



Investor Business Plan

Aja Cannafacturing, Inc. [Stock: AJAC]

Period in review: 2015-2019



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FOREWORD

Be part of something big!

Be part of industrial hemp revolution.

Invest in the most promising and growth-oriented industry.

Dear Investors,

I am delighted to be writing to you as the new President & CEO of Aja Cannafacturing, Inc. (AJAC). Only two months into the new job, and I am thoroughly enjoying the challenges and opportunities it presents. The quality and longevity of relationships is a remarkable hallmark of our company, and I really look forward to work towards transforming AJAC into a multi-million dollar corporation in the US.

It gives me great pleasure to present to you our business plan for the forthcoming financial years. The industrial hemp sector is responsible for many of the biggest winners in recent history, and as a result, we have witnessed a resurgence in interest within the niche markets that it caters to, which possess extremely high potential in terms of development. We have already garnered significant interest from investors who are eager to be part of our business, which has set its sights on becoming the pioneering force in the cannabis and Industrial Hemp industry by the select breeding and cultivation of application-specific, proprietary cannabis seed, a versatile agri-product that can be utilized in over 25K different uses in nine sub-markets. The team at Aja Cannafacturing, Inc. introduce years of related experience in commercial enterprises, where they have

been in the forefront of many successful entrepreneurial ventures, and is geared to lead the company towards achieving its vision of being the preferred global supplier in the markets that it caters to.

Our best estimates indicate a highly bountiful market with profit estimates pointing north of \$1.9Mn in FY 2016 with a CAGR 31.5% leading to profits in excess of \$7.7Mn by the end of FY 2020. We currently seek a capital infusion of \$500Mn to finance the proposed business operations and extend a sincere invitation to you all to invest in Aja Cannafacturing, Inc. and be a part of the new domestic industrial revolution.

Kendall A. Smith

President & CEO,

Aja Cannafacturing, Inc.

Dated: January 1st, 2015

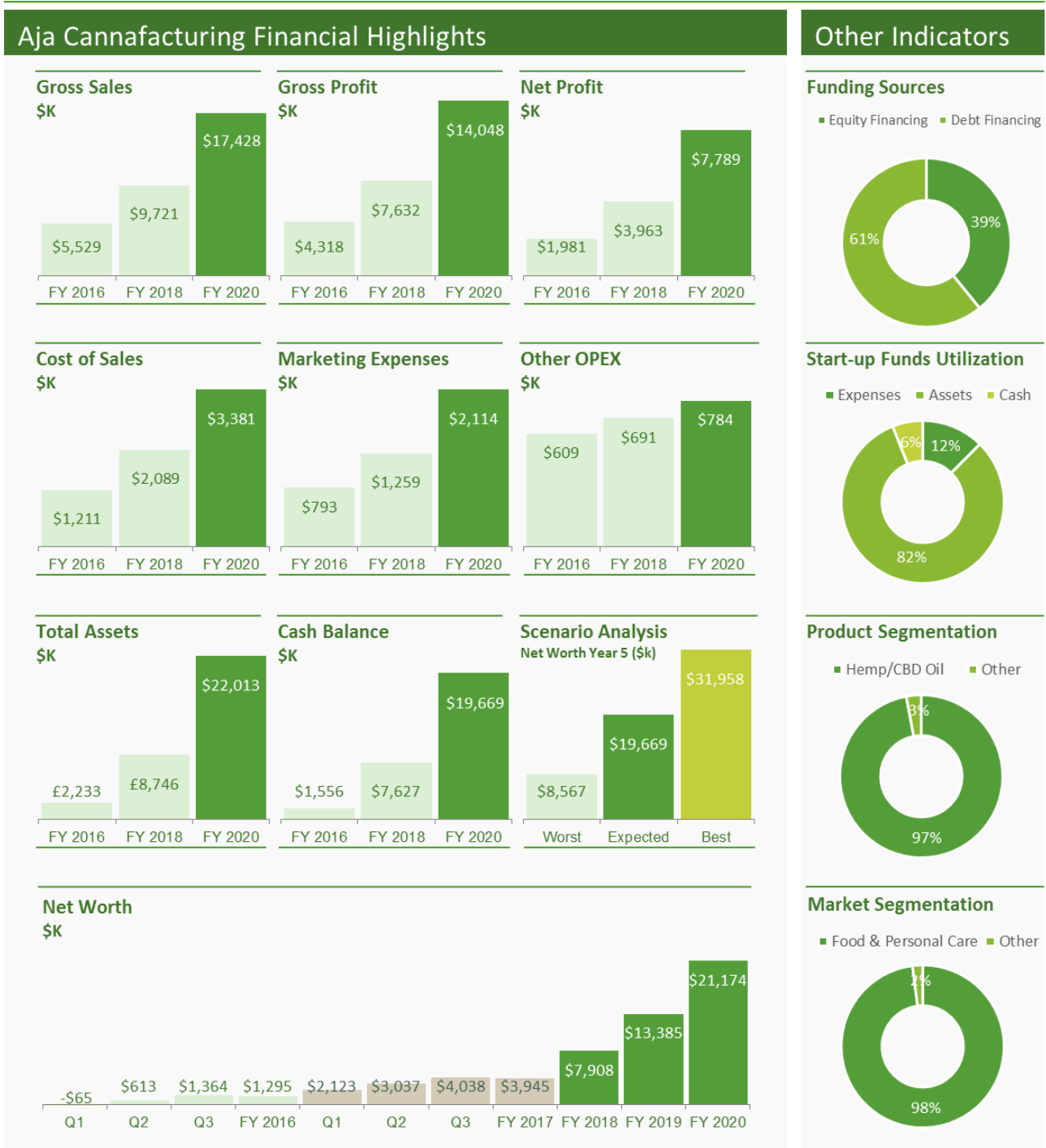
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Projected Financial Snapshots

Promising massive growth

The following financial highlights show the results of the projected profitability, expenses, expected growth in the company's net worth under three different scenarios, and key financial ratios. The reader may use this page as a quick reference visual aid to avoid having to search through the document for high level information.





OUR MISSION

At Aja Cannafacturing, Inc., we are committed to developing advanced solutions of tomorrow to fulfill the needs of consumer today. Being the leader in Cannafacturing techniques is one of our core competencies. Through the adoption of effective methods of developing, cultivating, manufacturing, and extracting hemp-based products, we focus on preserving the volatile cells, fibers, antioxidants, and cannabinoids out of each rich stock. We understand that the synergies between cannabis and all industries that is paramount in unlocking the full potential of cannabis in industrial applications.

OUR VISION

To be the global supplier of highly nutritious, versatile, and alternative products that is derived from the cannabis plant through sustainable and environmentally friendly processes, and to be in the forefront of advocacy, emphasizing the myriad utilities and benefits associated with the production of industrial cannabis.

Visit us at ajacannafacturing.com

1.0 Executive Summary

1.1 Introduction

Aja Cannafacturing, Inc. (ticker: AJAC) is an industrial agriculture company focusing on the select breeding and cultivation of application-specific, proprietary cannabis seeds. Through unique agronomic methods, Aja Cannafacturing seeks to maximize the potential of every harvest through which it expects to reach the forefront of the cannabis and Industrial Hemp industry, whilst seamlessly adhering to its commitment of being a responsible corporate citizen. The company is backed by a highly-skilled management team boasting years of related experience and supported by a network of strategic alliances, through which it aims on becoming a leading supplier of raw cannabis material for industry specific applications, such as, food, cosmetics, building materials, bio-fuels, plastics, and textiles.

1.2 Industry Overview

The US hemp and cannabis industry revenue was valued at \$581Mn in 2013 by the Hemp Industries Association, up 24% compared to the previous year. Whilst the hemp and cannabis market in the USA arguably remains in its early stages, the growth potential is ostensibly favorable, particularly due to the versatility of the crop as an input for over 25K products, together with recent conclusions of a wide range of pro-nutritional, pro-environmental, and pro-economic benefits associated with industry products.

1.3 Funding Requirements

The funding requirements of the proposed business venture amounts to \$500K consisting of capital expenditure associated with setting up a 100% sustainable greenhouse & processing facility, production equipment, and other infrastructure requirements, along with legal and operational start-up expenses. A turnover of \$5.53Mn is estimated for the first year of operations, whilst gross profit and net profit margins are estimated at 78% and 36% respectively. Future turnover is estimated to grow at a Y-o-Y growth rate of approx. 30%, whilst net profits and earnings per share are expected to grow at a CAGR of 31.5% during the projected five years of operations.

EXECUTIVE HIGHLIGHTS



Aja Cannafacturing, Inc. was incorporated in April 2014



Market Data

Common Stock

Authorized: 3Bn

O/S (12/3/14): 272Mn

Par Value: \$0.001

Price (1/5/15): \$0.0008

Preferred Stock

Authorized: 10Mn

O/S: Nil

Par Value: \$0.001



Core Products

Hemp/CBD Essential Oil

Raw Hemp Bark Fiber

Hemp Hurds

Sterilized Hemp Seed



Core Services

Cannabis Education

Consulting Services



Target Market

Primary: Food and personal care sectors

Secondary: Other industries that consume hemp

1.4 Objectives

Strategic

- To become the leading supplier of all cannabis and industrial hemp related products for the vast endless markets and industries it currently fits in
- To become a go-to provider for cannabis education and consulting, whilst delivering market research and data pertaining to all forms of cannabis for the US market
- To build a strong network of clients across the US, Spain, Philippines, Belgium, and South Africa

Operational

- To provide consultation opportunities, allowing new mergers and potential growth by substituting and implementing cannabis where possible
- To offer full-time employment to 26 people in FY 2016, which will grow to 57 FTE by the end of FY 2020
- To deploy a strong brand name and product range that is synonymous with quality and reliability

Financial

- To sustain the projected sales growth rate of 30% across the first five years
- To achieve an EPS of \$0.01 during year one and increase same to \$0.04 by the end of the fifth year
- To fully repay notes payable liability by the second year
- To achieve a net worth of \$21Mn by the end of FY 2020

1.5 Keys to Success

Whole Crop Utilization

Pursuing a whole-crop utilization strategy (i.e. harvesting both seeds and fibers) will both maximize the farm gate value of industrial hemp, and will distinguish the company's crop from most conventional crops that focus on only one element of the entire plant.

Quickly Adjust to Changing Regulations

Regulations are constantly changing. Hemp growers must comply with the latest legislation or face fines and arrest. Aja Cannafacturing must be able to adjust to changing regulation quickly and smoothly.

Hiring Skilled Workforce

The company will employ personnel with the required skill sets and experience to drive the company's primary and secondary activities.

Environmental Sustainability

Industrial hemp is an alternative crop which can play a significant role in the growth of the Bio-economy and as such the company will capitalize on the positive footprint of the breeding program and leverage on it as a marketing tool.

Availability of Irrigation Water

Water access issues can affect the quality of hemp produce and the area devoted to hemp growing. To address this issue, Aja Cannafacturing plans to drill its own water well for irrigation.

Research and Development

The company will continue to encourage long-term research on issues of importance to the industrial hemp in key commercial industries.

2.0 Company Summary

Aja Cannafacturing, Inc., established in May 2014, is a California-based agribusiness primarily focused on the activities of breeding, cultivation, and processing of select raw industrial cannabis materials for industry specific applications, such as, building materials (Hempcrete), automotive (biofuels), plastics (healthcare), and textiles (fabrics). The company expects to capitalize on the rapidly expanding hemp industry, valued at approx. \$500Mn in 2013¹, which is gaining increasing popularity due to its innovative food and fiber uses, supporting an estimated 25,000 products², and offer a choice of four hemp-based products in the third quarter of the financial year of 2015 (i.e. by May 2015), which includes sterilized hemp seed, hemp bark fiber, hemp hurds, and raw hemp essential oil. Furthermore, the company will provide cannabis educational consulting services as well.



The company is listed on the OTCQB marketplace (operated by OTC Markets Group, Inc.) under the symbol "AJAC" and operates with a formal management structure consisting of experienced officers (discussed further under section 6.0). AJAC has a pending agreement with Luna Agro & Earth Science, LLC, a company partly owned by the current President and CEO, Mr. Kendall Smith, which will allow the company to expand their agricultural footprint from 20 acres to 50 acres by the fourth quarter of the current fiscal year.

Currently, Aja Cannafacturing manages the operations of one subsidiary. Charge! Energy Storage, Inc. – a designer and developer of energy storage devices for residential, commercial, and light industrial markets.

Through the consolidation of its commercial expertise, focus, and network of strategic alliances, supported by the recent appointment of a new visionary CEO, Mr. Kendall Smith – a seasoned entrepreneur with over 13 years of commercial experience, the company is confidently geared for growth and envisages reaching the forefront of a new domestic industrial revolution.

¹ [https://www.votehemp.com/PR/2014-02-28-hia_\\$581_million_annual_sales.html](https://www.votehemp.com/PR/2014-02-28-hia_$581_million_annual_sales.html)

² http://www.agmrc.org/commodities__products/fiber/industrial-hemp-profile/

2.1 Company's History

The company was incorporated in 2011 as Step Out, Inc. with the purpose of developing a chain of flotation tank therapy spas, beginning with the Northern Nevada market. The company eventually digressed from its initial business focus to pursue interest in the design, development, manufacturing and distribution of renewable-energy based portable and mobile electrical generators and power stations under our own brand name, IDS Solar Technologies. The company subsequently revised its corporate name to IDS Solar Technologies, Inc. in May 2012 and continued to design and develop other models of electric generators and power stations. In 2013, the board of directors authorized a change in the name of the company to IDS Industries, Inc., and the company continued to operate in the fields of Advanced Energy Storage and Portable Power Generation Systems and Direct-to-Consumer Marketing. Later in August 2014, in line with the vision and future direction of the company, the company was renamed as Aja Cannafacturing, Inc.

