



Stichting NOTS Foundation

Beleidsplan

juli 2020

Inleiding

Stichting NOTS Foundation ('SNF') is een zogenaamde Algemeen Nut Beogende Instelling ('ANBI'). De ANBI-wetgeving vereist dat een ANBI een beleidsplan op haar website publiceert. Middels dit beleidsplan voldoen wij aan deze vereiste. Behalve een beleidsplan vereist de ANBI-wetgeving de publicatie van nog een aantal gegevens. Hiervoor verwijzen wij naar de website van SNF: www.notsfoundation.nl.

De missie van Stichting NOTS Foundation ('SNF') is het verbeteren van de levensstandaard van Afrikaanse huishoudens door ze te voorzien van betaalbare, duurzaam opgewekte elektriciteit. SNF realiseert deze missie via haar dochteronderneming: NOTS Solar Lamps BV. Dit betekent dat het beleidsplan van SNF de facto gelijk is aan het business plan van NOTS Solar Lamps BV. Daarom is dit beleidsplan vanaf de volgende pagina een kopie van het (Engelstalige) business plan van NOTS Solar Lamps BV.

De enige activiteit van SNF die in het business plan van NOTS Solar Lamps BV niet aan de orde komt, is het houden van een belang van 23,07% in Triple Jump BV. Dit belang is in 2016 ontstaan toen SNF samen met Oxfam Novib en ASN Bank Triple Jump BV heeft opgericht. Het belang in Triple Jump BV levert SNF een dividend van EUR 60.000 – 100.000 per jaar op.

SNF stelt jaarlijks een jaarrekening op. Deze jaarrekeningen worden gecontroleerd door Baker Tilly, de externe accountant van SNF. De jaarrekeningen van de afgelopen jaren zijn te vinden op de website van SNF.

SNF verwerft haar inkomsten uit de volgende bronnen: leningen van investeerders; rente op leningen van SNF aan NOTS Solar Lamps BV; en dividend van NOTS Solar Lamps BV. Of er in een jaar inkomsten komen uit de twee laatst genoemde bronnen, hangt af van de financiële resultaten van NOTS Solar Lamps BV.

Executive Summary

1. NOTS is a for-profit social enterprises founded in 2010 in the Netherlands (milestones at www.nots.nl).
2. NOTS has a proven business model for providing Made-in-Africa solar home systems (SHS) to low income African households, initially in Rwanda.
3. NOTS will further enhance the value for its clients by bundling its SHS with a smart (feature) phone, content and data.
4. There is an addressable market of 1.5m households in Rwanda and 125m households in other African countries for future expansion.
5. NOTS has built a strong network of partners and brought together an experienced management team to capture this market opportunity.
6. NOTS has raised debt financing from the World Bank for the working capital required for its first contract of 100,000 units from the Rwandan government.

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History NOTS Solar Lamps

NOTS Solar Lamps has over 10 years experience in the African Solar Home System market

