



NALA Incorporation Company Limited

Business Plan: Project Profile and Feasibility Study

1. Clear Statement of the Investment Objectives, Sector, and Products

1.1. Investment Objectives

NALA is a software development company looking to invest in facilitating cross border payments into Tanzania. NALA is in the process of building a retail-oriented service that will allow Tanzanians living abroad to send funds home to family and friends. To do this, NALA aims to begin by offering a remittance platform that will focus on reducing the cost and effort of sending money to Tanzania in order to reach the widest audience, and in turn, maximize the country's wealth and local investment from the funds introduced from abroad.

Since 2013, Tanzania has seen an increase in funds received from abroad, however, NALA believes that there is a massive opportunity for growing both the volume and value of remittances entering the country.

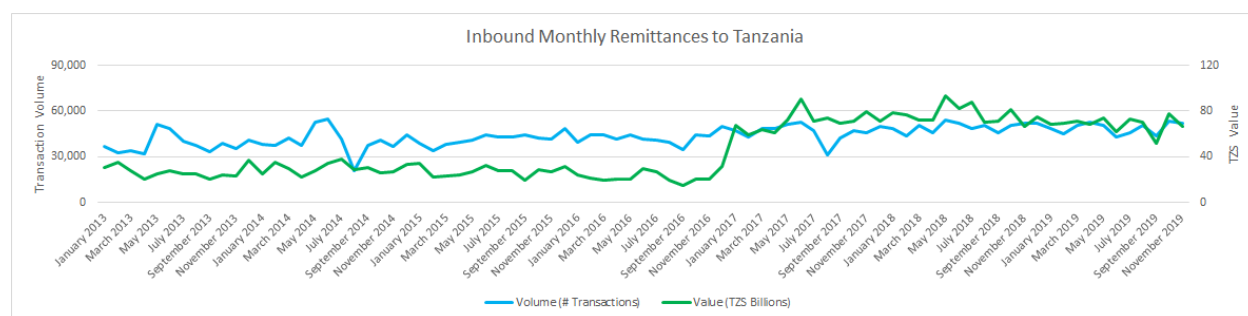


Figure 1: Inbound Monthly Remittances to Tanzania (Bank of Tanzania)

NALA has chosen to focus near-term investment activities on building out the remittance space because of the enormous potential to expand financial inclusion, thereby advancing the economic prospects and quality of life of entire populations. While the amount of money that migrants are sending home (~15% of monthly salary) may appear insignificant, these funds have a disproportionate impact in the recipients' home countries, accounting for greater than 50% of an average family's income (IFAD, June 2019). Of the amount received, 75% is put towards immediate needs such as food, housing, education, and medical expenses. Meanwhile, the remaining 25% goes towards income generating activities (Arunjay Katakam, The Power of Micro Money Transfers).

Given the overwhelming benefits that international money transfers have the potential to offer, the UN has created a Global Sustainable Development Goal to reduce the cost of remittances to below 3% by 2030. This would save families an additional \$20 billion annually (United Nations SDG #10). NALA's work will further this goal directly, as the largest hurdle lies in Sub-Saharan Africa where the average cost of remittances remains well above the current global average of 6.75%, often reaching the high teens (World Bank Remittance Price Database). This burden is even greater for micro money transfers, as current fee models support sending large sums of money, while micro money transfers are extremely costly due to high fixed rates.