2.2 Investment Summary

Total estimated investment costs amount to \$500K. Start-up expenditure is estimated at \$62K. This consists of; (1) Legal costs and costs associated with obtaining permits and licenses to launch AJAC's cannabis and industrial hemp business such as the state-issued permit, DEA permit, and Department of Food and Agriculture license; (2) HR and training expenditure pertaining to resourcing and training employees and workers; (3) Professional fees associated with business planning and budgeting; (4) Rebranding expenses following the recent company name change to Aja Cannafacturing, Inc.; (5) Marketing, and advertising expenditure associated with positioning and lead generation; and (6) Other miscellaneous expenses.

Start-up capital expenses are estimated at \$408K, of which \$90K represents the costs associated with constructing the planned greenhouse production facility (initially acquiring 10K square foot, which will be subsequently expanded to 25K square foot) and oil processing facility (10K square foot), which are planned to run on 100% green energy, generated via a \$100K solar and wind power plant facility. Harvesting, farming, and processing equipment costs are estimated at \$145K, representing costs associated with

Utilization of Investment	Amounts in USD
Total Start-Up Expenses	\$62,000
Legal, permits, and licenses	48,000
Hiring and training employees	5,000
Consulting, planning, and budgeting	3,500
Rebranding	2,000
Stationary, office consumables, utilities	1,000
Other expenses	2,500
Total Start-Up Assets	\$438,000
Working capital	30,000
Indoor green house (10,000 sq. ft.)	60,000
Worker house (2,500 sq. ft.)	25,000
Processing facility (10,000 sq. ft.)	30,000
Harvesting equipment	25,000
Processing equipment	100,000
Transport vehicles	30,000
Well installation	8,000
Organic soil (20 tons)	10,000
Misc. farming equipment	20,000
Wind turbine	25,000
Solar power plant	75,000
Total Requirements	\$500,000

acquiring a sickle bar mowing machine (used to harvest the stalk), chisel plowers (to harvest seed), cutters, the proposed Supercritical CO₂ Extraction System (utilized for the production of hemp/CBD essential oils), sickles etc. A further \$30K is booked for the purchase of transportation dump trucks, whilst \$25K and \$18K is set aside for the construction of a 2.5K square foot worker house, and the purchase of organic soil (tons) & installation of a well for water supply, respectively.

A cash reserve of \$30K will be maintained at the commencement of the new fiscal year to meet any ad-hoc requirements that may arise during the functioning day-to-day business operations.

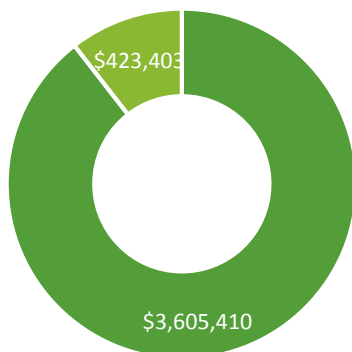
2.3 Funding Sources, Investment, and Liquidity Risk

AJAC currently retains a total investment of nearly \$1.7Mn capital through nearly 272 million outstanding common stock. The capital consists of paid-in capital amounting to \$272K and additional paid-in capital (share premium) amounting to \$3.3Mn. The company was also financed through debt over the past few years in the form of issuing notes payables. The amount of short-term debt totaled to \$423K at the end of the calendar year in 2014. The company also had other short-term liabilities, such as, account payables and accrued expenses that are not considered as the part of debt financing in the chart depicted below.

The chart presented to the right helps in visualizing the associated capital and liquidity risk of the investment. Investment in long-term assets is expected to account for a sheer 82% share of total capital, which mitigates the risk of losing entire money, as assets could be resold in the market at reduced prices to recover investment should the business fail to meet expectations. Merely 12% will be invested in operating expenses, whereas 6% will be earmarked for operations, which represents a slightly higher liquidity risk of the business in the short-term.

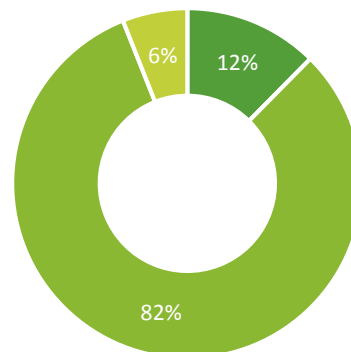
Aja Cannafacturing Funding Sources

■ Equity Financing ■ Debt Financing



Aja Cannafacturing Investment & Liquidity Risk

■ Expenses ■ Other Assets ■ Working Capital



2.4 Current Financial Position

The following table details the financial position of Aja Cannafacturing, Inc. recorded at the end of last fiscal year. The company had a total assets amounting to nearly \$76K, whereas the current liabilities totaled to nearly \$1.3Mn, generating an unfavorable liquidity ratio of 0.06. The company recorded a negative equity balance of nearly -\$1.2Mn at the end of FY 2014, primarily due to accumulating losses attributed to the development of the business.

Statement of Financial Position	
	As of Aug 2014
Assets	
Current Assets	
Cash	43,993
Accounts Receivable	17,505
Other Current Assets	14,351
Total Current Assets	75,849
Long-term Assets	
Long-term Assets	0
Accumulated Depreciation	0
Total Long-term Assets	0
Total Assets	\$75,849
Liabilities and Equity	
Current Liabilities	
Accounts Payable	155,867
Notes Payable	423,403
Other Liabilities	682,506
Total Current Liabilities	1,261,776
Total Long Term Liabilities	
Total Liabilities	1,261,776
Shareholder's Equity	
Paid-in Capital	127,184
Additional Paid-in Capital	1,555,834
Deferred Stock Compensation	-75,955
Retained Earnings	-2,792,990
Total Equity	-1,185,927
Total Liabilities and Equity	\$75,849

2.5 Market Data

2.5.1 Common Stock

AJAC's common stock is quoted on the OTCBB operated by the Financial Industry Regulatory Authority, Inc. and the OTCQB operated by OTC Markets Group, Inc. As of 3rd December 2014, the company recorded an authorized share capital of 3,000,000,000 common shares at a par value of \$0.001 each (subsequent to a board approved resolution, prior to which the authorized share capital stood at 500,000,000 common shares), of which 272,457,913 shares were issued and outstanding, held by 69 shareholders of record. Of the issued and outstanding common stock, 4.6% were held by the company's executive officers and directors. As of January 5, 2015, the last trading price of the company's common stock was \$0.0008 per share.

As explained under section 2.2 above, the company expects to raise fresh capital of \$500K through the issuance of new common stock carrying a par value of \$0.001 each.

Market Data		
	FY 2014	FY 2015*
Common Stock		
Authorized Common Shares	500,000,000	3,000,000,000
Issued & Outstanding Shares	127,184,335	272,457,913
Par Value	\$0.001	\$0.001
Paid-in Capital	\$127,184	\$272,458
Issued Price per Stock		
Additional Paid-in Capital	\$1,555,834	\$3,332,952
Premium per Stock	\$0.012	\$0.012
Face Value	\$0.001	\$0.001
Issued Price per Stock	\$0.013	\$0.013

*Continued, not a full fiscal year data

2.5.2 Preferred Stock

As of 3rd December 2014, the company recorded an authorized preferred share capital of 10,000,000 shares at a par value of \$0.001 each, whilst no shares were issued and outstanding. The company further recorded an authorized and issued preferred stock of 1,000,000 convertible shares (discussed further below).

Pursuant to a board approval on 17th October 2014 of a Certificate of Designation for a new class of preferred shares, i.e. Class-A Convertible Preferred Stock, which carry a voting power of 3,000 votes per share held, the company issued in full

the 1,000,000 shares to the president and CEO of AJAC granting him control over the company. Class-A Convertible Preferred Stock is convertible into shares of our common stock, at the option of the holder, at a rate of one share of common stock for each preferred share held, whilst carrying no dividend rights.

Market Data		
	FY 2014	FY 2015*
Preferred Stock		
Authorized Common Shares	10,000,000	10,000,000
Issued & Outstanding Shares	0	0
Par Value	\$0.001	\$0.001
Paid-in Capital	\$0	\$0
Class-A Preferred Stock		
Authorized Common Shares	1,000,000	1,000,000
Issued & Outstanding Shares	1,000,000	1,000,000
Par Value	\$0.001	\$0.001
Paid-in Capital	\$0	\$0

*Continued, not a full fiscal year data

2.6 Business Location

The company is established in Lake Elsinore, California. California is one of the growing number of states that have legalized the production of industrial hemp³, and accounts for a persistent demand windfall for related products, which, as of 2012, was satisfied through imports from China, Canada and Eastern Europe. However, the passing of The California Industrial Hemp Farming Act of 2013 and the 2014 Federal Farm Bill has unlocked the possibility of legally growing hemp domestically⁴.

³ <http://ecowatch.com/2014/02/07/president-signs-farm-bill-legalizing-hemp/>

⁴ <http://www.eastbayexpress.com/oakland/california-hemp-gets-rolling/Content?oid=3998336>

3.0 Products and Services

Hemp is a non-psychoactive and environmentally-friendly crop that can be grown for food and non-food purposes. These include numerous paper products, insulation material, textiles, replacement for glass fibers, building material and seed for human consumption. Experts indicate that production costs can be lowered by exploiting hemp as a dual-purpose crop, using both the seeds and fiber from the same plant, where; as a result of its numerous nutritional benefits, many new food products containing hemp seed and its oil are finding their way into the marketplace, and; as a fiber source, hemp is undergoing rapid growth as a natural fiber in everything from clothing and textiles to automotive composites, whilst gaining increasing popularity due to its insulative properties.



Aja Cannafacturing, Inc. is geared to be a pioneering force in the cannabis and industrial hemp industries by the select breeding & cultivation of application-specific, proprietary raw cannabis materials, and tapping into aforementioned potential markets by its categorical offering of processed oil, seed, and fiber products. AJAC envisions these products to carry a potential to revolutionize myriad industries and markets such as textile, cosmetics, plastics, household & industrial supplies, baby care products, vitamin supplements, pet care merchandise, furniture, medicine & medical equipment, chemical & lab equipment, construction & building materials, aircraft & aerospace engineering, and agriculture & farming. Furthermore, the company expects to provide Cannabis Education Consulting services to clients as well. AJAC's offerings are described in detail below.

3.1 Cannabis Education & Consulting Services

AJAC's cannabis education consulting services seek to cover a spectrum of areas such as horticulture, proper farm/greenhouse planning and set-up activities including soil requirements, and the processing operations of industrial cannabis. The company envisages that said consulting services will educate commercial enterprises on how thousands of additives currently used across all industries can be substituted with a natural and more cost effective material, whilst paving the way for new mergers and potential growth opportunities within the industry.

3.2 Hemp/CBD Essential Oil

AJAC will supply hemp and cannabidiol (CBD) essential oils which are extracted from via super critical carbon dioxide extraction techniques from proprietary buds and seeds that are cultivated indoors. The buds and seeds are bred for the highest quality essence production. The hemp/CBD oil is of high nutritional value because of its 3:1 ratio of omega-6 to

omega-3 essential fatty acids⁵ that yield positive benefits to the human body. There is no tetrahydrocannabinol (THC), the psychoactive element generally associated with cannabis, contained within the oil, save an insignificant trace amount that may be detected in hemp seed oil in instances where plant matter adheres to the seed surface during manufacturing.

3.3 Raw Hemp Bark Fiber

Unprocessed raw hemp bark fibers (also known as long fibers) are peeled directly from hemp stalk and is utilized in packaging & wrapping, crafts, decorating, and household goods. Hemp fiber is not psychoactive and is longer, stronger, more absorbent and more insulative than cotton fiber and has high utility in the textile and paper industry as well. Furthermore, hemp bark fiber is also used for soil remediation, to clean up oil spills, as animal bedding (horses, for instance), and as a component in the production of composite materials for a range of applications such as molded car parts and fiberboard for construction.

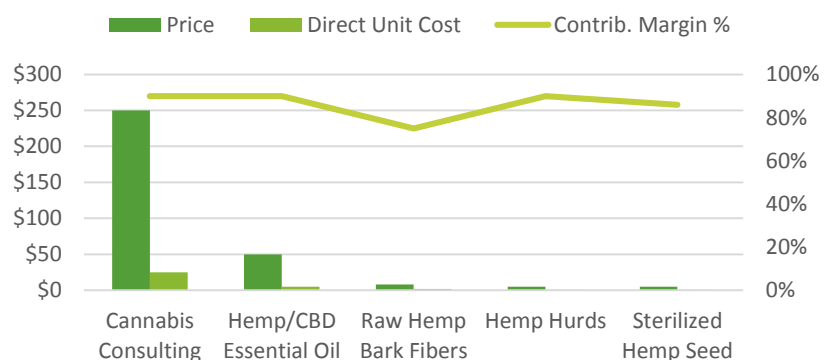
3.4 Hemp Hurds

This is the woody inner part of the hemp plant and is rich in cellulose, a carbohydrate that can be made into paper, packaging and building materials, as well as biodegradable plastic composites for making skate boards and auto bodies. Hemp hurds are best used in non-woven industrial applications (i.e. hempcrete - used as a material for construction and insulation) and is also useful in making 100% tree-free paper, household goods, animal bedding, and horticultural mulch as well.