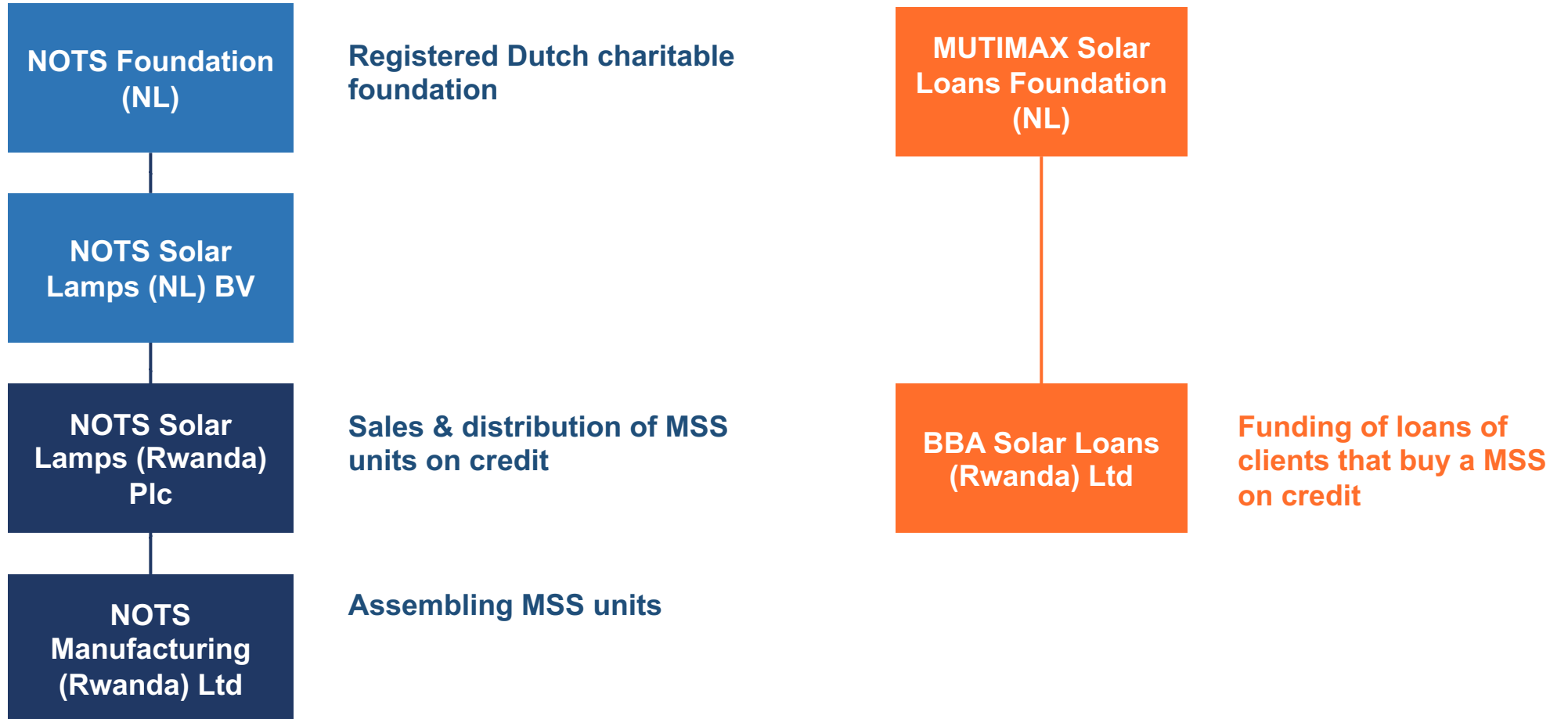


**NOTS CEO Bart Hartman proposes
Bye Bye Agatadowa to President Kagame**

- NOTS Solar Lamps BV is a Dutch **for-profit social enterprise** founded in 2010 (www.nts.nl)
- NOTS' mission: NOTS improves livelihoods of African families through providing them with **affordable electricity**
- Since **2014** active in Rwanda
- In October 2015 President Kagame responded positively to **Bye Bye Agatadowa**, a NOTS program to provide all households without electricity with an affordable solar home system
- On July 2, 2019 NOTS entered into a **partnership agreement with Government of Rwanda (GoR)**:
 - NOTS sets up a plant in Rwanda for manufacturing MUTIMAX Solar Systems (MSS)
 - NOTS builds a MSS export business
 - GoR purchases 100,000 MSS units from NOTS
- NOTS has developed a **unique software platform** for marketing, credit scoring, contracting, payment processing and default rate management.

Corporate structure NOTS Group

Our corporate structure incorporates two key elements: (a) separate, accountable legal entities for our core activities; and (b) separating the operational risks (related to assembling, sales and distribution) from the non-payment risk on loans to clients, to enable a cost-effective funding of our activities



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Key elements Business Model

NOTS' business model is developed by a team with extensive international business experience over the past 10 years on the ground, initially in Mali and since 2014 in Rwanda. Business model has been successfully tested in pilot with 3,000 Rwandan households.

1. Focus on serving low income, low educated households

- Our MSS is about 40% cheaper than comparable system of nearest competitor
- Though, good quality: our MSS is tested and certified by Lighting Global (World Bank quality assurance program)
- Local brand 'MUTIMAX' (means 'heart' in local language)
- Easy to understand and use payment system

2. Superior software platform (SLMP)

- SLMP = Solar home system Loan Management Platform
- Key functionality: marketing, credit assessment, contracting, processing weekly instalments and default rate management
- Developed in partnership with ComzAfrica, a company that sells airtime on credit in 14 African countries

3. Local manufacturing / assembling

- Design of activities in close collaboration with our Chinese partner / supplier (a company with over 16 years of experience in manufacturing solar home systems)
- Initial capacity: up to 100,000 MSS units per month
- Planned start assembling activities: October 2020

4. Smart funding structure

- Core concept: separation of operational and non-payment risks
- This structure, with the loans to clients in a SPV, is known to international institutional investors
- Structure is scalable and relatively easy to copy to other African countries

5. Best-in-class Partners

- Shenzhen Power Solutions (supply of components; setting up plant in Kigali)
- Government of Rwanda (100,000 MSS units; local plant; Smart Africa Flagship Project)
- ComzAfrica (SLMP)
- Airtel (client data; co-branding; payment processing)
- BRD (Rwanda Development Bank) / World Bank: USD 3.7M working capital facility; USD 5M loan to SPV

6. Strong Management Team and Board

- Management team and board in Rwanda with extensive relevant experience and high quality local network
- Supported by management team in the Netherlands with broad range of experience (management consulting, private equity, auditing, data science) and large international network

MUTIMAX Solar System (MSS)

Since June 2019 we have tested our MSS and software platform (SLMP) in a pilot with 3,000 households in three Rwandan districts. These households rate the MSS with an '8' (out of 10) and the payment backlog was pre-COVID19 equal to 7%, despite a significant number of the households belong to the lowest-income category.



MUTIMAX Solar System:

- Solar panel
- Battery
- 3 lamps / bulbs
- Mobile phone charger
- Radio charger

Lighting Global certified

MUTIMAX Solar System

- RWF 52,500 (about USD 60)
- To be paid in 100 weekly instalments (= USD 0.60 per week)
- About 40% cheaper than nearest competitor
- 3 years warranty

Services (per day):

- 6 hours of light of the 3 bulbs
- 4 hours of phone charging
- 6 hours of radio charging