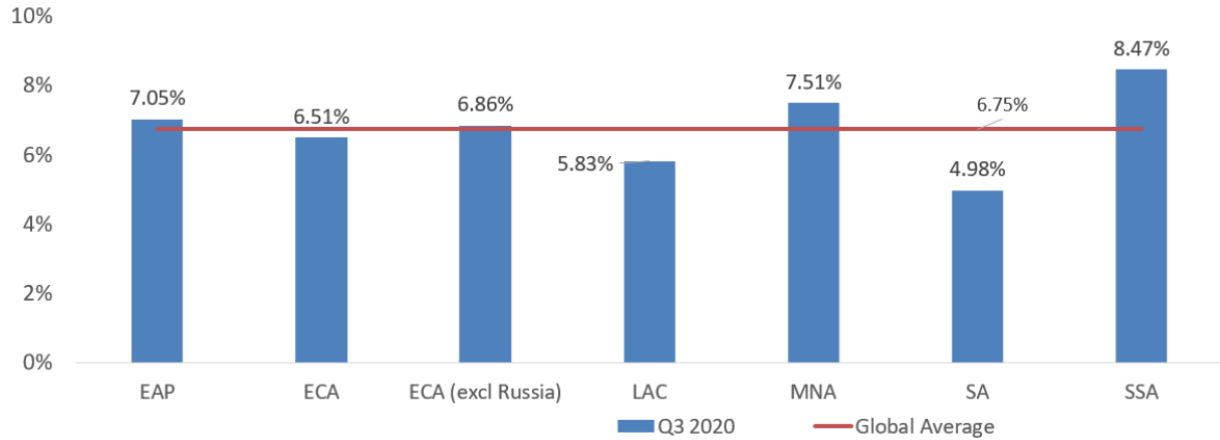


Figure 2: Average Cost of Sending a \$200 Remittance in Q3 2020 (World Bank)

Despite extremely high cross-border payment costs throughout Sub-Saharan Africa as a whole, Tanzania has suffered disproportionately. Even compared to neighboring countries, average costs to send money to Tanzania remain above both the global (6.75%) and regional (8.47%) averages.



Figure 3: Money Transfer Fees as a % of Total Volume Sent (World Bank)

1.2. Sector

As a software development company, NALA will be operating in the financial services sector, specifically focused on fintech. The geographic split within the sector will span both the United Kingdom as the sender market, as well as Tanzania and East Africa as a whole, as the recipient markets.

While dedicated to developing software to address the remittance needs of Tanzanians living abroad, NALA aims to focus primarily on the Tanzanian financial services sector. Already Tanzanians have shown

a greater affinity to technology incorporation into traditional financial services given the opportunities to increase personalization, security, reach, and efficiency, all while reducing costs and time commitments. As shown below, usage of mobile payments and banking have experienced upticks throughout recent years, and NALA is dedicated to developing its software to address the growing and evolving needs of its consumers. NALA believes that with more efficient access to funds from multiple channels, individuals will be able to be able to spend and invest throughout the country with greater ease.

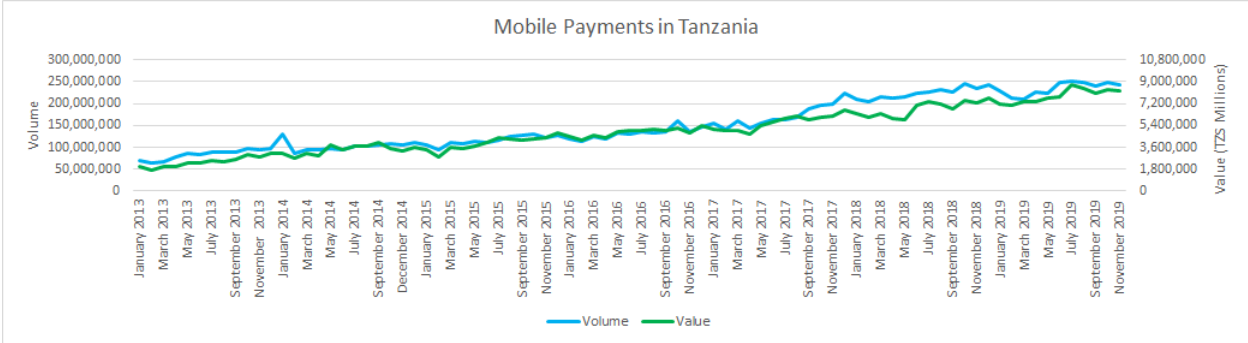


Figure 4: Mobile Payments in Tanzania (Bank of Tanzania)

