. It can be extremely difficult both logistically and financially to repossess equipment in remote villages of foreign countries. To circumvent this problem, AngazaBoma will offer “pre-financing” plans to its customers through their Saccos and micro-credit institutions. Under the terms of these pre-financing options, customers will have to pay their entire balance before AngazaBoma will give them a solar TV system. There are two reasons why this is necessary in Western Kenya. First, people in developing countries often do not understand the concept of credit, regularly assume that “credit” means “free.” Second, industrialized nations have repeatedly allowed governments and businesses in the developing world to default on their debt. People in these communities, Western Kenya included, are accustomed to receiving free handouts from the World Bank, NGOs and industrialized governments. It is unlikely that AngazaBoma can establish a high-growth, sustainable business in Western Kenya if our solar TV systems are provided, but money is not collected. As such, customers will pay for their systems first, in entirety, before they receive them; no exceptions will be allowed. Because the financing plans will have one-year terms,

Pricing Strategy
AngazaBoma will price our solar TV system kits as low as possible i.e. $350 while still yielding an attractive profit. At these price, a customer gets a full set of the solar TV system which comprises of 19 inch solar powered TV, 2 solar lighting bulbs, 52W solar panel, phone charging adapters plus all connecting cables with a service life of 20 years. With the pricing strategy that AngazaBoma has adopted, Western Kenya consumers will pay $50 less than what a comparable PV solar electric system would cost from a typical African PV solar installer whose cost normally ranges between $800 to $2000 depending on the size of the house as well as hours of operation.

Distribution Strategy
The head office based in Nairobi will be act as AngazaBoma’s central administrative office and distribution hub. Most of the components of the solar TV kits will be shipped by sea from our manufacturer in Japan to the Indian Ocean port of Mombasa, then trucked overland to the central warehouse in Nairobi where products shall be dispatched to our regional sales centers as per demand. AngazaBoma shall enter into an MOU with Wells Fargo for delivery of products from the central warehouse in Nairobi to our regional sales centers. AngazaBoma’s regional center manager will recruit specialized motorcycle riders who shall be contracted to deliver purchased products to the customers upon order confirmation.
**Operations Strategy**

Customers will start their lifetime relationship with AngazaBoma upon receipt of their solar TV kit. In time, they will learn to effectively apply the full potential of solar energy, and they will completely replace archaic kerosene lamps and dry cell batteries with the solar electricity that will become the routine hallmark of the future for communities in Western Kenya. All of AngazaBoma’s regional operations will be managed by our regional managers being supervised by the head of customer service and operations based at the head office whose main duties shall be: Placing supply orders and maintaining inventory, Overseeing and orchestrating solar TV distribution, Collecting customer payments, Servicing customer repair calls and manufacturer’s warranties, Printing and distributing advertisements, such as billboards, poster boards, and brochures, Subscribing new customers, and upgrading current and past customers and Organizing informational forums and instructional demonstrations.

AngazaBoma will negotiate the most attractive supply agreements possible, and all purchases will be made directly from manufacturers at wholesale prices. Additionally, all shipping will occur via ocean, to the Kenyan port of Mombasa. Supplies will be trucked overland to Nairobi central warehouse from the port. To avoid import duties, all solar batteries will be purchased in bulk directly from the Chloride Exide Company, a Kenyan leading solar battery manufacturer based in Nairobi.
**Company Organization** AngazaBoma’s principal founder & Managing Director, Kennedy Lamwenya, will control the majority of the company’s equity. He has traveled extensively in East Africa, and conducted market research on solar sales, distribution, strategy modeling and impact analysis for 5 years.

**Profile of Founder** Kennedy Lamwenya is a highly skilled strategic planning, project execution and sales and marketing professional with proven experience in building professional relationships, developing successive sales strategies, developing and implementing new strategies and procedures. His main focus is to aggressively develop and structure robust distribution channels for consumer products and service within Sub Saharan Africa coupled by impeccable customer service to build brand loyalty.