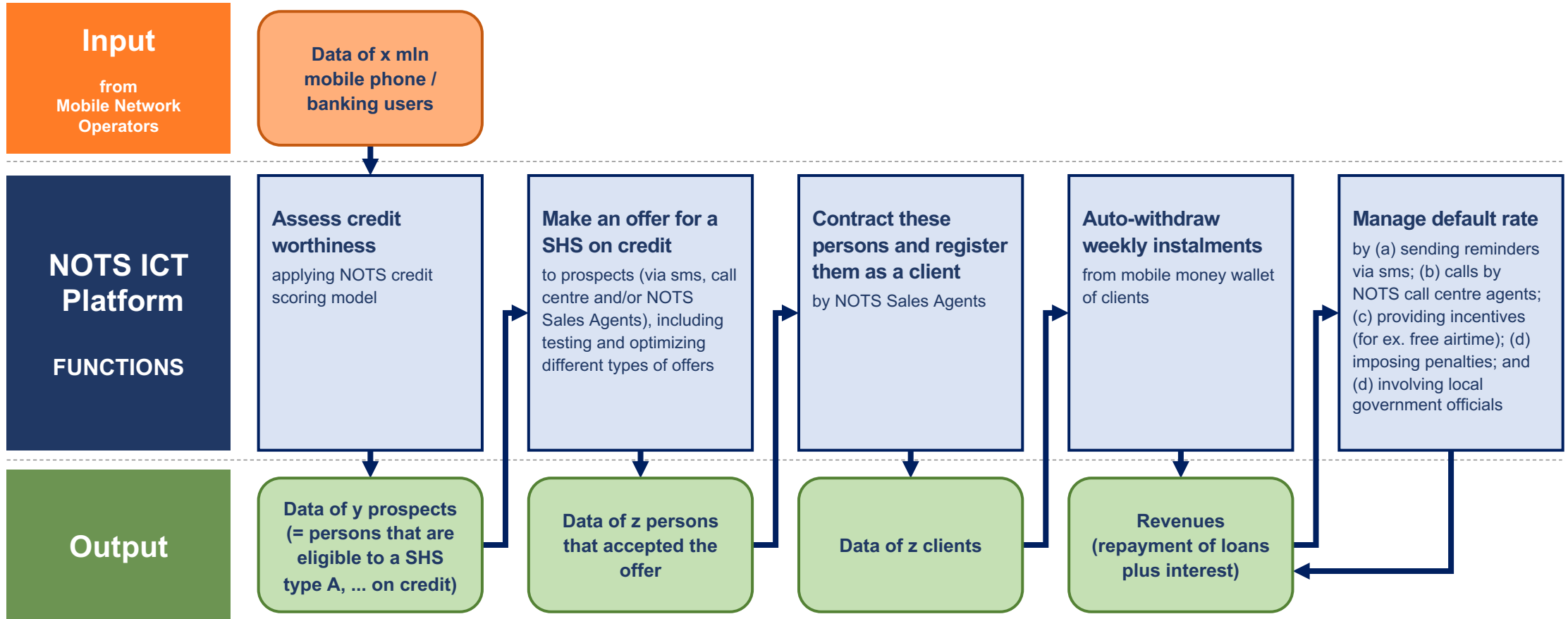
Benefits for households of a Solar Home System

Replacing kerosene lamps and candles with a SHS provides households with significant benefits

- Better quality light (LED bulb gives 6x more light than a kerosene lamp)
- Saving money (USD 0,40 – 0,80 per week; no need to pay for kerosene and phone charging anymore)
- Healthier (no bad kerosene fumes anymore)
- Safer (reduced house fire risk)
- More study and working hours available
- Inclusion in financial system
- Less CO2 emissions
- Much cheaper than a connection to the grid

NOTS Software Platform – SLMP

NOTS' software platform (SLMP) enables NOTS to achieve a quantum leap in SHS penetration among low income households and to realize a sustainable profit margin at the same time



Local manufacturing / assembling

NOTS will develop its local assembling / manufacturing activities in 4 steps. When by the end of 2022 step 4 is implemented, the MSS units will contain at least 30% local content.

Development of activities in 4 steps:

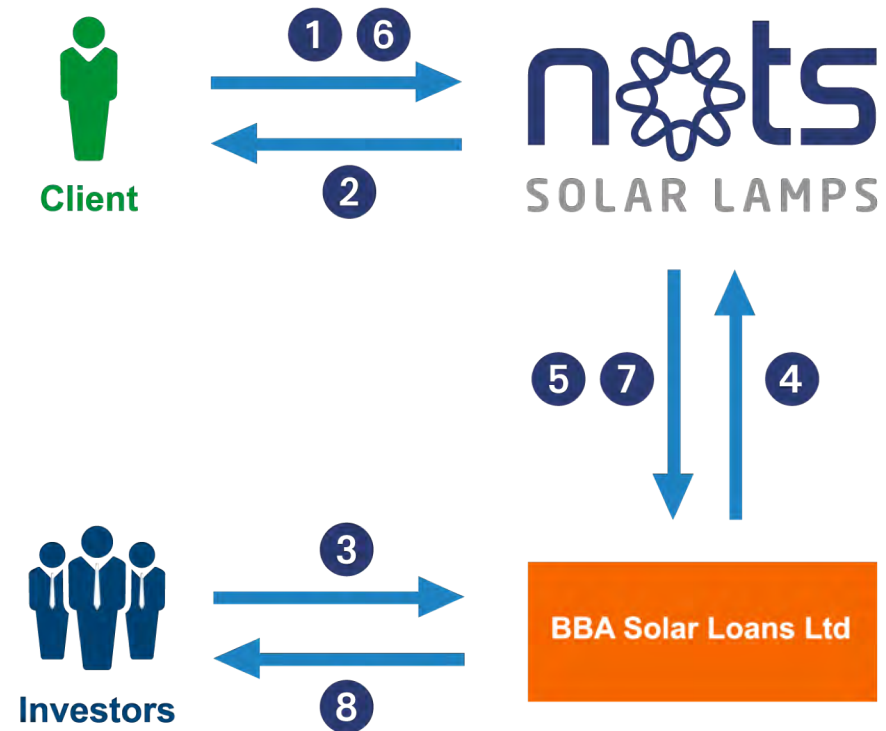
1. Assembling (30 – 50 components) and Packaging of MSS
2. Confectioning of cables
3. Manufacturing of plastic components (injection moulding)
4. Manufacturing / assembling of solar panels

- An existing building of 2,200 square meters in the Prime Economic Zone in Kigali will be adapted to our needs
- We plan to start the assembling activities ('step 1') in October 2020.
- Initially we will focus on assembling battery boxes. With 3 shifts we can achieve an output of 100,000 MSS units per month.
- We will employ 80 – 120 staff in the assembling activities

Smart Funding Structure

NOTS Solar Lamps Plc sells and distributes the MSS, issues the loans to clients that buy the MSS on credit, and collects the weekly instalments from clients. BBA Solar Loans funds the loans and incurs most of the non-payment risk (NOTS Solar Lamps Plc incurs part of it). With this structure we achieve that the operational risks (NOTS Solar Lamps) are separated from the non-payment risk (BBA Solar Loans), which enables cost-effective funding for both entities.