3.5 Sterilized Hemp Seed

Sterilized hemp seed has its key purposes in cosmetic application, medicinal preparations and food (hemp seed is not psychoactive)⁶. Hemp seeds are a source of high nutrition⁷ (containing essential fatty acids and proteins, inclusive of the essential amino acids required for a healthy diet) and can be eaten raw, ground into a meal, sprouted, made into hemp milk (akin to soy milk),

Aja Cannafacturing Products and Services



⁵ <http://link.springer.com/article/10.1007%2Fs10681-004-4811-6#page-1>

⁶ <http://www.thehia.org/facts.html>

⁷ <http://www.hemptraders.com/Hemp-101-s/1883.htm>

prepared as tea⁸, and used in baking. It has other edible uses, such as an ingredient in cereal products, seed oils, butters, and hemp milk products such as cheese, ice creams etc. It is also a popular source of animal and bird feed. Furthermore, sterilized hemp seed has non-edible uses as well, particularly in areas such as biodiesel production⁹, body care products, lamp lighting, printing, lubrication, and household detergents, stain removers, varnishes, resins, and paints.

3.6 Pricing and Margins

AJAC's flagship product would be the hemp/CBD essential oil, which the company expects to price at \$50 per pound, whilst fibers will be priced at \$8 per pound and hurds and seeds at \$5 per pound, each. Direct costs associated with production include fuel expenses on operating harvesting vehicles, soil costs etc. Contribution per pound of fiber is comparatively lower due to comparatively lower estimated sales prices. Cannabis consulting is priced at \$250 per session and expected to yield a contribution of 90%. Direct costs mainly include traveling/fuel expenses, meal expenses, and design costs such as printing related documentation and reports.

Products and Services	Average Unit Sales per Month in Year 1	Price	Direct Unit Cost	Contrib. Margin %	Average Monthly Margins in Year 1
Cannabis Consulting	42	\$250.0	\$25.0	90%	\$9,413
Hemp/CBD Essential Oil	8,941	\$50.0	\$5.0	90%	\$402,341
Raw Hemp Bark Fibers	158	\$8.0	\$2.0	75%	\$950
Hemp Hurds	237	\$5.0	\$0.5	90%	\$1,064
Sterilized Hemp Seed	158	\$5.0	\$0.7	86%	\$681

3.7 Expansion Plan

AJAC's expansion strategy is part leveraged on the specialist consulting services (see section 3.1 above) that it offers, through which it expects to secure organic and inorganic expansion options by educating commercial enterprises how thousands of additives currently used across all industries can be substituted with a natural and more cost effective material such as hemp.

Furthermore, AJAC's business model scales with each addition of a farm site where each site acts as a farm, processing plant, and raw material distributor. The company's pending agreement with Luna Agro & Earth Science, LLC allows for the potential expansion of the company's agricultural footprint from 20 acres to 50 acres by fourth quarter FYE 2015, thereby more than doubling its production/supply capacity. Furthermore, as the cannabis and industrial hemp industry

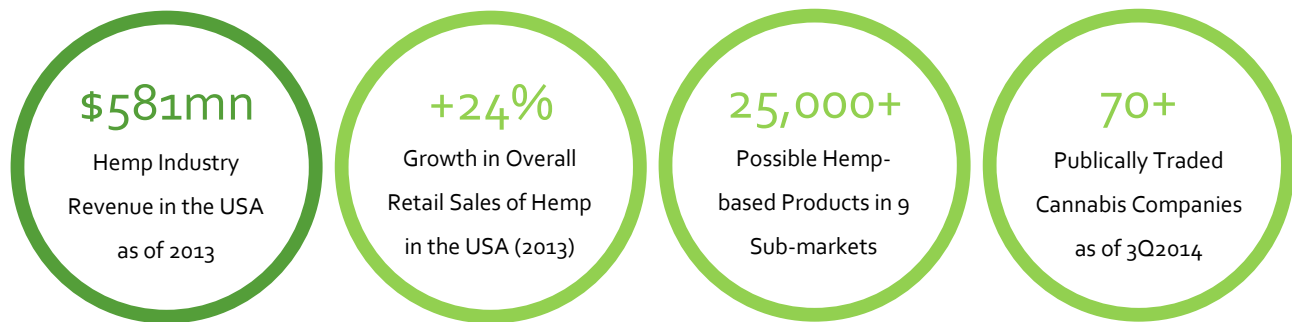
⁸ <https://web.archive.org/web/20111227105313/http://www.sfgate.com/cgi-bin/article.cgi?f=/g/a/2011/06/08/prweb8548278.DTL>

⁹ <http://www.hemp4fuel.com/>

gains popularity and expands beyond its current niches, the company expects to scale-up its footprint accordingly and position itself as the main supplier of all domestic raw industrial cannabis material in the US.

4.0 Marketing Analysis

Hemp is grown in more than 30 nations, led by China. In the US alone, sales of hemp products reached a bountiful \$581Mn¹⁰ in 2013. Hemp's uses are staggering: 25,000 possible products¹¹ in industries ranging from agriculture, food, textiles, recycling, automotive, furniture, paper, construction materials, and personal care, according to the U.S. Department of Agriculture. Whilst the hemp and cannabis market in the USA arguably remains in its early stages, the growth potential is ostensibly favorable, particularly due to the recent conclusions of a wide range of pro-nutritional, pro-environmental, and pro-economic benefits associated with industry products¹². The Aja Cannafacturing, Inc. sales engine will primarily target various manufacturing companies across the entire US region, whilst exporting its products to countries displaying high demand such as Spain, Philippines, Belgium, and South Africa.



4.1 Industry Overview

The fact that the commercial production of hemp has been legally prohibited in most parts of the United States has not deterred substantial interest in the feasibility of US-grown industrial hemp. The US hemp and cannabis industry revenue was valued at \$581Mn in 2013 by the Hemp Industries Association, up 24% compared to the previous year, with hemp-based food, supplements, and cosmetics product sales representing approximately \$156Mn-171Mn of the total revenue, and hemp apparel sales representing around \$100Mn of the total revenue.

Imports have thus far continued to increase on an annual basis owing to legal sanctions surrounding industrial hemp production in the United States. Although the import value of hemp-related products remains ambiguous due to classification inconsistencies across the board, the United States International Trade Commission values domestic

¹⁰ http://thehia.org/PR/2014-02-28-hia_%24581_million_annual_sales.html

¹¹ <http://fas.org/sgp/crs/misc/RL32725.pdf>

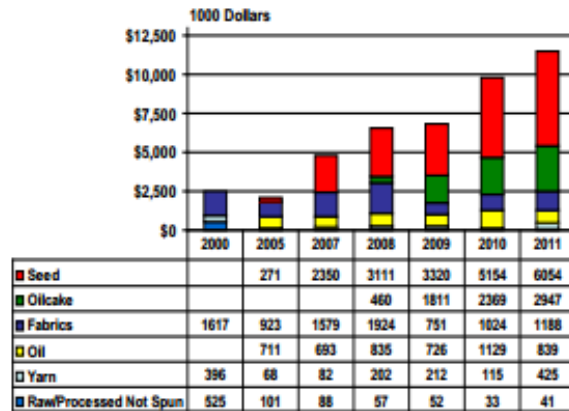
¹² <http://www.nemeton.com/static/nemeton/axis-mutatis/hemp.html>

imports of hemp products such as seeds and fibers were valued at \$11.5Mn in 2011 (see table titled “Value of US Imports of Selected Hemp Products” above). This represents a 100% increase from 2007 levels¹³.

However, with the recent passing of the 2013 Farm Bill which effectively sanctions the cultivation of industrial-grade hemp in 15 states in the United States, positive sentiments have emerged for businesses considering entry into the industrial hemp arena of the US. Hemp cultivation is also known as a high-productivity venture, a claim that is corroborated by Canadian statistics for industrial hemp production, which indicate that one acre of hemp yields an average of about 700lbs of grain, which can be processed into about 50 gallons of oil

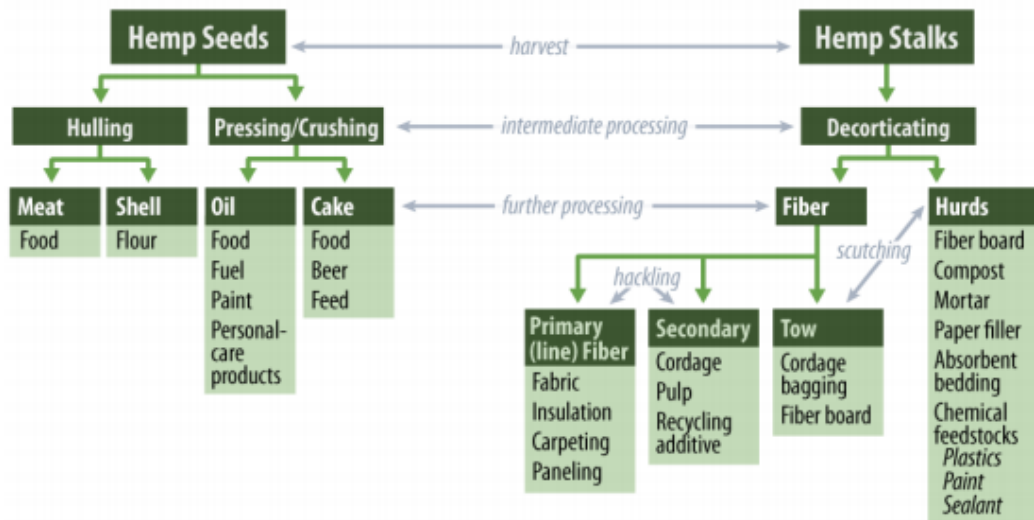
and 530lbs of the meal. Furthermore, that same acre will also produce an average of 5,300lbs of straw, which can be transformed into about 1,300lbs of fiber. Accordingly, a largely cited Popular Mechanics article¹⁴ indicates that over 25,000 products can be derived from hemp oil, seed, or fiber, implying high market opportunities for suppliers.

Value of U.S. Imports of Selected Hemp Products



Source: United States International Trade Commission

Industrial Hemp



Source: CRS, adapted from D. G. Kraenzel et al., "Industrial Hemp as an Alternative Crop in North Dakota," AER-402, North Dakota State University, July 23, 1998, <http://punlumn.edu/23264>

¹³ <http://fas.org/sgp/crs/misc/RL32725.pdf>

¹⁴ http://www.marijuanalibrary.org/New_Billion_Dollar_Crop_1938.html

Currently, over 30 countries are actively engaged in the production of hemp, with China in the lead. Quite notably, the United Kingdom and Germany resumed commercial production in the 1990s. Acreage in hemp cultivation worldwide has been reported at about 200,000 acres globally in 2011 by the Food and Agriculture Organization of the UN, albeit some sources citing this number as largely under-estimated against a probable 600,000+ acre agricultural footprint. Canada, too, has increased hemp production with acreage of approximately 58,000 as of 2012¹⁵. In terms of production, statistics reveal that global production has increased overall from about 250 million pounds in 1999 to more than 380 million pounds in 2011¹¹, mostly due to increasing worldwide demand for hemp seed. This is in line with similar upward trends witnessed in seed and oil imports in the US as described earlier. The single largest supplier of US imports of raw and processed hemp fiber is China whilst the single largest source of hemp seed imports is Canada.

Hemp production in tonnes 2003–2004				
 China	23000	79 %	24000	79 %
 France	4300	15 %	4300	14 %
 Chile	1250	4 %	1250	4 %
 Russia	200	1 %	300	1 %
 Turkey	150	1 %	150	< 1 %
 Ukraine	150	1 %	150	< 1 %
 Romania	100	< 1 %	100	< 1 %
 Hungary	40	< 1 %	40	< 1 %
 Poland	15	< 1 %	15	< 1 %
 Spain	8	< 1 %	8	< 1 %
 Serbia	2	< 1 %	2	< 1 %
Total	29215	100 %	30315	100 %

Source: Food and Agriculture Organization of the UN

With cannabis now legal in a number of states for the past two years, and decriminalized, conditionally legal, or medically prescribed in many more, cannabis-related startups are gaining traction — and the growth potential is huge, if other states legalize. The cannabis and hemp financial markets are high performers, with over 75 public cannabis companies in the US as of 2013, up from 13 at the end of 2012. Newly incorporated cannabis industry analysts, Viridian Capital & Research, report a 147.1% increase in their market index for the first three quarters of 2014, significantly outperforming other stock indices such as Dow Jones, S&P, and NASDAQ. Of the ten cannabis sectors considered within the index, six showed positive gains, with the top three performers being Consulting Services (up 665.3%), Biotechnology (up 339.3%) and Infused Products & Extracts (up 135.3%) whilst on the other hand, the top three sectors that raised the most capital were Cultivation & Retail, biotech, and Consultancy Services.

In conclusion, the future outlook of the industrial hemp industry is doubtlessly positive with loose forecasts for the domestic hemp industry pointing north of \$50Mn within a decade following the end of America's war on drugs^{16 17}. The US market for hemp-based products has a highly dedicated and growing demand base, as indicated by the recent US market and import data for hemp products and ingredients, as well as market trends for some natural foods and body care products. Given the existence of these small-scale, but profitable, niche markets for a wide array of industrial and consumer products, commercial hemp industry in the US could provide opportunities as an economically viable

¹⁵ Health Canada

¹⁶ <http://nationalcannabiscoalition.com/2013/06/why-it-matters-to-my-family-that-hemp-is-legalized/>

¹⁷ http://www.washingtonpost.com/opinions/five-myths-about-legalizing-marijuana/2013/06/07/9727eac4-c871-11e2-9f1a-1a7cdee20287_story.html

alternative crop for suppliers. With appropriate industry governance and strict self-control by corporates, hemp's myriad uses will pave the way for AJAC's posited industrial revolution.