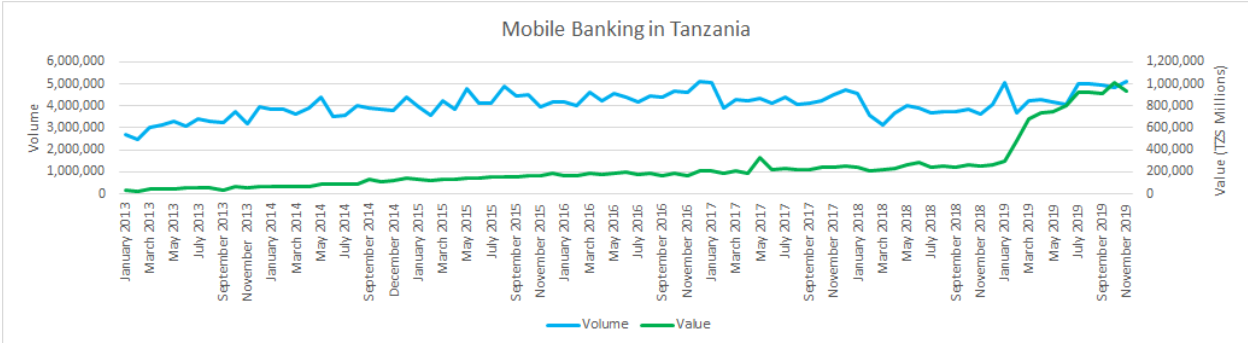


Figure 5: Mobile Banking in Tanzania (Bank of Tanzania)

1.3 Products

As a brief history, NALA launched a mobile payments application three years ago that has gathered more than 250,000+ downloads in Tanzania, Uganda and Kenya and is the highest rated finance application in the Tanzanian Google Playstore. Services offered include account analytics and spending history data.

Going forward, NALA’s software development will be focused on building out a remittance platform for the African diaspora. This innovation will be unique from past operations, offering a platform for African migrants living and working abroad to remit money back to East Africa. Principal business activities going forward will be centered on the beneficiaries in Tanzania and throughout East Africa, with the primary goal to increase flow of funds into the country, thereby enabling increased local investment within Tanzania.

The software runs on an application with both Android and iPhone interface to accommodate a broad range of users. While using this app, customers are able to select the amount they would like to send, the method through which they will fund this transfer, the recipient of funds in one of the supported East African countries, and the payout method through which the recipient will receive this money. Security checks and screening of extremely high quality is employed to protect both NALA and our customers from fraud.

2. Investment Cost and Sources of Finances

As expanded upon in forthcoming sections, NALA's software development team is made up of entirely in-house engineers. Therefore, no components of the services or platforms are developed externally. Rather, NALA's primary investment cost in building out our software is the employment cost of our engineering team.

NALA completed a seed funding round in April, 2019, which has given the business significant runway to continue operations for the foreseeable future. This capital raise was executed in conjunction with Y-Combinator, the highly reputable startup accelerator based in Silicon Valley. NALA was accepted into the program following a highly competitive application process with an average acceptance rate of 1.7%. NALA also represents the first company to enter into the Y-Combinator program from all of East Africa.

3. Job Creation

NALA currently employs 10 individuals, and expects to expand to employ 18 individuals within 12 months, 24 individuals within 24 months, and 50 individuals within 36 months. Given our base in Tanzania, we have a strong preference to expand our local team through subsequent hiring rounds.

These positions will satisfy needs within all three of NALA's primary verticals:

1. Engineering and development
2. Marketing and community engagement
3. Finance and operations

We will seek to both identify qualified candidates within the country, as well as source new talent and invest in the professional development of individuals who possess strong potential for a long-term company position.

4. Investment Funds and Expenditure Breakdown

For all of the aforementioned partners, NALA will incur select establishment costs upon the initiation of the partnerships. Going forward, selling costs will be sustained for the ongoing use of partners' licensing and services on a per transaction or per time allotted basis. These costs arise in the form payment collections, transfers, and payouts, in addition to a margin charged on foreign exchange services. We also incur costs from our KYC / AML and PEP and Sanctions providers to ensure the highest-grade security for our platform.