- 1 Client wants to buy a MSS on credit. Client enters into a contract with NOTS.
- 2 NOTS provides the MSS to client.
- 3 Investors provide capital to BBA (through capital calls of USD 100,000 each).
- 4 BBA uses the capital from the investors for buying a tranche of client loans (USD 100,000) from NOTS.
- 5 NOTS transfers the client loans plus the ownership of the MSS to BBA.
- 6 Client pays weekly instalments, via mobile money account, to NOTS.
- 7 NOTS transfers these installments to BBA.
- 8 BBA pays back principal plus interest to investors.



Strong Management Team and Board

Rwanda MT focusses on running the business in Rwanda. International MT and Board focus on strategy development, funding and supporting the Rwanda MT. International MT and Board members are part-time roles (except for Bart Hartman, who is fulltime dedicated to NOTS).

Rwanda Management Team

COO - Solange Mutezintare:

13 years experience Project and Program management; President's Office USAID

CFO - Jean-Mari Bournazaud:

20 years experience as CFO and Controller in East Africa and internationally

Sales Director - Issa Karamage:

20 years sales, marketing and business development experience in Rwanda

International Management Team

CEO / Founder - Bart Harman:

McKinsey & Co, Successful Entrepreneur of 15 companies; INSEAD

CFO - Bas Maassen:

ING Bank, NPM Capital (private equity);

Manufacturing & Supply Chain - Miguel Stief:

Philips, NXP Semiconductors, Positivo (Argentina)

CMO - Roland Tabor:

McKinsey & Co (data analytics consultancy); Micompany

Controller - Martin Bauman:

Former Auditing Partner at PwC Netherlands

Board

Sam Barnett:

Former CEO of MBC Group in Middle East; INSEAD

Dr Albert Butare:

Former Minister of State for Infrastructure, former Minister for Energy and Communication; energy sector consultant

Ignace Rusenga Mihigo Bacyaha:

Former Country Representative IFC in Rwanda and Kenya; Aga Khan Group

Roll-out in Rwanda

We will roll-out in 8 waves of 2 months each. In the first wave the households in the 3 NOTS pilot Districts will be 'served' (Gicumbi, Bugesera and Rulindo). In wave 2 - 7 we serve the Northern, Eastern, Southern and Western Province in parallel with 4 promotion, sales and distribution teams. In wave 8 the 3 Districts of the Kigali Province are served.

	2020					2021												2022	
WAVES	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUNE	JULY	AUG	SEPT	OCT	NOV	DEC	JAN	FEB
1	Preparation			3 Districts															
2						4 Districts													
3								4 Districts											
4										4 Districts									
5												4 Districts							
6														4 Districts					
7																4 Districts			
8																		3 Districts	

NOTS Sales & Distribution Organisation

- 1 Sales Director
- 5 Provincial Sales Managers
- 30 District Sales Managers (on commission basis)
- 416 Sales Agents (on commission basis)
- 30 Good Payment Agents (on commission basis)
- 4 Promotion Teams
- Call Centre
- Transport of units is outsourced

Activities in a wave:

In a wave the following activities are executed by the NOTS team: (1) promoting MSS in markets, Umuganda meetings, Inteko Rusange meetings, etc.; (2) inviting the target households (per village) to come to the nearest Cell Office to sign up for a MSS (including credit assessment); (3) household pays first instalment (RWF 2,000) and receives the MSS; (4) within 1 week the MSS is installed by a NOTS installer.



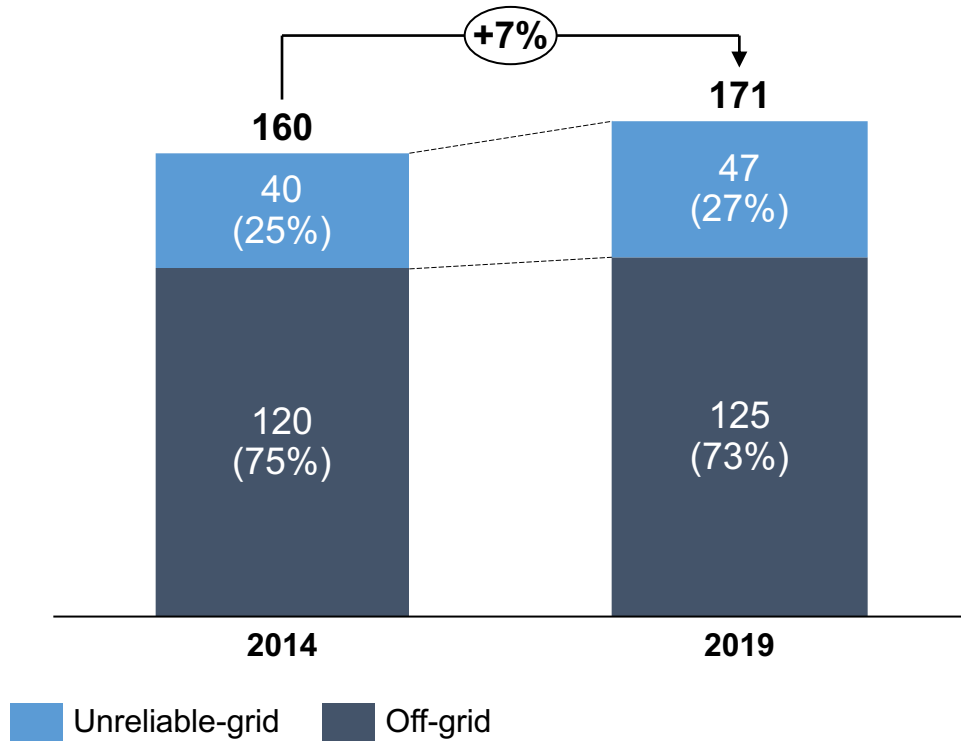
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African Solar Home System market

African market for SHS is huge and still growing because of population growth and growth of number of households with an unreliable grid connection

Potential SSA market (mln households, 2014 - 2019 est.)