4.2 Key Revenue Drivers

4.3.1 Crop Yield and Supply

As with any agricultural commodity, higher cultivation of hemp will result in higher production that can be translated to higher revenue through effective sales channels. Currently, the global acreage devoted towards hemp cultivation is recorded around 200,000 acres as of 2011 (per the FAO), and industry trends suggest average yields of an acre of hemp to be around 700lbs of grain and 1,300lbs of fiber. AJAC will initially operate a 10,000-square foot greenhouse facility which will eventually be increased to 20K and in the coming years. The company is in negotiations for a 20-acre land bank that will be dedicated to cultivating proprietary industrial cannabis genetics. Harvesting productivity will be maximized with the deployment of state-of-the-art harvesting and processing equipment.

4.3.2 Commodity Prices

Fiber and oilseed prices are highly uncertain and as the world market for hemp products remains relatively small. Significant suppliers such as China – the world's largest hemp fiber and seed producer – will likely continue to have major influence on market prices and thus on the year-to-year profits of producers and processors in other countries¹⁸; China's dumping of hemp seed on the world market in the late 1980's and early 1990's, for example, demonstrated that increased production would lower world prices, where hemp seed prices fell by 43%. Furthermore, there are more established markets currently for hemp seed than there are for the fiber, implying better prospects for the former in generating target revenues, although the up-side potential remains stronger for the fiber market.

4.3.3 Versatility and Industrial Demand

Hemp is identified as an effective alternative that can be utilized to produce over 25,000 different products in a range of industries. There are many merits of hemp fiber and oil -- superior fiber length, strength, and absorbency, excellent oil quality for both industrial and feed uses, potential environmental benefits, and a myriad of other applications. This has resulted in revenues of approximately \$500Mn in the US alone (as of 2013), along with healthy prospects for the future in terms of demand.

4.3.4 Availability of Niche Markets

There is increasing market demand for environmentally conscious products. Hemp has promising applications in a wide range of green building products, and the substitute of hemp-based products for fossil fuel-based products will

¹⁸ T. R. Fortenbery and M. Bennett, "Opportunities for Commercial Hemp Production," *Review of Agricultural Economics*, vol. 26, no. 1, Spring 2004, pp. 97-117. The time period covered in this study ends with the year 2000.

deliver significant environmental benefits. AJAC can derive additional revenue from Green markets due to its sustainable production facilities and breeding process. Furthermore, with the advent of heightened focus on Healthy-Lifestyle markets, the high level of nutrition associated with hemp seed and CBD/hemp essential oils will prove to be a key factor in generating revenue streams.

4.3 Market Segmentation

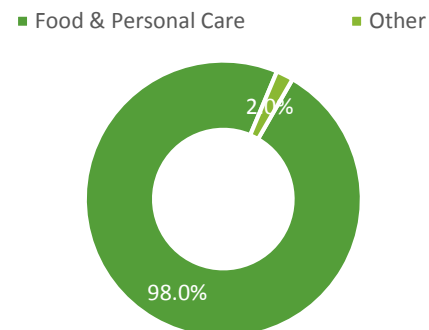
4.3.1 Food & Personal Care

Aja Cannafacturing will mainly extract hemp/CBD essential oil from hemp seeds, which is mainly used in the preparation of food and personal care products. AJAC expects food and personal care sectors to account for a combined share of 98% in the first year's projected sales volume.

Hemp seed yields a host of nutritional benefits and are used in a range of foods and beverages. They contain high concentrations of essential fatty acids, proteins, vitamins, minerals, and nutritional fiber²⁰. Grains can be utilized in the production of noodles, flour & processed products, and high-level protein food & feed whilst essential oils extracted from hemp seed can be used in the production of margarines. Such foods currently have a niche market, based particularly on natural food and specialty food outlets have been gaining greater popularity in recent years. In 2009, hemp food sales were recorded in the range of \$113-129Mn according to the HIA. However, hemp as a food source is strictly regulated in all countries, and in some, banned, i.e. Australia and New Zealand²⁹. In spite of this, the positive health benefits associated with the use of hemp seed and oil, together with the complete lack of the negative effects of its consumption, positions same as an ideal food product and a nutritional supplement can be exploited to provide interest to the mainstream consumer.

Hemp is also consumed in the making of personal care products, ranging from soaps, hand lotions to shampoos, a high potential market segment where, of the \$1Bn gross sales recorded by The Body Shop in 2000, 4% represented hemp-based products.²⁰ Hemp seed oil contains 50%-60% linoleic acid, which is clinically proven to have biochemical and therapeutic effects on the skin. It is also the only high essential fatty acid (EFA) that also contains gamma-linolenic acid along with linoleic acid. Because EFA profile resembles the skin's natural profile, hemp oil instantly counteracts

Aja Cannafacturing Market Distribution



¹⁹ <http://www.hempfoods.com.au/australian-hemp-legislation/#.VKjICiuUfUk>

²⁰ http://archive.agric.wa.gov.au/objtwr/imported_assets/aboutus/as/information_paper_2008.pdf

the effects of degreasing and dehydration, conditions that produce dry skin. Its ability to quickly moisturize and condition the skin, make hemp seed oil a choice ingredient for today's performance skin care market.

4.3.2 Other Customers

There are many other applications of industrial hemp that are explained below. AJAC expects to generate a remaining 2% of gross turnover through delivering the hemp products to the following sectors in the first projected year.

Textile

This represents the hemp fiber-based clothing (produced either purely from hemp or combined mixtures of hemp and cotton), shoes and technical textile products such as ropes, nets, cables, strings, wallpaper, carpets etc. Hemp fiber is extremely competitive with cotton and linen due to agronomic advantages as well as its breathable properties, UV resistance, and comparable endurance²¹. In disuse since World War II where hemp was used extensively by the United States for uniforms, canvas, and rope²², hemp clothing and textile faces a renaissance today due to widespread acknowledgement of its potential. This notion has received a strong backing as Italian spinning mills like Armani, take hemp-based clothing to catwalks across the globe²³. Currently, the size of the US market for hemp clothing and textile is estimated at about \$100 million annually²⁴.

Plastic

There are many different types of hemp plastic; from standard plastics reinforced with hemp fibers, to a 100% hemp plastic made entirely from the hemp plant. Hemp is a popular component in the production of reinforced plastics/plastic composites (including bio-composite material such as biodegradable plastic) for applications within the automotive industry, i.e. in molded car parts, and other manufacturing sectors such as packaging, sporting etc.

Hemp fibers are a competitive substitute for natural and synthetic fibers in creating composite plastics due to specific advantages conferred by its strong tensile properties, and by its environmental performance as compared to spun glass and other current fibers. Furthermore, the light-weight features of hemp fiber-based composites contribute towards maximizing economic advantages in the automobile industry²⁵. Henry Ford is cited to have used hemp-and-sisal cellulose plastic to build car doors and fenders in 1941 which were demonstrably stronger than steel bodied cars²⁶, hence implying higher safety. Hemp hurds (the leftover fragments of the stem and stalk once all the fibers have been

21 http://www.votehemp.com/PDF/National_Industrial_Hemp_Strategy_Final_Complete2.pdf (page 5)

22 Armagnac (1943). "Plant Wizards Fight Wartime Drug Peril" (September). pp. 62–63.

23 <http://fashionbi.com/newspaper/how-many-brands-put-green-before-profits>

24 HIA, "Hemp Fabric goes High Fashion," February 11, 2008. Estimate reflects best available current information based on personal communication between Congressional Research Services and HIA.

25 <http://evworld.com/news.cfm?newsid=30943>

26 <http://www.hemp.com/hemp-education/uses-of-hemp/hemp-plastics/>

removed) is also used as an alternative ingredient for making many types of plastics, owing to their natural high level of cellulose. The high cellulose content also allows it to theoretically be used in the production of bio-plastics. According to Karus et al. (2000; cited Small and Marcus 2002), the demand for automobile applications of industrial hemp is expected to increase considerably, but is dependent on the development of new technologies.

Building Material

Hemp seed, fiber, and hurds can be manufactured into a variety of products that resemble wood, plastic, and even concrete like material (hempcrete). In terms of utility; Hemp fibers are an effective replacement of wood with extremely strong, tensile, and breathable properties; Hemp oil extracted from hemp seeds is used in the production of plastics, oil paints, varnishes, inks, solvents, lubricants, putty and coatings; and, Hemp hurds can be used as a component in the preparation of hempcrete²⁷, a concrete-like block that is widely used as an insulating material for construction, and as an internal plaster. Accordingly, some construction projects such as homes can be made nearly 100% out of hemp materials.

Miscellaneous

Other uses of industrial hemp contain: (1) papermaking – although largely a niche market owing to limited production, despite high durability and environmental friendly considerations of hemp paper, used in the form of printing and handwriting paper, thin and special papers, rolling paper, bank notes, cartons, and newspapers; (2) jewelry – including bracelets, necklaces, anklets, rings, watches and other adornments; (3) biofuels – a largely infantile market with high potential, where the whole hemp stalk can be used to produce bio-oil, cellulosic ethanol, synthetic gas, and methane.

4.4 Target Market Strategy

AJAC's target customers are product manufacturing companies engaged in commercial industries such as textile, building material, plastics, food, fuel and cosmetics. The core of the company's customer base will be the entire U.S. region and this will be its primary target market. The company has further identified secondary markets in the Spain, Philippines, Belgium, and South Africa.

4.4.1 Focus

The company will initially focus on small-scale, but profitable, niche markets for a wide array of industrial and consumer products (identified above). There is speculation of more opportunities in the future, with some industry proponents estimating the international market for bast-fiber to increase from 100,000 tons in 1999 to over 20 million tons by 2050. Furthermore, the popularity and legality of the cannabis and industrial hemp is geared for growth due to such factors as the re-emergence of an industrial hemp crop, increasingly environmentally-aware consumer

²⁷ <http://www.treehugger.com/green-architecture/hempcrete-startup-kickstarts-revolution-sustainable-green-building.html>

preferences and the need for alternative crops. This together with industrial hemp's unique value-added profile and the potential to generate overall benefits will expand the scope of the market beyond niches and accordingly, AJAC is geared to meet such changes with its expansion strategies.

4.4.2 Positioning

The single objective is to position Aja Cannafacturing, Inc. as the finest producer of industrial grade hemp products in the US, commanding a majority of the market share within five years. AJAC will position itself based on (1) reliability; (2) high quality produce; (3) professionalism; and, (4) flexibility of supply.

4.4.3 Overview of Marketing, Promotional, and Advertising Strategies

The objectives of AJAC's target market strategies are fivefold and will seek to; (1) Highlight its presence in the market as a well-positioned and focused supplier; (2) Increase awareness of the potential uses and benefits of hemp products (particularly with regard to human consumption and its environment friendly footprint); (4) Dispel myths surrounding the safety and efficacy of hemp products; and, (5) Increase the utilization of hemp products by domestic and international industries (such as food processing, natural health products, fibers, and composites).

4.4.4 Marketing Mix

- Product – discussed under section 3.0 above.
- Price – discussed under section 3.6 above.
- Place (distribution) – AJAC will deliver its products through distribution companies with whom the company has established strategic alliances.
- Promotion – primary advertising strategies are discussed in detail under section 5.1 below. The company is committed to high quality customer which is expected to pay off in the long term with a fiercely loyal customer-base.

4.5 Competitor Analysis

4.5.1 Market Concentration.

The exact market concentration related to industrial hemp in the US is unknown, although over 75 public cannabis companies are currently registered and in operation, recording an approximately 500% increase from 13 as of the end-2012. With the passing of an agriculture bill that eased restrictions on cultivation in 15 states, this number is expected to drastically improve. Thompson et. al, 1998, estimates the US potential acreage to be around 82,000 acres.

4.5.2 Major Competitors

The following section provides a brief overview into a few competitors ACAC will face in the United States:

I) HempMedsPX

Web: <http://www.hempmedspx.com/>

Headquarters: California, United States



HempMedsPX™, a subsidiary of Medical Marijuana, Inc., is the master distributor and contracted marketing company for the Medical Marijuana, Inc. portfolio of products, specializing in revolutionary hemp-based CBD products. HempMedsPX offers mainstream marketing, sales, customer service, and logistics for the cannabis industry. The company is also cited as the exclusive distributor and contracted marketing company for CannaVest Corp.²⁸ The company is committed to the supply of high quality oil, which is lab tested for compliance and safety multiple times during the manufacturing process, from seed to shelf.

II) Hemp Traders

Web: <http://www.hemptraders.com/>

Headquarters: California, United States



Hemp Traders engage in the selling of a wide range of both wholesale and retail hemp products such as hemp fabric, hemp twine, hemp rope, hemp oil, hemp clothing etc. The company offers the lowest possible prices, flexible order quantities, custom manufacturing (apparels), and short lead times from order to delivery. The company accommodates international shipping from its warehouse in Los Angeles and directly from its mills in China.

III) Bulk Hemp Warehouse

Web: <http://www.bulkhempwarehouse.com/>

Headquarters: California, United States



Similar to Hemp Traders, Bulk Hemp Warehouse is a wholesale and retail supplier of hemp goods to businesses and homes all over the world. The company's offering includes high quality hemp products such as apparel & textiles, foods, technical textile products, fibers etc. at industry best prices.