Additional costs are derived from marketing expenditure to expand NALA's recognition and impact in order to enhance NALA's reach to the maximum number of Tanzanians living and working abroad. The more users we are able to attract to NALA services, the greater flow of funds will be channeled into the Tanzanian economy. These costs can be broken down to include digital ads, content creation, referral bonuses, events, and other customer acquisition. Detail of all marketing-related activities can be found in Section 6: Marketing Plan, as well as in Section 8: Financial Projections

Lastly, staff costs also make up a significant component of NALA's ongoing expenditures. As discussed above in Section 3: Job Creation, NALA incurs costs from employees across all of its three primary verticals. NALA considers its team as its primary assets alongside its software development, and

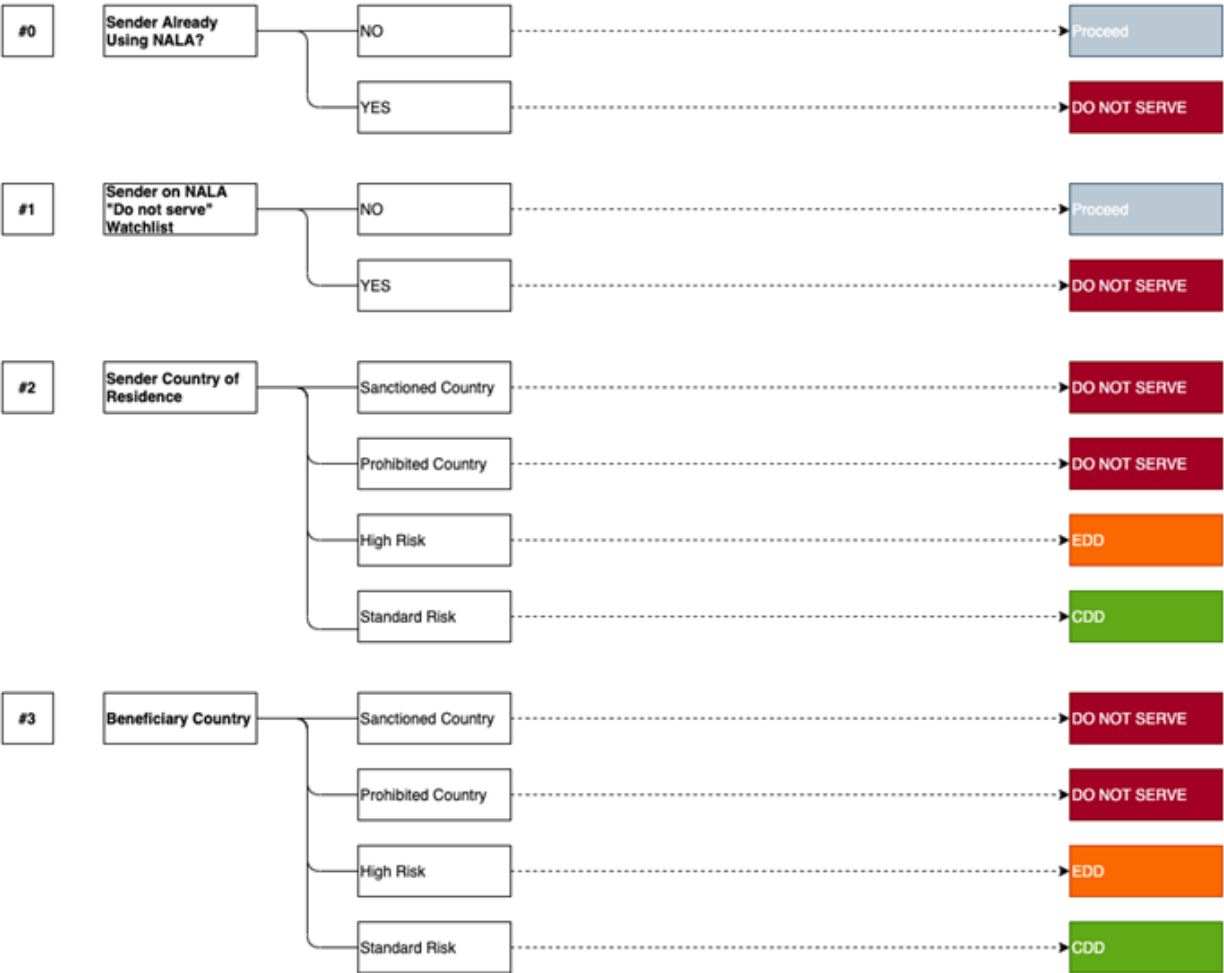
therefore places a strong priority on recruiting and retaining the best possible talent. Please refer to Section 8: Financial Projections for in-depth detail on staff-related expenditures.

