
Financial Model

The iLamp DRC Territory financial model spans five years and focuses on sublicensing to five cities (Kinshasa, Mbuji-Mayi, Lubumbashi, Kananga, Kisangani). Sub-territory prices in this example are calculated at \$2.50 per lamp. The number of lamps is determined based on the average number of lamps expected to be required over a 10 year period. The model assumes a sales growth pattern, with Kinshasa selling 10,000 lamps in the second year after signing, 20,000 lamps in the third year, 30,000 lamps in the fourth year and 40,000 lamps in the fifth year and Lubumbashi, Kananga, Kisangani selling 5,000 lamps per year.

The model is centered on the sale of iLamps, with each lamp selling for \$9,000. From this sale price, \$1,000 is paid to iLamp HQ as a royalty for each lamp. The territorial license holder buys lamps from iLamp HQ at decreasing costs over time: \$3,500 in the first year of sales, \$3,000 in year two and onwards, excluding the \$1,000 royalty. By manufacturing the lamps locally costs match the local production price and the territorial license holder pays only the \$1,000 royalty to iLamp.

The remaining revenue, after accounting for the costs and royalty, is considered the territory's gross profit. This gross profit, however, does not take into account installation, maintenance, or operational costs. However, the model also does not include the significant revenue generated by the streetlamps modules or any royalty taken on Power As A Service revenue due to the complexity and varying requirements of each sub-license.

iLamp DRC has the option to add their own royalty per lamp installed. For the purpose of this model, an additional \$500 royalty has been set. During the five-year period, iLamp DRC sells territories to the cities at a rate of three per year, starting with the largest cities.

Breakdown

Territory prices for each city based on estimated number of required streetlights \$2.50/light:

Kinshasa **365,000 * \$2.50 = \$912,500**

Mbuji-Mayi **220,000 * \$2.50 = \$550,000**

Lubumbashi **177,578 * \$2.50 = \$443,945**

Kananga **98,862 * \$2.50 = \$247,155**

Kisangani **69,866 * \$2.50 = \$174,665**

Year 1:

Territories sold:

Kinshasa, Mbuji-Mayi, Lubumbashi

Territory sale prices:

Kinshasa: **\$912,500**, Mbuji-Mayi: **\$550,000**, Lubumbashi: **\$443,945**

Total territory sales revenue: **\$1,906,445**

No sales are made by Kinshasa, Mbuji-Mayi or Lubumbashi in the first year due to setup and establishing the sublicensed territories.

Year 2:

Territories sold:

Kananga, Kisangani

Territory sale prices:

Kananga: **\$247,155**, Kisangani: **\$174,665**

Total territory sales revenue: **\$421,820**

No sales are made by Kananga or Kisangani in the first year due to setup and establishing the sublicensed territories.

Total lamps sold in Kinshasa, Mbuji-Mayi, Lubumbashi: **20,000**

Royalties per lamp:	\$500
Kinshasa Royalty:	10,000 lamps * \$500 = \$5,000,000
Mbuji-Mayi Royalty:	5,000 lamps * \$500 = \$2,500,000
Lubumbashi Royalty:	5,000 lamps * \$500 = \$2,500,000
Total royalties:	\$10,000,000

City-wise revenue calculation:

Lamp selling price: **\$9,000**

Costs in Yr. 1 of sales: **\$3,500**

Gross profit per lamp:

\$9,000 - \$3,500 - \$1,000 (iLamp HQ) - \$500 (iLamp DRC) = \$4,000

Kinshasa Revenue: **10,000 lamps * \$4,000 = \$40,000,000**

Mbuji-Mayi Revenue: **5,000 lamps * \$4,000 = \$20,000,000**

Lubumbashi Revenue: **5,000 lamps * \$4,000 = \$20,000,000**

Total city-wise revenue in Year 2: \$80,000,000

Year 3:

Total lamps sold: **20,000 +**

Royalties per lamp: **\$500**

Kinshasa Royalty: **20,000 lamps * \$500 = \$10,000,000**

Mbuji-Mayi Royalty: **5,000 lamps * \$500 = \$2,500,000**

Lubumbashi Royalty: **5,000 lamps * \$500 = \$2,500,000**

Kananga Royalty: **0 (no sales yet)**

Kisangani Royalty: **0 (no sales yet)**

Total royalties: **\$15,000,000**

City-wise revenue calculation:

Costs in Year 2 and beyond: **\$3,000**

Gross profit per lamp:

\$9,000 - \$3,000 - \$1,000 (iLamp HQ) - \$500 (iLamp DRC) = \$4,500

Kinshasa Revenue: **20,000 lamps * \$4,500 = \$90,000,000**

Mbuji-Mayi Revenue: **5,000 lamps * \$4,500 = \$22,500,000**

Lubumbashi Revenue: **5,000 lamps * \$4,500 = \$22,500,000**

Total city-wise revenue in Year 3: \$135,000,000

Year 4:

Lamps sold per territory:	30,000
Royalties per lamp:	\$500
Kinshasa Royalty:	30,000 lamps * \$500 = \$15,000,000
Mbuji-Mayi Royalty:	5,000 lamps * \$500 = \$2,500,000
Lubumbashi Royalty:	5,000 lamps * \$500 = \$2,500,000
Kananga Royalty:	5,000 lamps * \$500 = \$2,500,000
Kisangani Royalty:	5,000 lamps * \$500 = \$2,500,000
Total royalties:	\$25,000,000

City-wise revenue calculation:

Costs in Year 2 and beyond: **\$3,000**

Gross profit per lamp:

\$9,000 - \$3,000 - \$1,000 (iLamp HQ) - \$500 (iLamp DRC) = \$4,500

Kinshasa Revenue:	30,000 lamps * \$4,500 = \$135,000,000
Mbuji-Mayi Revenue:	5,000 lamps * \$4,500 = \$22,500,000
Lubumbashi Revenue:	5,000 lamps * \$4,500 = \$22,500,000
Kananga Revenue:	5,000 lamps * \$4,500 = \$22,500,000
Kisangani Revenue:	5,000 lamps * \$4,500 = \$22,500,000

Total city-wise revenue in Year 4: \$225,000,000

Year 5:

Lamps sold per territory:	40,000
Royalties per lamp:	\$500
Kinshasa Royalty:	40,000 lamps * \$500 = \$20,000,000
Mbuji-Mayi Royalty:	5,000 lamps * \$500 = \$2,500,000
Lubumbashi Royalty:	5,000 lamps * \$500 = \$2,500,000

Kananga Royalty:	$5,000 \text{ lamps} * \$500 = \$2,500,000$
Kisangani Royalty:	$5,000 \text{ lamps} * \$500 = \$2,500,000$
Total royalties:	\$30,000,000

City-wise revenue calculation:

Costs in Year 2 and beyond: **\$3,000**

Gross profit per lamp:

$\$9,000 - \$3,000 - \$1,000$ (iLamp HQ) - $\$500$ (iLamp DRC) = $\$4,500$

Kinshasa Revenue: **$40,000 \text{ lamps} * \$4,500 = \$180,000,000$**

Mbuji-Mayi Revenue: **$5,000 \text{ lamps} * \$4,500 = \$22,500,000$**

Lubumbashi Revenue: **$5,000 \text{ lamps} * \$4,500 = \$22,500,000$**

Kananga Revenue: **$5,000 \text{ lamps} * \$4,500 = \$22,500,000$**

Kisangani Revenue: **$5,000 \text{ lamps} * \$4,500 = \$22,500,000$**

Total city-wise revenue in Year 5: \$270,000,000

iLamp DRC Financial Model

Year	Territories Sold	Territory Sale Prices	Total Territory Sales Revenue	Total Royalties	Total City-Wise Revenue
1	Dubai, Abu Dhabi, Sharjah	Dubai: \$912,500 Abu Dhabi: \$550,000 Sharjah: \$443,945	\$1,906,445	\$0	\$0
2	Al Ain, Ajman	Al Ain: \$247,155 Ajman: \$174,665	\$421,820	\$10,000,000	\$80,000,000
3	-	-	-	\$15,000,000	\$135,000,000
4	-	-	-	\$25,000,000	\$225,000,000
5	-	-	-	\$30,000,000	\$270,000,000

Income statement iLamp Kinshasa

Description	Year 1	Year 2	Year 3	Year 4	Year 5
Net Sales	0	90,000,000	180,000,000	270,000,000	360,000,000
Cost of Sales	0	50,000,000	90,000,000	135,000,000	180,000,000
Gross Profit	-912,500	40,000,000	90,000,000	135,000,000	180,000,000
Selling & Operating	0	2,000,000	4,500,000	6,750,000	9,000,000
General and Administrative	0	6,300,000	12,600,000	18,900,000	25,200,000
Total Operating Expenses	0	8,300,000	17,100,000	25,650,000	34,200,000
Operating Income	-912,500	31,700,000	72,900,000	109,350,000	145,800,000
Income Before Taxes	-912,500	31,700,000	72,900,000	109,350,000	145,800,000
Income Tax	0	2,853,000	6,561,000	9,841,500	13,122,000
Net Income	-912,500	28,847,000	66,339,000	99,508,500	132,678,000