Kennedy poses 9 years combined experience in sales and marketing where he has spent 5 years building rural distribution structures for international social enterprises and energy efficient technologies in East Africa. Before joining Plexus Energy Ltd, he worked for Multi-Link Energy Group where he built the first regional retail agency channel of 550 micro-entrepreneurs covering Kenya, Tanzania, Rwanda and Uganda. At Plexus Energy Ltd, Kennedy was able to build a strong solar products sales force with which he developed a channel base of 450 dealers to support the delivery of solar lanterns, improved biomass stoves, DC solar radio and DC solar powered iron box into the rural villages of Kenya and Uganda, where over 90,000 charcoal & biomass cook stoves as well as over 120,000 Pico-solar lamps and related accessories have been sold during his tenure.

After a successive solar sales career within corporate employment, Kennedy has the ability to grow AngazaBoma to achieve double fold sales revenue and regional growth, promote sales and increase profits while generating satisfied customers and delivering a sense of quality products that sets the stage for long-term company success. He believe his proven leadership skills, strong commitment to high ethical and professional standards, and flexibility in devising proactive responses to changing socioeconomic conditions acquired during my helm under corporate employment would allow him to make a significant contribution to his company.
MAMAGEMENT STRUCTURE

Founder

ManagingDirector

Head of Sales & Partnerships

Manager – Customerservice & Operations

Manager – Finance & Investor Relations.

Manager – Supply Chain & Logistics

Supervisor – Service Centre & Installations

Supervisor – Institutions/SA CCOs

Territory Sales Supervisors

Customer Service Agent
Agents access consumers at various points-of-sale.

Once sale is complete, Sales and Education Agents visit homes.
<table>
<thead>
<tr>
<th>Line Description</th>
<th>Unitprice($)</th>
<th>Month</th>
<th>SalesForecast(units)</th>
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<tbody>
<tr>
<td>19” Solar powered LED Tvsystem.</td>
<td>350</td>
<td>September</td>
<td>500</td>
</tr>
<tr>
<td></td>
<td></td>
<td>October</td>
<td>700</td>
</tr>
<tr>
<td></td>
<td></td>
<td>November</td>
<td>900</td>
</tr>
<tr>
<td></td>
<td></td>
<td>December</td>
<td>1300</td>
</tr>
<tr>
<td></td>
<td></td>
<td>January</td>
<td>2800</td>
</tr>
<tr>
<td></td>
<td></td>
<td>February</td>
<td>4000</td>
</tr>
<tr>
<td><strong>Total forecasts</strong></td>
<td><strong>10,200 Units.</strong></td>
<td></td>
<td></td>
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</tbody>
</table>
The $5000 seed capital shall be exclusively spent on setting up 3 more regional sales centres within already identified key markets in Western Kenya. By taking our product closer to our target customers, we envisage a 30% sale growth and a 25% growth in sales revenue. Table below details costs analysis for setting up, managing and maintaining the 3 additional regional sales points.

<table>
<thead>
<tr>
<th></th>
<th>Unit</th>
<th>Cost/Unit($)</th>
<th>TotalCost($)</th>
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<tr>
<td>Regional sales points</td>
<td>3</td>
<td>960</td>
<td>2880</td>
</tr>
<tr>
<td>Staff</td>
<td>3</td>
<td>300</td>
<td>900</td>
</tr>
<tr>
<td>Payroll</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total($)</td>
<td></td>
<td></td>
<td>5000</td>
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# Financial Projection