5. Sources of Supply Inputs

As a software development company, NALA maintains an entirely in-house team of engineers. Therefore, NALA retains the ability to develop all software and services independently of any third parties. The current undertaking of NALA’s cross-border payments platform can be characterized as such.

For certain peripheral functions, NALA has elected to work with partners for licensing and security reasons. NALA is an agent of Modulr Finance, a licensed partner in the United Kingdom, which enables collections-related capabilities for our senders. Other partnerships with Veriff and ComplyAdvantage are dedicated to KYC/AML and PEP & Sanctions screening in order to maintain the security of customers’ identities and funds throughout the transaction process.

In terms of customers able to utilize the software that NALA has developed, a comprehensive screening process is undertaken in conjunction with the aforementioned partners. The following process shares the Customer Risk Assessment that each user must pass in order to access the platform to send funds.



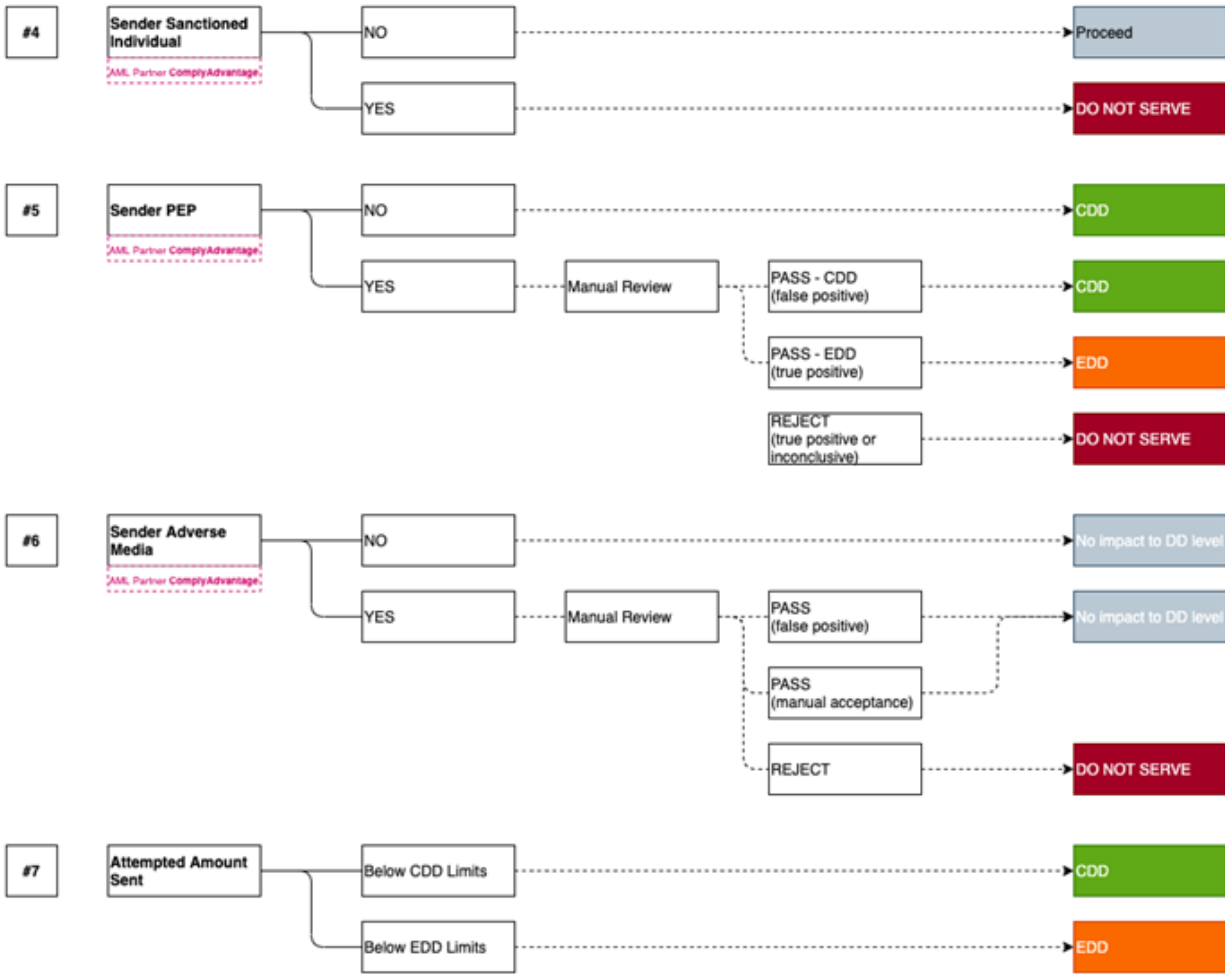


Figure 6: NALA Customer Risk Assessment

6. Marketing Plan

6.1. Addressable Market

The initial target market is focused on African migrants in the UK. NALA aims to make remittances easy and affordable for all users, so the platform will be inclusive of all migrants looking to remit funds to East Africa regardless of age bracket, socioeconomic status, or experience with technology.

Studies show that the current total of 200 million migrants worldwide is expected to increase to 350 million in the next ten years, with an annual projected remittance volume of \$2-3 trillion. Within Sub-Saharan Africa specifically, remittances grew 10% in 2018 to \$46 billion. The volume of remittances sent to Sub-Saharan Africa from the UK alone topped \$6.1 billion in 2018. This market presents a significant opportunity for growth, especially given only a small portion of existing remittance providers in the UK offer services to Sub-Saharan Africa. Furthermore, of those funds that are sent to Sub-Saharan Africa, less than half are formal remittances. Many of the providers that do offer services are costly and inefficient. As NALA considers expansion to other countries throughout the EU, several countries have high concentrations of Sub-Saharan African migrants including Italy (>2.1 billion individuals), France (>1.9 billion individuals) and Spain (>1.2 billion individuals).

The working age population of Africa is projected to be larger than the rest of the world combined by 2100. NALA wants to ensure that regardless of where the next generation finds work, their hard earned funds will be able to make it back to their home countries to support their families and be reinvested into the local economy. Tanzania’s population, as shown below, is positioned for massive growth of the working age population in years to come, and NALA’s software will offer these individuals an effective and secure means to channel their earnings back into their country.