The opportunity

SSA:

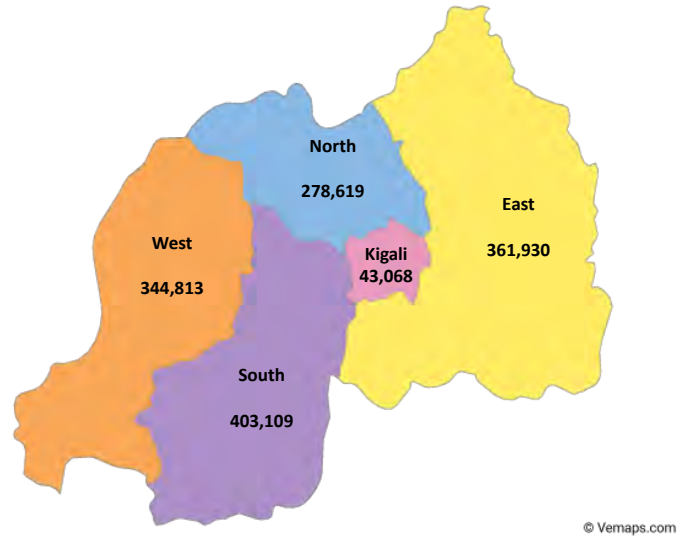
- There are about **125 mln** households in Sub-Sahara Africa (SSA) that have no access to electricity in SSA, representing approximately 600 mln people.
- If we add another 47 mln homes that are connected to unreliable grid, the TAM (Total Addressable Market) for SHS in SSA is estimated to be at **171 mln** households.

Rwanda:

- In Rwanda the addressable SHS market is equal to about 1.5 mln households.
- Goal Government of Rwanda: 100% access to electricity by 2024.

Rwandan Solar Home System market: 1.5M households without electricity






As part of our partnership with the Government of Rwanda we have accurate information on households without electricity, including their income category.







North		West	
Burera	55.756	Karongi	49.332
Gakenke	60.875	Ngororero	60.389
Gicumbi	64.414	Nyabihu	45.833
Musanze	49.696	Nyamasheke	51.458
Rulindo	47.878	Rubavu	44.331
	278.619	Rusizi	45.910
		Rutsiro	47.560
			344.813
East		South	
Bugesera	56.694	Gisagara	53.809
Gatsibo	60.555	Huye	49.900
Kayonza	47.386	Kamonyi	54.130
Kirehe	48.989	Muhanga	48.331
Ngoma	48.973	Nyamagabe	61.843
Nyagatare	63.324	Nyanza	48.046
Rwamagana	36.009	Nyaruguru	38.872
	361.930	Ruhango	48.178
			403.109
Kigali			
Gasabo	27.963		
Kicukiro	7.678		
Nyarugenge	7.427		
	43.068	TOTAL (2019)	1.431.539

Competitive Landscape Africa

Listed below are the larger SHS companies active in Africa.

	Company name	# of installations (HH) ¹	Areas of operation	# of employees
	Greenlight Planet	5,025,695	Global	Not shared
	M-KOPA Solar	400,000	Kenya, Uganda, Tanzania	800
	d.light design	n/a (reported: 65 mln lives impacted)	Global	400+
	Mobisol	40,000	Kenya, Rwanda, Tanzania	400
	SolarNow	6,100	Kenya, Uganda	408

	Company name	# of installations (HH) ¹	Areas of operation	# of employees
	SunnyMoney	1,890,000	Malawi, Uganda, Zambia	50
	Azuri	100,000	Global	400+
	Off Grid:Electric	100,000	Rwanda, Tanzania	800
	BBOXX	41,000	Kenya, Rwanda, Uganda	100

¹ Estimated number of households per 2018

NOTS versus other Solar Home System companies

NOTS' strategy and business model are significantly different from those of other solar home system companies active in Africa

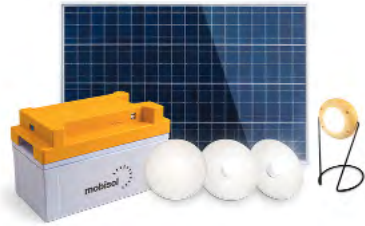
	NOTS	OTHER SHS COMPANIES
Target households	Low income, low educated households	Medium and high income households
Product range	Small (initially only one type of SHS for USD 50)	Broad (solar lamps; SHS ranging from USD 200 - 800; TV's; fridges; etc.)
Business model / organization	Simple and agile; important role for partnerships with best-in-class companies	Complex because most activities in-house
Local manufactured versus imported	Local manufactured / assembled	Imported
Branding	Local brand name; co-branding with mobile operators	International brand name; no or limited co-branding (to avoid cannibalizing own brand)
Payment model	Fixed amount per week (SHS is always functioning)	Variable amount (time SHS functions depends on size of amount paid; SHS is remotely switched on and off)
Credit assessment	Extensive (based on several data sources including mobile phone usage, mobile banking usage, national credit bureau)	Limited (mainly based on data provided by client)

Main competitors in Rwanda

Mobisol, BBOXX and Ignite Power are the main competitors of NOTS in Rwanda. The SHS shown below are the SHS in the product range of these companies that are most comparable to NOTS' MSS.

MOBISOL RWANDA

Basic System Package (Family)



What is included in the Package?

- 3 bright LED solar lights with wiring
- Panel – 100W
- Battery – 55Ah
- Torch
- Charger
- Free installation
- 3-year warranty

Payment Model

- 44,000Rwf upfront price (subscription fee)
- 11,000Rwf per month
- Own it after 36 months

Total price: RWF 440,000 (USD 470)

BBOXX RWANDA

Basic Product



What is included in the Package?