4.5 Barriers to Entry

4.5.1 Lack of Market Information

Domestic and export hemp market information is not readily available, forming a significant barrier to attracting commercial interest in the crop. Generally, research on the economics of the sector has been lacking. Key information requirements for successful market entry includes the current and the potential size of various domestic and

²⁸ <http://www.marketwatch.com/story/medical-marijuana-incs-hempmedspx-featured-on-fox-5-news-segment-healing-with-hemp-2014-02-27>

international markets, the state of global competition, insights as to what various potential industry stakeholders are looking for from hemp biomass, and an analysis of niche industrial hemp markets where suppliers can build a world-leading competitive position. Statistics on hemp production are in the early stages of development in North America, and hemp products fall under a great many product categories, with no consistent means of identifying them as having a hemp component. Furthermore, in the absence of proper industry information the public perception regarding hemp's association with marijuana will significantly undermine the crops commercial potential.

4.5.2 Investment Cost

AJAC's additional investment cost amounts to \$500K. The company is entirely dependent on its ability to raise this capital through issuance of common stock in order to proceed with planned business operations. In spite of recent positive trends in the financial markets with regard to cannabis and hemp related companies, the general lack of information may result in a significant barrier to entry, considering the possibility of the required capital not being raised as a consequence of unforeseen market movements.

4.5.3 Lack of Developed Infrastructure to Support Growth

Upon entering, AJAC will focus on consolidating its resources to maximizing yields and implementing its sales strategies, and eventually, its expansion plans. However, given that the industrial hemp industry is in the early stages of its life cycle, the availability of infrastructure to support said sales and expansion strategies are limited; i.e. lack of research & development facilities and quality control measures, limited legally sanctioned mediums of advertising, storage issues, availability of harvesting equipment, transportation issues over longer distances etc. This will factor in a level of uncertainty into the company's projections. However, the company's focused niche strategy may serve as a remedy to this limitation.

4.5.4 High Industry Regulation

Ongoing work is required to increase the comfort level around the cultivation of industrial hemp, with a steady normalization of the industry. Currently, it is unpredictable as to how the legal framework will play out in the near future, given the mixed sentiments with regard to the cannabis plant and extremely variable political opinions. Furthermore, the industry is heavily regulated. Under the current U.S. drug policy, all cannabis varieties, including hemp, are considered Schedule I controlled substances under the Controlled Substances Act (CSA). As such, while there are legitimate industrial uses, these are controlled and regulated by the US Drug Enforcement Administration (DEA). Strictly speaking, the CSA does not make growing hemp illegal; rather, it places strict controls on its production and enforces standards governing the security conditions under which the crop must be grown, making it illegal to grow without a DEA permit¹¹; AJAC is currently in the process of obtaining relevant licenses and any delays will impact its overall market entry.

4.6 SWOT Analysis

SWOT Analysis is a planning tool that identifies the company's core strengths, weaknesses, opportunities, and threats. Strengths and weaknesses are internal matters to the organization. Opportunities and threats relate to external factors, which are generally considered as attributes of the environment.

Internal	<p>Strengths</p> <ul style="list-style-type: none"> • Having a highly competent and qualified team of professionals with relevant industry knowledge and expertise • High sales growth rate associated with the hemp-based products which are relatively inexpensive and effective substitutes (i.e. as building materials, nutritional extracts etc.) • Inherent qualities of the crop, and its functions within the agro-ecosystem, as hemp is considered to possess highly environmentally friendly properties as a renewable resource that demands, and yields, a very low carbon footprint • Superior performance characteristics associated with hemp products. E.g. Fiber, which is known for its superior structure, insulative properties, breathability etc. • Cannabis plants' positive response towards organic fertilizer and tolerance to pests and diseases. This, on the one hand, translates into prolonged economic benefits, whilst on the other hand implies savings on expenditure such as agrochemicals, synthetic fertilizer etc. 	<p>Weaknesses</p> <ul style="list-style-type: none"> • Limited (or a lack of) quality standards, training, advisory services, advertising freedom etc.; legal constraints imposed by political parties and industry regulators • Although hemp products contain insignificant amounts, if not at all, of psychoactive THC, the general stigma associated with the cannabis plant due to Marijuana (a recreationally smoked drug) is likely to affect brand image and result in lackluster sales • Variable crop yields between different cropping cycles • Infancy of the value chain for industrial hemp which can result in stunted demand, unclear market conditions, lack of funding opportunities, low liquidity in the marketplace etc., all of which can impose cash flow restrictions on AJAC • High capital investment costs of operating a sustainable business operation such as AJAC (which is envisaged to be run on 100% green energy)
External	<p>Opportunities</p> <ul style="list-style-type: none"> • Relaxing legislation which can result in higher commercial possibilities, especially considering the multiple end-uses associated with hemp (e.g. food, fiber, paper, building material, plastic, etc.) • High stock potential witnessed in cannabis startups. • Increasing public interest in health and environmental awareness; use of environmentally friendly products (substitutes for the paper and pulp industry etc.); high nutritional value of hemp seeds. • International expansion opportunities 	<p>Threats</p> <ul style="list-style-type: none"> • Changes to existing tax structures, government regulation, public policy etc. • International competition, especially against inexpensive suppliers such as China, resulting in high opportunity costs • Possibility of a potential THC contamination severely affecting the brand name and survival • Unfavorable commodity prices due to restrictions on supply in some countries and artificial demand in others

5.0 Sales and Marketing Strategy

Aja Cannafacturing, Inc. is the niche in the specialty, industrial, chemical, and manufacturing industries focusing on the B2B distribution of value added products which are not commonly available in the United States.

The company's sales strategy will revolve around contract generation for the wholesale supply of its products, with a range of manufacturing companies involved operating in a wide spectrum of industries such as textile, building material, plastics, food, fuel, and cosmetics. The company has established a network of synergetic strategic alliances with distribution companies who will facilitate both upstream and downstream supply. AJAC will continue to invest its resources in keeping pace with market developments.



5.1 Core Marketing Strategies

AJAC's marketing efforts will primarily consist of a mix of web-based and non-web-based networking and promotional activities focused on lead generation, including formal prospecting campaigns through trade associations, business lists, and web-presence & SEO. Furthermore, the company will leverage on its cannabis education consulting services to create new opportunities. Primary marketing and advertising strategies are as follows:

- Networking at major industry conferences, workshops, and expos such as those organized by the Hemp Industries Association²⁹, Marijuana Business Daily™³⁰, International Cannabis Association³¹, National Cannabis Industry Association³², and other similar industry advocates.
- Direct lead generation through the distribution of online and offline marketing material by means of targeted email campaigns, executive visits (relevant client details may be obtained via publicly available means such as online business lists or "contact us" sections on client websites or purchased client databases).
- Channeling online target market traffic via extensive web presence through the company's website (www.ajacann.com). The website will be designed to contain essential information and an interactive interface that will focus on the quick conversion of potential leads.
- Tapping into referral markets via positive references and testimonials from satisfied customers.
- Effective SEO through the integration of relevant keywords on company maintained web pages, overhauling the company's online presence with valuable website traffic that converts into customers.

²⁹ <http://www.thehia.org/2014-HIA-conference-washingtondc.html>

³⁰ <http://mmjbusinessdaily.com/conference/>

³¹ <http://internationalcannabisassociation.com/schedule-of-events/>

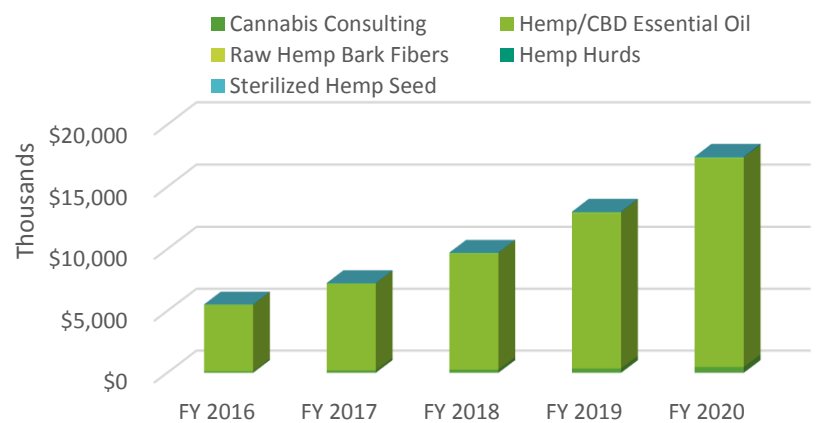
³² <https://thecannabisindustry.org/events/>

- Initiating banner promotion; securing online listings; on popular pro-cannabis business websites such as [www.http://mmjbusinessdaily.com](http://mmjbusinessdaily.com).
- Providing consultation opportunities allowing for new mergers and potential growth by substituting and implementing cannabis where applicable.
- Work side by side with colleges, universities, and government agencies and grow the true scientific understanding of all forms of ethically produced cannabis products, thereby increasing brand awareness.
- Participate in lobbying and advocacy activities that seek to raise awareness of the sector and its opportunities.

5.2 Sales Forecast

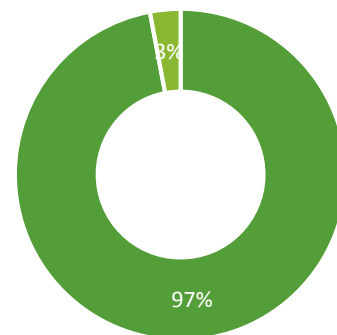
AJAC forecasts high growth in sales over the course of the first five years of business. The company's turnover is forecasted at \$5.53Mn for the first year of operation, with approximately 30% Y-o-Y increase over the course of the proceeding five years, with the company's main offering of Hemp/CBD Essential Oils representing 97% of sales throughout the forecasted period. The main reason for this sales mix is the higher collective prospects present within market segments such hemp food and body care products. Notably, hemp seed oil is used as ingredients in some certified organic foods which have been gaining greater popularity in recent years. Furthermore, hemp oils possess highly nutritional values due to its essential fatty acid content ³³. With the establishment of reliable trade markets for other products, AJAC will revisit its sales mix in the future.

Aja Cannafacturing 5-Year Sales Forecast



Products and Services Segmentation in 2015

■ Hemp/CBD Essential Oil ■ Other Products & Services



³³ <http://www.hemp.com/hemp-education/uses-of-hemp/hemp-oil/>

The following table details Aja Cannafacturing 5-year sales forecast and strategies. As shown in the following table and the products and service segmentation chart depicted on the previous page, the company's core offering will be hemp/CBD essential oil production from the hemp crops, followed by consulting services which carries higher unit price, and thereby a higher profit margin.

Sales Forecast

Unit Sales	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Cannabis Consulting	502	757	984	1,279	1,663
Hemp/CBD Essential Oil	107,291	136,070	176,891	229,958	298,945
Raw Hemp Bark Fibers	1,900	2,710	3,523	4,580	5,954
Hemp Hurds	2,838	4,053	5,269	6,850	8,905
Sterilized Hemp Seed	1,900	2,710	3,523	4,580	5,954
Total Units	114,431	146,300	190,190	247,247	321,421

Unit Prices	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Cannabis Consulting	250.00	257.50	265.23	273.18	281.38
Hemp/CBD Essential Oil	50.00	51.50	53.05	54.64	56.28
Raw Hemp Bark Fibers	8.00	8.24	8.49	8.74	9.00
Hemp Hurds	5.00	5.15	5.30	5.46	5.63
Sterilized Hemp Seed	5.00	5.15	5.30	5.46	5.63

Sales	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Cannabis Consulting	125,500	194,928	260,981	349,399	467,930
Hemp/CBD Essential Oil	5,364,550	7,007,605	9,383,183	12,564,066	16,823,262
Raw Hemp Bark Fibers	15,200	22,330	29,900	40,038	53,610
Hemp Hurds	14,190	20,873	27,949	37,426	50,113
Sterilized Hemp Seed	9,500	13,957	18,688	25,023	33,506
Total Sales	\$5,528,940	\$7,259,692	\$9,720,702	\$13,015,952	\$17,428,422

Direct Unit Costs	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Cannabis Consulting	25.00	25.75	26.52	27.32	28.14
Hemp/CBD Essential Oil	5.00	5.15	5.30	5.46	5.63
Raw Hemp Bark Fibers	2.00	2.06	2.12	2.19	2.25
Hemp Hurds	0.50	0.52	0.53	0.55	0.56
Sterilized Hemp Seed	0.70	0.72	0.74	0.76	0.79

Direct Cost of Sales	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Cannabis Consulting	12,550	19,493	26,098	34,940	46,793
Hemp/CBD Essential Oil	536,455	700,761	938,318	1,256,407	1,682,326
Raw Hemp Bark Fibers	3,800	5,583	7,475	10,009	13,403
Hemp Hurds	1,419	2,087	2,795	3,743	5,011
Sterilized Hemp Seed	1,330	1,954	2,616	3,503	4,691
Subtotal Direct Cost of Sales	\$555,554	\$729,877	\$977,303	\$1,308,602	\$1,752,224

6.0 Management Summary

Aja Cannafacturing, Inc.'s operations are focused on being the pioneering force in the supply of high quality, versatile industrial hemp products. The company's success is dependent on the effectiveness of the personnel with which it operates in the areas of strategy formulation, procurement & distribution, agriculture operations, sales & marketing, and bookkeeping. To this extent the company places great emphasis on attracting, managing and retaining a competent pool of human resources who will drive the company to the forefront of a new domestic industrial revolution.