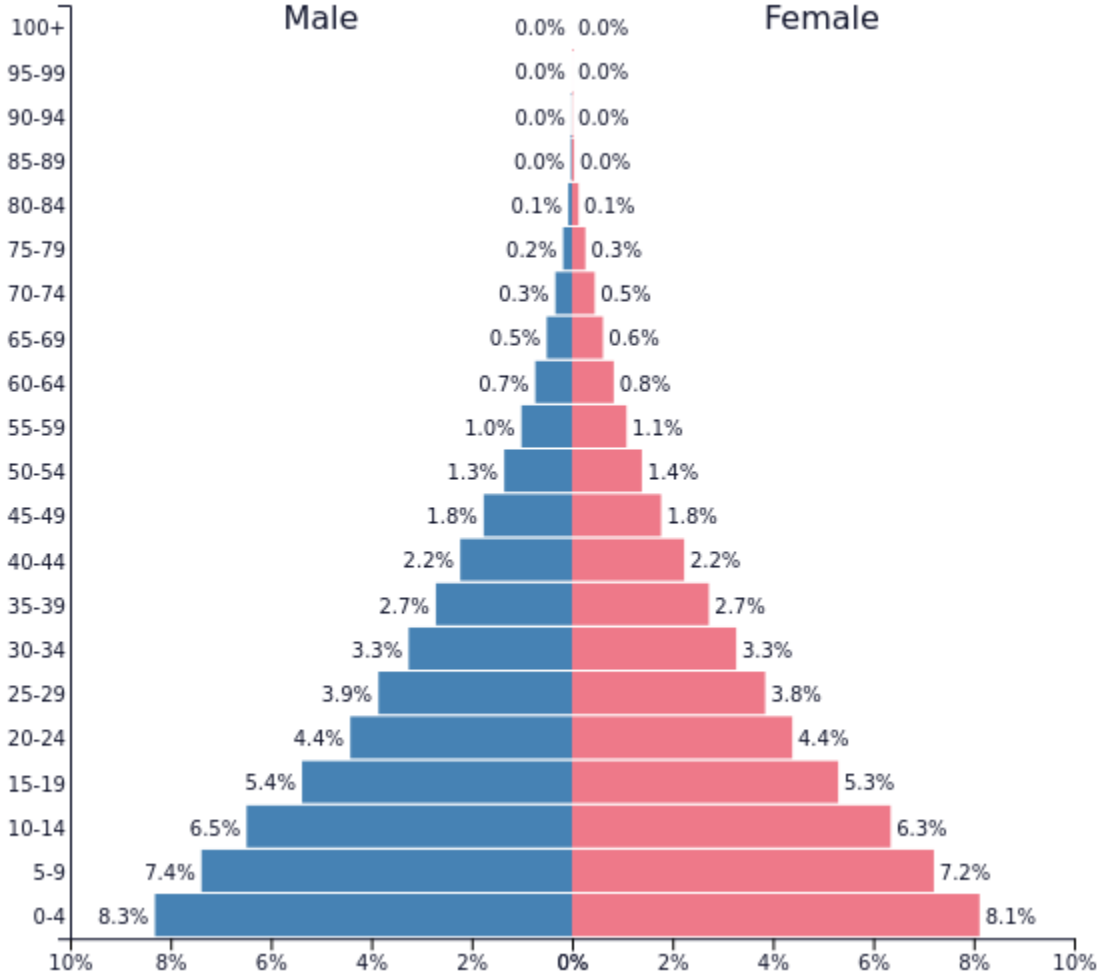


Figure 7: United Republic of Tanzania, 2019, Population: 58,005,460

Figure:

To strengthen the initial remittance platform, NALA endeavors to dedicate a unique focus to end-users by providing services throughout Tanzania and East Africa more broadly. These corridors are currently the most expensive in the world. Furthermore, the cross-border payment recipients are largely ignored by preexisting international payment platforms, thus creating a sizable market for new, unaddressed users to channel funds into recipient countries and further enable local investment. The few remittance providers that do service these countries charge high fixed costs to send money home, disproportionately affecting those sending small amounts of money. NALA will be offering consumers a better deal than most of those players currently in the market, increasing the level of competition in favour of consumers and allowing more money to reach the Tanzanian economy.

Already, a shift has begun in favor of entirely digital cross border payment platforms, and NALA’s software development initiative aims to contribute directly to putting East African services on par with the rest of the world. Already it can be seen that “Digital” costs in SSA in the Figure below are roughly in-line with the rest of the world, while “Non-Digital” costs remain well above any other region.