- 3 bright LED solar lights with wiring
- Capacity (Battery and Panel) – 50W
- Charger
- Free installation
- 10-year warranty

Payment Model:

- 9,600Rwf upfront price (subscription fee)
- 4,800Rwf per month
- Own it after 36 months

Total price: RWF 182,400 (USD 195)

IGNITE POWER RWANDA

Greenlight Planet SunKing Home 60



What is included in the Package?

- Three-Room Lighting and Appliance Power
- 5.5V USB power output
- 12V DC appliance power output

Payment Model:

- \$15 upfront price
- \$3 per week
- Own it after 32 weeks

Total price: RWF 103,000 (USD 110)



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Three Avenues for Expansion

Rwanda is an ideal country to optimize and test our business model and to prepare ourselves for the three expansion avenues. Individually the three avenues will result in an attractive growth. Though, combined these avenues offer a huge expansion / growth opportunity for NOTS.

1. Bundling SHS with smartphone, content and data

- Providing households with access to electricity and internet in one go
- Multiple synergies between SHS, smart (feature) phone, content and data
- Using existing software platform to market, assess, sell and service the bundles
- Building deeper relationships and credit history with customers for future growth

Start: October 2020

2. Replicating the model in other African countries

- Interest already expressed in Ghana and Kenya
- Telco interest in expanding the model in multiple countries
- NOTS' partnership with Rwandan content producer provides strong basis for expansion in East Africa countries
- Made in Africa SHS makes NOTS extra attractive for African governments and telco's
- NOTS' Smart Africa Flagship Project facilitates replication in 30 African member countries

Start: 2021

3. Solar Irrigation Systems

- Most (target) clients for SHS are smallholder farmers
- Solar Irrigation System can significantly increase their income; payback period 18 – 24 months
- When clients have paid back their SHS, a Solar Irrigation System is a logical next product for NOTS to market

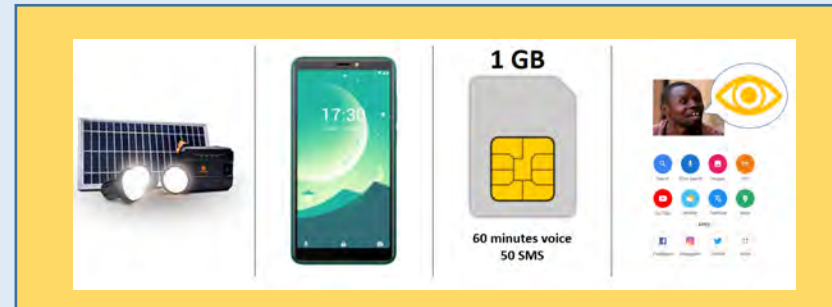
Start: 2022

Avenue #1: bundling SHS with smart (feature) phone, content and data

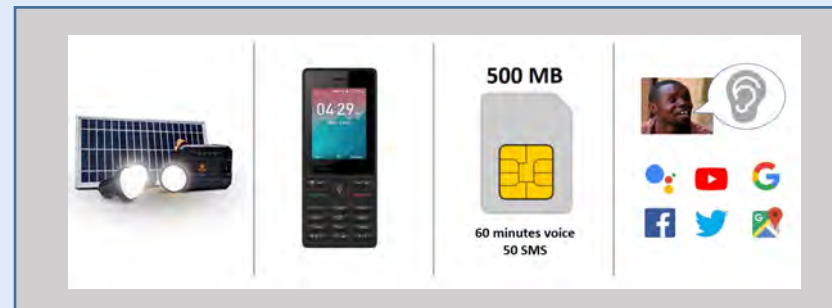
Packages increase NOTS' value to households currently without electricity and offers a very attractive market opportunity

- NOTS has identified growth opportunities beyond only providing SHS.
- Bundling the SHS with a smart (feature) phone, data and content has significant potential
- There is a clear market opportunity – supported by governments
- NOTS has constructed attractive packages with market leaders for each component
- The pricing of the packages and their availability on credit enable to provide access to electricity and internet to a part of the African population that needs it most (125M households, 600M people)
- The opportunity will be profitable for NOTS to serve
- The experience in Rwanda will create a model for regional expansion

Two types of Packages



Gold Package



Silver Package

ConnectRwanda

Offering Packages fits very well with the ConnectRwanda initiative of the Government of Rwanda

- NOTS sells its SHS through an innovative platform based on credit assessment from phone records, mobile banking transactions and government information on household income support. This platform can be used to sell for other goods and services
- A SHS and its telephone charger enable households to charge phones daily. This in turn enables householders to upgrade from basic feature phones to internet connected smart feature or smartphones which require constant charging. Smartphones have not previously been available on a micro-credit basis.
- Many households, of all incomes, are keen to upgrade their phones and use data services. Of the 2.8 million households in Rwanda, 1.5 million have no access to electricity. Without electricity it is inconvenient and expensive to charge a smart phone or a smart feature phone. Only 15% of the population own a smartphone
- The Government of Rwanda is equally keen to connect their population to the internet via smart phones for social and economic reasons. It has introduced the ConnectRwanda initiative to achieve expanded connectivity across the entire population and signed a partnership agreement with NOTS.
- Including a cheap data package and even exclusive local drama and comedy content with a basic smart feature phone – creates an innovative and attractive package for households previously unconnected and without electricity.
- Enabling all this at a cost of less than \$0.85 per week means it not only attractive – but accessible.



Gutera ibuye rimwe rikica inyoni ebyiri - catching two birds with one stone

Package Components

NOTS has now identified and brought together all the key components that can make such a package successful

The Package components...