6.1 Personnel Hiring Plan

During its next five years of business, AJAC's business operations will be driven by its 3-member senior management team (management profiles are discussed under section 6.3 below) who will overlook all aspects of the business and instigate the achievement of operational and financial KPIs.

During the first year of operation, a workforce comprising 19 dedicated full-time equivalent workers will be hired to operate all aspects of production, including greenhouse operations and oil processing, under the supervision of a greenhouse operations manager. A cannabis consultant will carry out consulting operations, which is also an integral part of the sales mix. Total payroll expenses attributed to the operations department in the first year of operation are estimated at \$655K (12% of sales).

Furthermore, the company expects to employ 5-member full-time equivalent sales and marketing team at a payroll cost of \$180K, to drive the proposed primary marketing and advertising strategies. Total payroll expenses for the first year of operation, including the executive payroll and general & administrative payroll, is estimated at \$1.06Mn (accounting for 19% of sales).

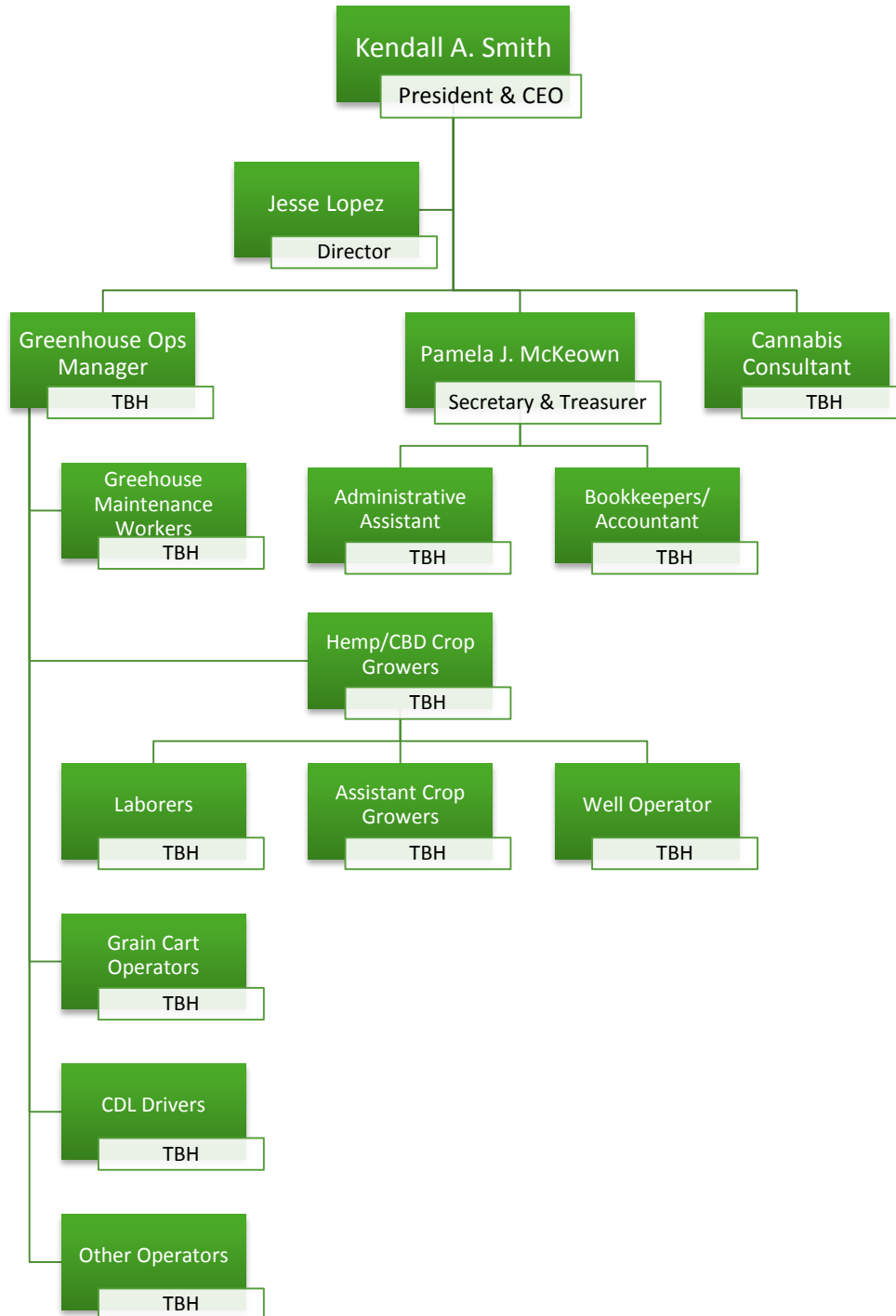
With the planned scaling-up of the company's operations, the company expects to hire additional full-time equivalent workers during FY 2017, 2018, 2019, and 2020, thereby increasing the total worker headcount to 42, 43, 53, and 57, respectively. An additional greenhouse operations manager is planned to be recruited during FYE 2019, in order to support this increase in operations. Furthermore, an additional consultant is also planned for recruitment during FYE 2019 to assist in sustaining and enhancing the services sales engine. This will result in a total payroll expense of \$2.19Mn by the end of the fifth year of operation (amounting to only 13% of sales). The proposed hiring plan is

indicated in the table below. All interviews will be conducted by the president and CEO, Mr. Kendall Smith, and the Director, Mr. Jesse Lopez.

Headcount Table													
Employee Names/Titles	1Q	2Q	3Q	4Q	FY 2016	1Q	2Q	3Q	4Q	FY 2017	FY 2018	FY 2019	FY 2020
Operations	19.0	19.0	19.0	19.0	19.0	32.0	32.0	32.0	32.0	32.0	32.0	42.0	44.0
Greenhouse Operations Manager	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	2.0	2.0
Greenhouse Maintenance Workers	4.0	4.0	4.0	4.0	4.0	6.0	6.0	6.0	6.0	6.0	6.0	8.0	9.0
Hemp/CBD Corp Growers	3.0	3.0	3.0	3.0	3.0	5.0	5.0	5.0	5.0	5.0	5.0	7.0	8.0
Assistant Corp Growers	2.0	2.0	2.0	2.0	2.0	4.0	4.0	4.0	4.0	4.0	4.0	5.0	5.0
Grain Cart Operators	1.0	1.0	1.0	1.0	1.0	3.0	3.0	3.0	3.0	3.0	3.0	4.0	4.0
CDL Drivers	2.0	2.0	2.0	2.0	2.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Laborers	2.0	2.0	2.0	2.0	2.0	4.0	4.0	4.0	4.0	4.0	4.0	6.0	6.0
Well Operator	1.0	1.0	1.0	1.0	1.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Other Equipment Operators	2.0	2.0	2.0	2.0	2.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Cannabis Consultants	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	2.0	2.0
Sales and Marketing	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	6.0	6.0	8.0
Sales and Marketing Manager	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Customer Support Reps	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	3.0	3.0	4.0
Sales Associates	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	3.0
General and Administrative	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Administrative Assistant	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Accountant/Bookkeeper	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Executives	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Kendall A. Smith - President & CEO	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Jesse Lopez - Director	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Pamela J. McKeown - Secretary & Treasurer	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Total Staff	29.0	29.0	29.0	29.0	29.0	42.0	42.0	42.0	42.0	42.0	43.0	53.0	57.0
Total Wages (£K)	\$266	\$266	\$266	\$266	\$1,064	\$375	\$375	\$375	\$375	\$1,501	\$1,578	\$1,995	\$2,190

6.2 Corporate Structure

The following diagram provides a good visual representation of the structure planned for the business operations of Aja Cannafacturing. The team will be headed by Kendall A. Smith as President and Chief Executive Officer.



6.3 Management Team

The cannabis and industrial hemp industry, albeit being legally sanctioned in some states across the USA, carries an overall negative social image across the globe due to the psychoactive properties of marijuana (a recreational drug derived from the cannabis plant). Due to this condition, a start-up company engaged in the supply of application-specific, proprietary cannabis seeds (which are bred in such a way to inhibit the psychoactive properties) is likely to face a myriad difficulties due to the negative connotation associated with the plant. This will result in inefficiencies in establishing the required target market strategies, insurance, banking facilities etc. and result in a general sub-optimization of resource-utilization. On the other hand, the business carries inherent risks³⁴ associated with seed procurement/seed quality (especially where THC levels – the psychoactive element of cannabis – is concerned), procuring suitable pesticides (as there are no pesticides currently registered for use on cannabis crops), and general cash flow management.

This spurs the need for a visionary and focused management team to overlook and guide AJAC towards success whilst constructively facing such problems; with leadership capabilities to overcome such barriers. The AJAC's goal is to assemble a Board that brings together a variety of perspectives and skills derived from high quality business and professional experience that reflect the best interests of the company and its stockholders.

Kendall A. Smith | President and CEO

Kendall Smith is a business entrepreneur with over 13 years' experience in consulting providing services in multiple sectors ranging from the cultivation and harvesting of cannabis and hemp to being a patient advocate and caregiver. Mr. Smith also brings an extensive knowledge of organic chemistry and botanical based remedies. He has owned and operated companies since the age of 21, when he started a graphic design business creating logos and site design (circa 2001). His entrepreneurial experience has included ventures in catering, juice bar ownership and management, and massage and aromatherapy. Currently, he is the founder and co-owner of Smith & Ramsay, LLC, a Nevada-based company that specializes in flavoring and aroma extraction servicing the food, beverage and tobacco industries. He carries degrees in Food and Beverage Management, Culinary Arts, and Massage Therapy.

Mr. Smith has been an active volunteer throughout the southern Nevada region. His drive for community activism and wellness education prompted his research and entry into the medical marijuana and industrial hemp industries, where he continues to make strides in breeding and cultivation. He is quoted as saying, "I believe that the revival of hemp is going to be the largest agricultural push in the United States. Its diversity is near miraculous; medicine, food, fuel,

³⁴ <http://www.growhempcolorado.com/index.php/co-rules-regs/producers-challenges-cda/item/2-uncategorised/cda-urges-producers-to-be-aware-of-challenges/74?tmpl=component>

building material – just to name a few. Hemp is positioned to make an enormous positive impact on this country's economy." Mr. Smith's familiarity in the hemp and cannabis space, together with his long-term vision for the company's growth, will effectively enable him to exploit AJAC's recently adopted business model and drive the company to new heights.

Pamela J. McKeown | Chief Financial Officer, Secretary, and Treasurer

For the past 12 years, Ms. McKeown has been the Controller for Installing Dealer Supply, Inc., a leading distributor of garage doors, gate automation, and access control equipment. She has been responsible for developing and managing the finances and accounting of Installing Dealer Supply, Inc. along with the company's operations, inclusive of sales, customer service, purchasing, inventory and credit management. Ms. McKeown has prior experience with large corporations, including DLS Constructors, a noted provider of underground piping for highways to the State of California, and with Air Control Management, Inc. (ACM) – a supplier to the tract home industry.

Jesse Lopez | Director

Jesse Lopez is more than an activist in the cannabis movement; he serves on the board as a national spokesperson for the National Organization for the Reform of Marijuana Laws (NORML). Over the last 17 years, he has volunteered his time and recently was elected as the Vice President (2014) of AZ4NORML, which is a non-profit organization that is dedicated to reforming the current marijuana laws for the state of Arizona. Mr. Lopez is also part of the driving force behind Arizona's 'Proposition 203', a ballot measure to legalize the use of medical marijuana in the state of Arizona. He most recently sponsored Az-SB-2211, which allows for the growth of industrial hemp in the state as one of the largest agricultural crops.

Mr. Lopez is the former Assistant General Manager of the Ritz Carlton, Dove Mountain; he held the title of corporate trainer for that company and opened three Ritz Carlton locations. Mr. Lopez is also the former General Manager and Executive Chef of The Port of Long Beach Restaurant and Bar and the former owner of Dove Mountain Inflatables Inc. Furthermore, Mr. Lopez was a Corporate Trainer for Darden Restaurant group where he held the title of Training Director which included him personally overseeing the opening of numerous different locations.

7.0 Financial Plan

Up to this point in the business development plan, the reader has been given key insights into the company formation, start-up funding requirements, core operational activities, corporate goals and objectives, sales and marketing strategies and its leadership structure and personnel as well as investigating key characteristics of the market that the company operates in. This section will examine the feasibility of the business model, and the relative investment return for its owners, by presenting a series of robust financial projections and modeling outcomes.



7.1 Financial Assumptions

Financial computations are based on the following product sale assumptions, product unit price assumption, tax and inflation rates, and number of employees. As its accounting policy, the company will depreciate its long-term assets over 10 years with an estimated residual value of 20%.