## 6 Months P&L Summary

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<thead>
<tr>
<th></th>
<th>September</th>
<th>October</th>
<th>November</th>
<th>December</th>
<th>January</th>
<th>February</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Sales Revenue</strong></td>
<td>$175,000</td>
<td>$245,000</td>
<td>$315,000</td>
<td>$455,000</td>
<td>$980,000</td>
<td>$1,400,000</td>
</tr>
<tr>
<td><strong>Cost of Sales</strong></td>
<td>$6000</td>
<td>$8500</td>
<td>$10000</td>
<td>$13500</td>
<td>$17950</td>
<td>$27000</td>
</tr>
<tr>
<td><strong>Gross Profit</strong></td>
<td>$169,000</td>
<td>$236,500</td>
<td>$305,000</td>
<td>$441,500</td>
<td>$962,050</td>
<td>1,373,000</td>
</tr>
<tr>
<td><strong>Admin Costs</strong></td>
<td>$1000</td>
<td>$2300</td>
<td>$3500</td>
<td>$5635</td>
<td>$9000</td>
<td>$14550</td>
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<tr>
<td><strong>Operating Profit</strong></td>
<td>$168,000</td>
<td>$234,200</td>
<td>$301,500</td>
<td>$435,865</td>
<td>$953,050</td>
<td>$1,358,450</td>
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<tr>
<td><strong>Finance Costs</strong></td>
<td>$800</td>
<td>$800</td>
<td>$800</td>
<td>$800</td>
<td>$800</td>
<td>$800</td>
</tr>
<tr>
<td><strong>Net Profit</strong></td>
<td>$167,200</td>
<td>$233,400</td>
<td>$300,700</td>
<td>$435,065</td>
<td>$952,250</td>
<td>$1,357,650</td>
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## CASH FLOW PROJECTIONS

### AngazaBoma Cash Flow Projections

<table>
<thead>
<tr>
<th>Cash In</th>
<th>SEP</th>
<th>OCT</th>
<th>NOV</th>
<th>DEC</th>
<th>JAN</th>
<th>FEB</th>
</tr>
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<tbody>
<tr>
<td>Cash Sales</td>
<td>$175,000</td>
<td>$245,000</td>
<td>$315,000</td>
<td>$455,000</td>
<td>$980,000</td>
<td>$1,400,000</td>
</tr>
</tbody>
</table>

**Total Cash In**

$175,000 245,000 315,000 455,000 980,000 1,400,000

### Cash Out

**Inventory Expenditures**

- Inventory/stock purchases (cash): $120,000 168,000 216,000 312,000 672,000 960,000

**Operating Expenses**

- Advertising: 500 700 1,000 3,000 7,000 10,000
- Insurance: 30 30 30 30 30 30
- Licenses & Fees: 16 16 16 16 16 16
- Meals & Entertainment: 130 140 165 180 210 350
- Miscellaneous: 20 35 40 43 50 65
- Office rent/Expenses and Supplies: 650 875 1,045 1,875 2,345 3,875
- Payroll Expenses: 1,500 1,500 2,000 2,000 4,000 4,000
- Telephone: 15 30 45 85 100 150
- Transport: 100 255 450 600 800 1,000

**Total Cash Out**

$122,961 171,581 220,791 319,829 686,551 979,486

**Monthly Cash Flow (Cash In - Cash Out)**

52,039 73,419 94,209 135,171 293,449 420,514
**Financial Risks**

**Currency Translation**- All of AngazaBoma’s revenues will be collected in Kenyan shillings meet the company’s major expense accounts. Although the Kenyan shilling has deflated considerably against the dollar over the past 9 months, Central Bank of Kenya & other experts warn that this trend may continue up to mid 2016. As far as the founder know, there are no market-based instruments available for hedging this currency risk. As such, all financial forecasts assume that AngazaBoma will lose 5% of its revenue to currency exchange fluctuations and expenses. In order to minimize exposure, almost all collected Kenyan money will be immediately converted into U.S. dollars by establishing a corporate dollar account at the United Bank of Africa (UBA). This account will allow for currency exchange at a competitive market rate, and will also enable ANGAZA Boma to automatically wire transfer all funds directly into a corporate account of our partner manufacturer during importation of new stock. This will be AngazaBoma’s short-term answer to contending with currency risk as the Government through the Central Bank of Kenya works to stabilize the shillings depreciation.

<table>
<thead>
<tr>
<th>Beginning Cash Balance</th>
<th>10,000</th>
<th>62,039</th>
<th>135,458</th>
<th>229,667</th>
<th>364,838</th>
<th>658,287</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ending Cash Balance</td>
<td>62,039</td>
<td>135,458</td>
<td>229,667</td>
<td>364,838</td>
<td>658,287</td>
<td>1,078,801</td>
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</tbody>
</table>
THANK YOU

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Angaza Boma,
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Kennedy.lamwenya@angaza-kenya.co.ke