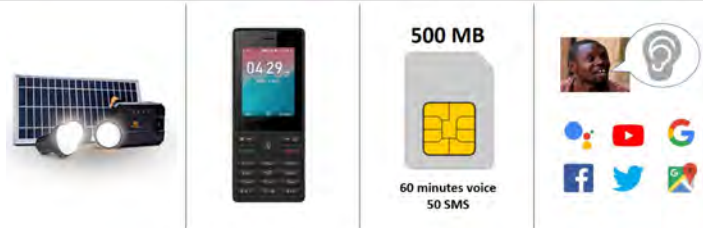
...are attractive

<ul style="list-style-type: none"> The MUTIMAX Solar System at a price 40% cheaper than the market 	<ul style="list-style-type: none"> Pilot results highlights price point is highly attractive
<ul style="list-style-type: none"> A selection of affordable branded smart feature and smart phones that will come with warranties of 2.5 years – 1.5 years longer than current phones on the market 	<ul style="list-style-type: none"> Branded phones important for customer attractiveness Extended warranty critical to match length of credit period
<ul style="list-style-type: none"> A micro-credit and sales platform that enables credit assessment, enables mobile repayments and follow ups, schedules and managers sales and post sales services 	<ul style="list-style-type: none"> Sophisticated software platform optimises transaction costs and efficient operational scheduling
<ul style="list-style-type: none"> Data at 41% discount to the current lowest market price 	<ul style="list-style-type: none"> USD 42c per gigabyte will be the cheapest data in Rwanda and among the cheapest across Africa
<ul style="list-style-type: none"> KAIOS operating system on smart feature and smart-touch phones 	<ul style="list-style-type: none"> Operating system optimised for data efficiency and low income users
<ul style="list-style-type: none"> A content package that as well as providing for the standard social media and communication services – also provides exclusive local Rwandan comedy and drama produced by the most popular Rwandan producers 	<ul style="list-style-type: none"> Whatsapp lite, Facebook Lite, Youtube Go Famous local talent and shows – Suberikoko, Bamanya and Papa Sava to build attraction and loyalty

Package Prices

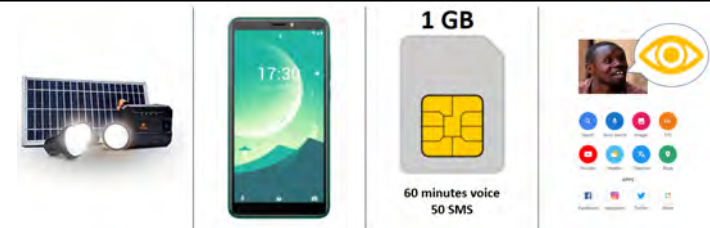
The pricing of the packages and their availability on credit enable access to electricity and internet to the part of population that needs it most. Across Africa is this 600 million people

Silver Package



	Phone brand	Phone specifications	Mobile operator	Price per week (RWF)	Warranty (months)
A	Airtel	3G, KaiOS, 2.8', 512 MB RAM, 4GB ROM, Quadcore 1.3 GHZ, 1900 mAh, 0.3MP cam	Airtel	775	30
B	MTN	3G, KaiOS, 2.8', 512 MB RAM, 4GB ROM, Quadcore 1.3 GHZ, 1900 mAh, 0.3MP cam	MTN	925	30
C	MARA	3G, KaiOS, 2.4', 512 MB RAM, 4GB ROM, Dual-core 1.3 GHZ, 1900 mAh, 0.3MP cam	Airtel	800	24
			MTN	950	24
D	ITEL	3G, KaiOS, 2.4', 512 MB RAM, 4GB ROM, Dual-core 1.2 GHZ, 1900 mAh, 0.3MP cam	Airtel	790	12
			MTN	940	12

Gold Package



	Phone brand	Phone specifications	Mobile operator	Price per week (RWF)	Warranty (months)
A	Airtel	3G, Android 10, 5.7', 1GB RAM, 16GB ROM, Quad-core 1.3 GHZ, 2000 mAh, 0.3MP cam	Airtel	1,275	24
B	MTN	3G, Android 10, 5.7', 1GB RAM, 16GB ROM, Quad-core 1.3 GHZ, 2000 mAh, 0.3MP cam	MTN	1,425	24
C	MARA	3G, Android 10, 5', 1GB RAM, 16GB ROM, Quad-core 1.3 GHZ, 1850 mAh, 5MP cam	Airtel	1,450	24
			MTN	1,600	24
D	ITEL	3G, Android 8.1, 5', 1GB RAM, 16GB ROM, Quad-core 1.3 GHZ, 2200 mAh, 5MP cam	Airtel	1,325	12
			MTN	1,475	12

Note: prices per week (RWF) are indicative

Avenue #2: Regional Expansion

The experience in Rwanda will create a model for regional expansion

Rationale for regional expansion

- Our Rwandan experience and our strong partnerships with suppliers create a formidable asset base for expansion:
 - low cost assembly
 - sales platform sophistication
 - sales operation management
 - now attractive bundled sales
- Moreover, our manufacturing facility enables us to provide “Made-in-Africa” Solar Home Systems.
- Countries across the region will continue to look to SHS to meet energy access targets and internet connectivity will only grow more critical.

...and potential avenues

- NOTS has built experience in other countries including Mali.
- Our telco relationships can be leveraged to move across Africa
- Our relationships with phone manufacturers provide us with the potential to expand through their distribution routes with our packages
- Our content platform partner is set to expand across East Africa with its deep base of Swahili and regional content – and can all create distribution route. It is committed to NOTS for similar ventures.

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Financial Projections 2020 - 2024

We have prepared detailed financial projections for our solar home system business.