General Financial Assumptions					
	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Base Currency	USD	USD	USD	USD	USD
Pricing Assumptions					
Cannabis Consulting	250.00	257.50	265.23	273.18	281.38
Hemp/CBD Essential Oil	50.00	51.50	53.05	54.64	56.28
Raw Hemp Bark Fibers	8.00	8.24	8.49	8.74	9.00
Hemp Hurds	5.00	5.15	5.30	5.46	5.63
Sterilized Hemp Seed	5.00	5.15	5.30	5.46	5.63
Total Employees	29	42	43	53	57
Current Interest Rates	30%	30%	30%	30%	30%
Long-term Interest Rate	5%	5%	5%	5%	5%
Tax Rate	30%	30%	30%	30%	30%
Insurance per Year	\$12,000	\$12,360	\$12,731	\$13,113	\$13,506
Inflation	3.00%	3.00%	3.00%	3.00%	3.00%
Escalation	3.00%	3.00%	3.00%	3.00%	3.00%
Utilities per Year	\$4,800	\$4,944	\$5,092	\$5,245	\$5,402

7.2 Break-even Analysis

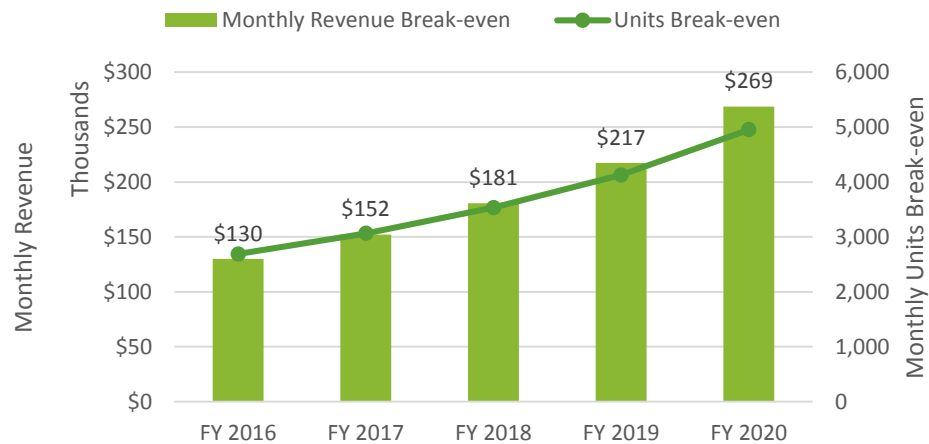
This analysis provides the reader with the volume of sales (in both, units and revenue) that is needed to cover the fixed cost of the business. Below this point, the business will be losing money. In the first year of operation, the monthly revenue break-even is projected to be \$129,876 or 2,688 units. The monthly revenue break-even will produce a nearly twofold increment to reach \$268,567 or 4,953 units in FY 2020, propelled by the hiring of additional workforce to fully implement the envisioned growth and expansion strategy.

Break-even Analysis	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Units Break-even	2,688	3,063	3,534	4,127	4,953
Monthly Revenue Break-even	\$129,876	\$151,992	\$180,624	\$217,260	\$268,567

Assumptions:

Average Per-Unit Revenue	\$48	\$50	\$51	\$53	\$54
Average Per-Unit Variable Cost	\$5	\$5	\$5	\$5	\$5
Average Percent Variable Cost	10%	10%	10%	10%	10%
Estimated Monthly Fixed Cost	\$116,791	\$136,709	\$162,421	\$195,411	\$241,543

Aja Cannafabricating Break-even Projection

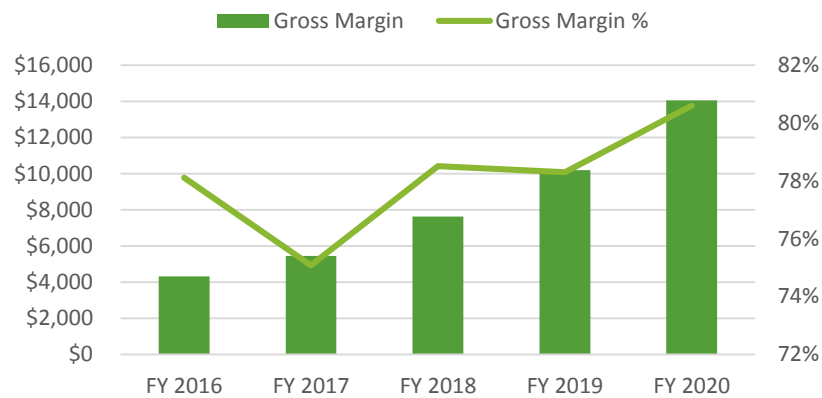


7.3 Projected Profit and Loss

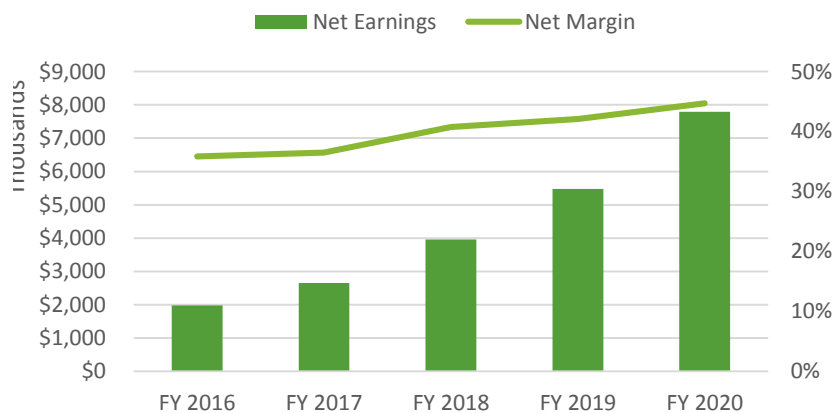
The maiden year’s forecasted turnover of \$5.53Mn is expected to yield a gross profit of \$4.32Mn (78% margin) and a net profit of \$1.98Mn (36% margin). The main items of expenditure include payroll expenditure, which amounts to \$1.06Mn (19% of sales), advertising and promotional expenses of \$ 0.55Mn incurred on raising awareness surrounding the commercial viability of hemp products that will support the sales engine, and income tax at 30%, amounting to \$0.85Mn. Sales are expected to pick-up during the ensuing years following the brand awareness generated through concentrated promotional efforts. The company foresees healthy growth prospects in both revenue and profits (above 30%) throughout the next four years of operation. Accordingly, the gross turnover is expected to reach \$17.43Mn by the end of FY 2020, implying a CAGR of 33%, whilst profits are estimated at \$14.05Mn gross (margin of 81%) and \$7.79Mn net (margin of 45%).

Earnings per share is projected at \$0.0061 at the end of the first year of operation and is thereafter forecasted to increase to \$0.0242 by the end of FY 2020, implying a CAGR of 41%, which is over and above the CAGR associated with projected sales due to operational efficiencies achieved during the five years in operation.

Aja Cannafabricating Gross Margin Forecast



Aja Cannafabricating Net Profits Forecast



Projected Profit & Loss Statement

	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Sales	\$5,528,940	\$7,259,692	\$9,720,702	\$13,015,952	\$17,428,422
Direct Cost of Sales	555,554	729,877	977,303	1,308,602	1,752,224
Operations Payroll	655,000	1,079,440	1,111,823	1,515,612	1,628,611
Other	0	0	0	0	0
Total Cost of Sales	1,210,554	1,809,317	2,089,126	2,824,214	3,380,835
Gross Margin	\$4,318,386	\$5,450,375	\$7,631,576	\$10,191,738	\$14,047,587
Gross Margin %	78%	75%	79%	78%	81%

Sales and Marketing Expenses

Sales and Marketing Payroll	180,000	185,400	222,789	229,473	303,887
Advertising/Promotion	552,894	725,969	972,070	1,301,595	1,742,842
Travel	60,000	61,800	63,654	65,564	67,531
Miscellaneous	0	0	0	0	0
Total Sales and Marketing Expenses	\$792,894	\$973,169	\$1,258,513	\$1,596,631	\$2,114,260

General and Administrative Expenses

General and Administrative Payroll	66,000	67,980	70,019	72,120	74,284
Repair & Maintenance	48,000	49,440	50,923	52,451	54,024
Rent	24,000	24,720	25,462	26,225	27,012
Business Supplies	2,400	2,472	2,546	2,623	2,701
Utilities	4,800	4,944	5,092	5,245	5,402
Insurance	12,000	12,360	12,731	13,113	13,506
Payroll Taxes, Insurance, Benefits	106,400	150,071	157,756	199,532	219,024
Miscellaneous	12,000	12,360	12,731	13,113	13,506
Total General and Administrative Expenses	\$275,600	\$324,347	\$337,260	\$384,421	\$409,460

Other Expenses

Executives Payroll	163,000	167,890	172,927	178,115	183,458
Audit Fees	50,000	51,500	53,045	54,636	56,275
Professional Fee (Legal, Taxation, etc.)	120,000	123,600	127,308	131,127	135,061
Total Other Expenses	\$333,000	\$342,990	\$353,280	\$363,878	\$374,794

Total Operating Expenses	\$1,401,494	\$1,640,506	\$1,949,053	\$2,344,931	\$2,898,515
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EBITDA	\$2,916,892	\$3,809,869	\$5,682,523	\$7,846,807	\$11,149,072
Interest Expense	66,937	2,404	0	0	0
Depreciation	19,943	21,756	21,756	21,756	21,756
Provision for Taxes	849,003	1,135,713	1,698,230	2,347,515	3,338,195
Net Earnings	\$1,981,008	\$2,649,996	\$3,962,537	\$5,477,536	\$7,789,121

Net Margin	36%	37%	41%	42%	45%
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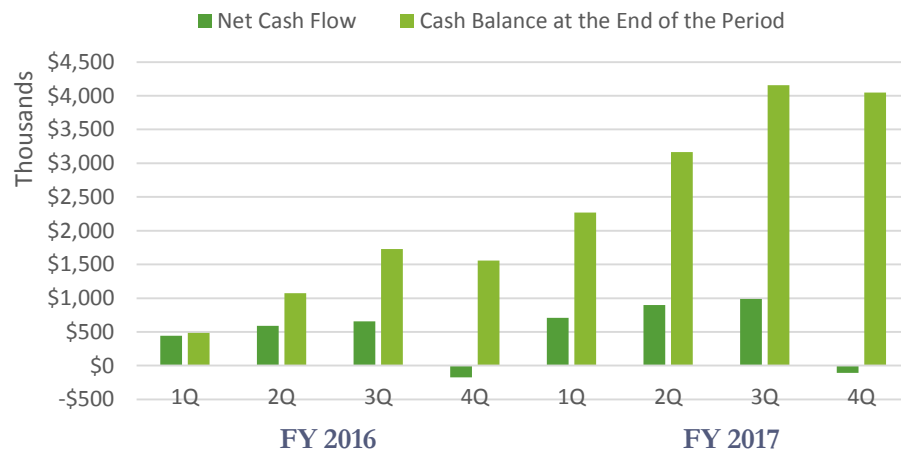
Profit attributable to shareholders	\$1,981,008	\$2,649,996	\$3,962,537	\$5,477,536	\$7,789,121
Common Shares Outstanding	322,457,913	322,457,913	322,457,913	322,457,913	322,457,913
Earnings per Share	\$0.0061	\$0.0082	\$0.0123	\$0.0170	\$0.0242

7.4 Projected Cash Flow

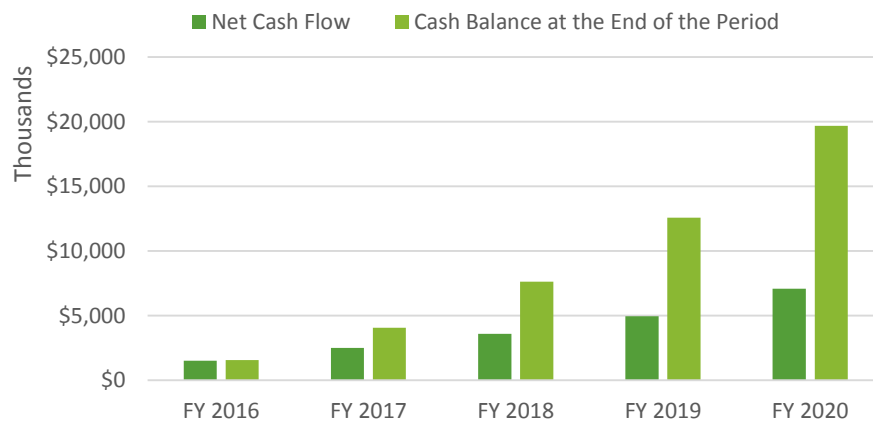
AJAC’s business operations are expected to create positive cash flows across the five years of operation. Recurrent significant cash outflows represent payroll expenditure, promotional expenditure, and income tax, whilst the company is expected to incur an outflow of \$409K on the purchase of start-up assets (identified under section 2.1 above) during the first year. Furthermore, the company is expected to incur debt (notes payable) repayments of \$324K and \$100K during the first and second year of operation. Whilst the investment income from the issuance of common stock will be utilized to finance the proposed business investment, the repayment of the aforementioned debt balance will depend entirely on the cash inflows from sales. Accordingly, the company will strive to maintain efficient working capital management practices and soft capital rationing in preparation for such capital repayments, as well as in preparation for future investments and expansion.

The opening cash balance of \$44K is expected to grow at a CAGR of 104% to reach an estimated \$19.67Mn by the end of the fifth year in operation, facilitated by high inflows from sales, particularly its Hemp/CBD Essential Oil product.

Quarterly Projected Cash Flow of Aja Cannafabricating



Yearly Projected Cash Flow of Aja Cannafabricating



The pro-forma cash flow supplied below provides the rationale supporting the projected cash movements and liquidity levels. The ratio of cash outflows to inflows is at 0.75 times during the first year, whereas it is estimated at 0.60 by the end of the fifth year of operation. Over 95% of sales are expected to translate to cash during the same year in which it is transacted.