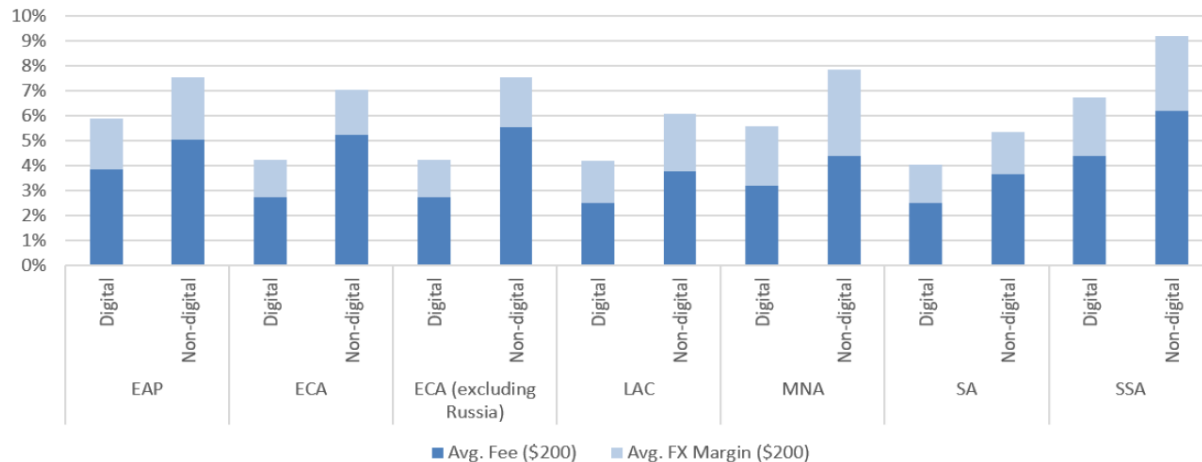


Figure 8: Average Cost by Region; Cash vs. Digital Services in Q3 2020 (World Bank)

6.2. Marketing Strategies

NALA has extensive experience implementing marketing, branding and promotion initiatives for its initial platform throughout East Africa. These marketing materials are able to be extended seamlessly from its current financial management product to focus on NALA's remittance platform, ensuring a substantial following from day one. Additionally, the twofold connectivity throughout both the United Kingdom and East Africa will be essential to NALA's long-term outlook to keep customer retention high and promote a unique customer acquisition strategy.

Upon the official launch, a broad marketing strategy will be applied. NALA has extensive pre-existing connections to the African diaspora through user engagement on the existing application. In addition to these relationships, a comprehensive marketing effort will also be phased in to include several digital marketing channels including Google Ads, Instagram, Twitter, Facebook, LinkedIn, Telegram, and YouTube.

Going forward, NALA's Director of Community leads the marketing effort to both develop and implement numerous programs to connect with potential and existing users. Most imminently, these initiatives include user interviews and outreach, paid ad campaigns, and extensive digital and social media marketing. NALA also has begun to hold a variety of events to increase engagement and brand recognition within our target demographic.

To supplement these digital channels, NALA also works to maintain our strong pre-existing relationships on the ground in Tanzania and throughout East Africa. A dedicated team in Dar es Salaam and Dodoma works to implement initiatives that include relevant community engagement events, user interviews, advertisement campaigns, podcast and television programming, startup competitions, and other unique promotion opportunities.

6.3. Distribution Channels

NALA will first approach the new market through a beta phase, which will involve a select set of individuals from Eastern Africa living in the UK. This phase will last about three months, and will allow NALA to refine and optimize the user experience and interface prior to the official launch. The beta phase users have already been identified and are ready to be engaged. The official launch will follow thereafter, providing a simple, fast and reliable solution for East Africans in the UK to send money home.

Services will be delivered through an app designed uniquely for both iPhone and Android users. NALA has a notable following across numerous marketing and distribution channels. The current application has over 250,000+ downloads and the highest rating of any finance application on the Tanzanian app store.

For those customers not already familiar with NALA, several social media platforms exist to engage and familiarise new users: Instagram (14,000+ followers), Twitter (1,800+ followers), Facebook (1,800+ followers), and LinkedIn (1,200+ followers). Targeted Google Ads and other digital marketing platforms are also already active and will continue to be utilised to connect the most relevant new users to the NALA platform.

7. Implementation Schedule

NALA has been in the process of building out the current product and operational capabilities since July. We expect to launch our beta phase within the next month, by early 2021. Thereafter, the pilot platform is expected to become operational to allow users to execute transactions from the United Kingdom to Tanzania after three months of beta operations, by March. As our licensing and partnership capabilities expand, we will look to offer our services in new markets to service a broader range of Tanzanians living abroad. As discussed, markets of particular focus include those throughout Africa and Europe.

8. Financial Projections

Please refer to the attached financial forecast model for the requested five-year company forecast.

9. Capacity of the Project

NALA does not anticipate the project approaching capacity given the extremely large addressable market that our software development company can reach. Our preliminary initiative will be focused on channeling global funds into Tanzania via previously neglected, expensive channels to allow individuals to receive more money from abroad. This, along with other initiatives, however, is in support of our overarching goal to ensure that citizens have more money to spend within the country. In the years to come we plan to work towards this objective through several channels focused on financial inclusion through software development. We are confident that an investment in NALA will have an impact on Tanzania that will be felt for years to come.