- Assumptions for base case projections
- P&L Projections 2020 – 2024
- Balance Sheet Projections 2020 - 2024
- Cash Flow Projections 2020 – 2024

Main Assumptions for Financial Projections 2020 – 2024

Our financial projections, including the assumptions below, are based on a team effort under the leadership of our CFO

1. Number of SHS units sold in Rwanda (excluding 100,000 units for GoR): 55% market share of households that currently have no access to electricity; plus 10% of households that currently have a grid connection and switch to a SHS because of the lower costs.
2. Expansion Avenues: Avenue #1 (Packages): not included in financial projections because too early to have a clear picture of effects on financials; Avenue #2 (roll-out in Africa): 1.1M export SHS units in 3 years (very conservative because most other African countries have a much bigger SHS market than Rwanda); and Avenue #3 (Solar Irrigation Systems): 10% market share in Rwanda.
3. For converting **USD** amounts to **RWF** amounts an exchange rate **1:935** is applied. This exchange rate is assumed constant throughout the projection period of 2020 – 2024. Every 6 months we will adapt our SHS sales price to absorb changes in the USD/RWF exchange rate.
4. The MSS unit selling price in USD and cost price in USD are assumed to be constant during the projection period. Please note that it is likely that the cost price in USD decrease during the projection period.
5. Interest rate on the loan from NOTS Solar Lamps BV to NOTS Solar Lamps Plc is assumed at the rate of 8% per annum.
6. Fee for Letter of Credit is assumed to be equal to 4% of the LC amount.
7. A post-import loan is assumed to start when the related LC become payable and is assumed to continue up to when the underlying units are sold / when GoR has paid 2/3 of the invoiced amounts. The amount of a post-import loan is equal to the amount of the related LC.
8. Interest rate on post-import loan is assumed to be 9% per annum.
9. Corporate income tax rate is assumed to be 15%. Furthermore, it is assumed that NOTS Solar Lamps Plc will pay taxes according to the profits generated. The taxes are calculated after deducting the available carry forward losses. This has only an effect on the 2020 taxes.
10. For the 100,000 SHS units to be sold to GoR, it is assumed that GoR will pay 2/3 of the invoiced amount (USD 56 per unit), 77 days after the date of the invoice; and that the remaining 1/3 will be paid by July 31, 2021. This assumption can be confirmed when GoR and NOTS have reached an agreement on the content of the addendum to the GoR – NOTS Agreement.
11. It is assumed that the receivables for sales to Rwandan households and for export sales, these receivables will be collected within 31 days from the date of delivery of the units. Note: within 31 days the receivables for Rwandan households will be sold by NOTS Solar Lamps Plc to BBA Solar Loans Ltd.

Note: Our financial projections have been audited by Nambiar Grant Thornton, our external auditor.

Financial projections – P&L

All amounts RWF 1,000,000	2020	2021	2022	2023	2024
Revenues	7.813	24.738	27.579	36.697	39.108
Costs of goods sold	-4.769	-15.259	-17.167	-24.729	-26.255
Total distribution costs	-394	-2.617	-4.495	-5.068	-4.646
Gross profit / (Loss)	2.650	6.861	5.917	6.901	8.208
Operating expenses	-1.545	-2.404	-2.026	-2.242	-2.475
EBITDA	1.106	4.458	3.891	4.659	5.733
Depreciation	-	-	-	-	-
Operating profit / Loss	1.106	4.458	3.891	4.659	5.733
Net Finance costs	-301	-225	-146	-189	13
Profit for the year	804	4.233	3.745	4.470	5.746
Taxes	-66	-635	-562	-671	-862
Net profit	739	3.598	3.183	3.800	4.884

Financial projections – Balance Sheet

All amounts RWF 1,000,000	2019	2020	2021	2022	2023	2024
Assets						
Fixed assets	19	19	19	19	19	19
Deferred taxes	498	432	-	-	-	-
Trade, current tax and other receivables	126	6.908	1.430	1.667	2.426	2.586
Inventory (including orders under LC's)	143	3.116	3.488	5.072	5.369	5.722
Loan to NOTS Manufacturing		463	1.033	1.269	1.556	2.061
Reserve account for pan-African rollout	-	1.684	4.981	7.096	8.688	10.724
Cash	72	322	322	322	322	322
Total assets	858	12.944	11.273	15.444	18.380	21.434
Equity & liabilities						
Net worth	404	4.143	6.841	8.910	10.810	13.252
Loan from NOTS Solar Lamps BV	364	1.606	-	-	-	-
BRD GOR Facility (LC's and post-import loans)	-	3.460	-	-	-	-
Other Debt facilities (LC's and post-import loans)	-	3.647	4.140	5.883	6.810	7.231
Trade and other payables	90	90	90	90	90	90
Income tax payable	-	-	203	562	671	862
Total net worth and liabilities	858	12.944	11.273	15.444	18.380	21.434
LC's outstanding (included in Other Debt Facilities)		2.973	3.345	4.929	5.227	5.227

Financial projections – Cash Flow

All amounts RWF 1,000,000	2020	2021	2022	2023	2024
EBITDA	1.106	4.458	3.891	4.659	5.733
Delta WC	-9.755	5.106	-1.821	-1.057	-512
Capex	-	-	-	-	-
WC finance costs	-173	-295	-328	-432	-286
Change in BRD Loan GOR incl LC's	3.460	-3.460	-	-	-
Change in other WC loans incl LC's	3.647	493	1.743	928	420
Principal NOTS Solar Lamps BV Loan	1.242	-1.606	-	-	-
Interest loan NOTS Solar Lamps BV	-129	-	-	-	-
Loan to NOTS Manufacturing	-514	-748	-542	-720	-1.122
Repayment loan NOTS Manufacturing	51	178	307	433	617
Interest on loan NOTS Manufacturing		37	83	102	124
Interest on Reserve account for pan African rollout		34	100	142	174
Taxes	-	-	-203	-562	-671
Cash flow after taxes	-1.066	4.196	3.229	3.492	4.478
Shares issue	3.000	-	-	-	-
Dividends	-	-899	-1.114	-1.900	-2.442
Delta Reserve account for pan African rollout	1.684	3.297	2.115	1.592	2.036
Delta cash	-250	-	-	-	-