Projected Cash Flow

	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Cash From Operating Activities					
Cash Received from Sales	2,764,470	3,629,846	4,860,351	6,507,976	8,714,211
Cash from Receivables	2,507,425	3,549,740	4,455,322	5,965,645	7,988,027
Sales Tax, VAT, HST/GST Received	263,595	358,979	465,784	623,681	835,112
Other Cash Received	0	0	0	0	0
Direct Cost of Sales	(555,554)	(729,877)	(977,303)	(1,308,602)	(1,752,224)
Advertising/Promotion Expenses	(552,894)	(725,969)	(972,070)	(1,301,595)	(1,742,842)
Payroll Expenses	(1,064,000)	(1,500,710)	(1,577,558)	(1,995,320)	(2,190,240)
Other Operating Expenses	(439,600)	(493,267)	(511,248)	(563,629)	(594,044)
Sales Tax, VAT, HST/GST Paid Out	(263,595)	(358,979)	(465,784)	(623,681)	(835,112)
Subtotal Cash from Operating Activities	2,659,847	3,729,763	5,277,494	7,304,476	10,422,888
Interest Paid	(66,937)	(2,404)	0	0	0
Provision for Taxes	(849,003)	(1,135,713)	(1,698,230)	(2,347,515)	(3,338,195)
Net Cash from Operating Activities	\$1,743,906	\$2,591,646	\$3,579,264	\$4,956,960	\$7,084,693
Cash flow from Investing Activities					
Sale of Current Assets	0	0	0	0	0
Sale of Long-term Assets	0	0	0	0	0
Purchase of Current Assets	0	0	0	0	0
Purchase of Long-term Assets	(408,000)	0	0	0	0
Net Cash flow from Investing Activities	(\$408,000)	\$0	\$0	\$0	\$0
Cash flow from Financing Activities					
New Current Borrowings	0	0	0	0	0
New Long-term Borrowings	0	0	0	0	0
New Investment Received	500,000	0	0	0	0
Other Liabilities Received	0	0	0	0	0
Principal Repayment of Current Borrowings	(323,597)	(99,806)	0	0	0
Principal Repayment of Long-term Borrowings	0	0	0	0	0
Other Liabilities Payback	0	0	0	0	0
Dividends	0	0	0	0	0
Net Cash flow from Financing Activities	\$176,403	(\$99,806)	\$0	\$0	\$0
Net Cash Flow	\$1,512,309	\$2,491,840	\$3,579,264	\$4,956,960	\$7,084,693
Cash Balance at the End of the Period	\$1,556,302	\$4,048,142	\$7,627,406	\$12,584,366	\$19,669,059

7.5 Projected Balance Sheet

The projected balance sheet indicates healthy growth in total assets and net worth through liquid cash assets brought in by projected sales. No further capital investments are noted during the first five years of operation. In FY 2016, AJAC will hold \$100K worth of debt liabilities (current), implying a gearing ratio of 7%. However, with the scheduled capital repayment, gearing will be eliminated to 0% from FY 2017 onwards.

Projected Balance Sheet					
	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Assets					
Current Assets					
Cash	1,556,302	4,048,142	7,627,406	12,584,366	19,669,059
Accounts Receivable	274,550	354,656	759,685	1,302,017	2,028,201
Other Current Assets	14,351	14,351	14,351	14,351	14,351
Total Current Assets	1,845,203	4,417,149	8,401,442	13,900,734	21,711,611
Long-term Assets					
Long-term Assets	408,000	408,000	408,000	408,000	408,000
Accumulated Depreciation	19,943	41,699	63,455	85,211	106,967
Total Long-term Assets	388,057	366,301	344,545	322,789	301,033
Total Assets	\$2,233,260	\$4,783,450	\$8,745,987	\$14,223,523	\$22,012,644
Liabilities and Equity					
Current Liabilities					
Accounts Payable	155,867	155,867	155,867	155,867	155,867
Current Borrowing	99,806	0	0	0	0
Other Liabilities	682,506	682,506	682,506	682,506	682,506
Total Current Liabilities	938,179	838,373	838,373	838,373	838,373
Total Long Term Liabilities	0	0	0	0	0
Total Liabilities	938,179	838,373	838,373	838,373	838,373
Shareholder's Equity					
Paid-in Capital	322,458	322,458	322,458	322,458	322,458
Additional Paid-in Capital	3,782,952	3,782,952	3,782,952	3,782,952	3,782,952
Deferred Stock Compensation	-75,955	-75,955	-75,955	-75,955	-75,955
Retained Earnings	-2,734,374	-84,378	3,878,159	9,355,695	17,144,816
Total Equity	1,295,081	3,945,077	7,907,614	13,385,150	21,174,271
Total Liabilities and Equity	\$2,233,260	\$4,783,450	\$8,745,987	\$14,223,523	\$22,012,644
Net Worth	\$1,295,081	\$3,945,077	\$7,907,614	\$13,385,150	\$21,174,271

7.6 Changes in Stockholders' Equity

The opening balance of stockholders' equity is recorded at a negative \$1.19Mn on account of losses brought forward since inception; the company has recorded net losses in the past as it is still in the development stage and no revenue streams are presently identified. However, with the execution of the proposed business plan, AJAC's stockholders' equity is expected to recover to \$1.30Mn by the end of the first year and improve to \$21.17Mn by FYE 2020.

Statement of Changes in Stockholder's Equity

	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Beginning Balance	(\$1,185,927)	\$1,295,081	\$3,945,077	\$7,907,614	\$13,385,150
Issuance of new common stock	50,000	0	0	0	0
Common share premium/deficit on new issuance	450,000	0	0	0	0
Projected net profit	1,981,008	2,649,996	3,962,537	5,477,536	7,789,121
Other changes in equity	0	0	0	0	0
Ending Balance	\$1,295,081	\$3,945,077	\$7,907,614	\$13,385,150	\$21,174,271

7.7 Investment Offering

AJAC currently records a common stock of 272,457,913 shares at a par value of \$0.001 (book value of common stock \$272K). The company plans on issuing an additional 50,000,000 shares at an issue price of \$0.010 (implying a share premium of \$0.009, in excess of the par value of \$0.001) to raise the required capital of \$500K. The fresh issuance of capital will increase the outstanding share capital to 322,457,913 common shares.

Investment Offering	
Required Investment	\$500,000
Consideration	
Proposed Common Stock Price	\$0.010
Common Stock Face Value	\$0.001
Expected Premium per Stock	\$0.009
Common Shares to be Issued	50,000,000
Cash Received	
Paid-in Capital	50,000
Additional Paid-in Capital	450,000
Total Cash Received	\$500,000
Outstanding Common Shares	
Current Outstanding Common Stock	272,457,913
New Issues in Consideration of Investment	50,000,000
Total Outstanding Shares	322,457,913

8.0 Scenario Analysis

Up to this point in the business plan, the study looked into the profitability of the organization by considering the assumptions above. Profitability would be different, of course, if assumptions change. Therefore it is important when assessing the risk of such investment to understand the fluctuation or volatility of these



financial results with changing circumstances, scenarios, and assumptions. The following two sections present the results of two studies that attempt to solve the question of uncertainty in future projections and the impact on its valuation.

The first study is an analysis of the sensitivity of the assumptions. It provides a basic understanding on how some of the key financial metrics react to slight changes on the assumptions. This results in a better understanding of the financial model as well as better insight for strategic management. The second study, the Scenario Simulation, is the result of running the financial model above with a combination of changes in the assumptions as to allow for a better understanding on how the firm's profitability may change under different circumstances over time.

8.1 Sensitivity Analysis

The sensitivity analysis is a key study on understanding what parameters, or assumptions, are more critical on predicting fluctuations on the overall performance of the business. The results of this study lead to the selection of the scenarios that are needed for the Scenario Simulation described in the following section. To carry out this study, the model needs to compute the key metrics under different assumptions. The key metrics observed for this study are the following:

- Business gross sales over the next five years
- Business gross profit over the next five years
- Business net profit over the next five years
- Business cash balance over the next five years
- Business net worth over the next five years

8.2 Scenario Simulation

The analysis below considers a total of six different scenarios where lower to higher revenue growth rates and higher to lower costs growth rate vary.

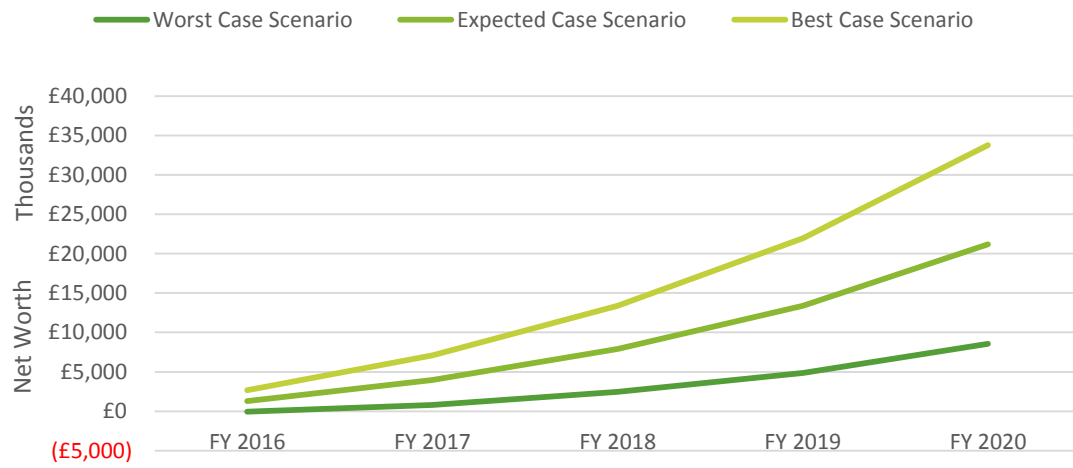
Scenarios	
Scenario 1 - Worst Case Scenario	
Revenue lower by	-15%
Costs higher by	15%
Scenario 2 - Expected Case Scenario	
Revenue	0%
Costs	0%
Scenario 3 - Best Case Scenario	
Revenue higher by	15%
Costs lower by	-15%

The following scenarios are built based on combinations of the three scenarios above. The combinations were run through the financial model and the following results were obtained.

Scenario Analysis	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Sales					
Best Case Scenario	\$6,358,281	\$8,348,646	\$11,178,807	\$14,968,345	\$20,042,685
Expected Case Scenario	\$5,528,940	\$7,259,692	\$9,720,702	\$13,015,952	\$17,428,422
Worst Case Scenario	\$4,699,599	\$6,170,738	\$8,262,597	\$11,063,559	\$14,814,158
Gross Profit					
Best Case Scenario	\$5,329,310	\$6,810,727	\$9,403,050	\$12,567,763	\$17,168,975
Expected Case Scenario	\$4,318,386	\$5,450,375	\$7,631,576	\$10,191,738	\$14,047,587
Worst Case Scenario	\$3,307,462	\$4,090,024	\$5,860,102	\$7,815,713	\$10,926,198
Net Profit					
Best Case Scenario	\$3,342,539	\$4,430,404	\$6,284,367	\$8,560,691	\$11,849,280
Expected Case Scenario	\$1,981,008	\$2,649,996	\$3,962,537	\$5,477,536	\$7,789,121
Worst Case Scenario	\$619,477	\$869,588	\$1,640,707	\$2,394,380	\$3,728,963
Cash Balance					
Best Case Scenario	\$2,876,284	\$7,133,254	\$12,970,330	\$20,925,832	\$31,958,493
Expected Case Scenario	\$1,556,302	\$4,048,142	\$7,627,406	\$12,584,366	\$19,669,059
Worst Case Scenario	\$236,319	\$963,031	\$2,284,482	\$4,242,900	\$7,379,626
Net Worth					
Best Case Scenario	\$2,656,612	\$7,087,016	\$13,371,383	\$21,932,074	\$33,781,354
Expected Case Scenario	\$1,295,081	\$3,945,077	\$7,907,614	\$13,385,150	\$21,174,271
Worst Case Scenario	(\$66,450)	\$803,138	\$2,443,845	\$4,838,225	\$8,567,188

It is encouraging to find that Aja Cannafacturing is expected to have healthy cash balances under worst case scenario throughout the next five-year period, which will mitigate the chances of requiring additional investment in a scenario where the projected sales volume experience a 15%-20% nosedive. The results of these scenario simulations help to predict the risk of investment in such a business from a pure statistical stand point, but it is nevertheless useful for understanding the risk implications should the business start deviating from its cost estimates or growth trends.

Aja Cannafacturing Scenario Analysis



Appendix

The following information is presented in this plan to illustrate financial details, projections, general assumptions, and expected results. As in any business plan, success is solely dependent on the business execution and the circumstances that surround its operations. The objective of these projections is therefore to aid the entrepreneur in understanding the business model, along with the feasibility of such business development in current market conditions and with the underlying assumptions considered only as part of this study.

Table 1: Quarterly Sales Forecast

Sales Forecast													
Unit Sales	1Q	2Q	3Q	4Q	FY 2016	1Q	2Q	3Q	4Q	FY 2017	FY 2018	FY 2019	FY 2020
Cannabis Consulting	105	115	132	150	502	163	180	198	216	757	984	1,279	1,663
Hemp/CBD Essential Oil	24,483	25,980	27,571	29,257	107,291	31,048	32,948	34,966	37,108	136,070	176,891	229,958	298,945
Raw Hemp Bark Fibers	414	451	495	540	1,900	591	645	705	769	2,710	3,523	4,580	5,954
Hemp Hurds	618	675	738	807	2,838	882	964	1,054	1,153	4,053	5,269	6,850	8,905
Sterilized Hemp Seed	414	451	495	540	1,900	591	645	705	769	2,710	3,523	4,580	5,954
Total Units	26,034	27,672	29,431	31,294	114,431	33,275	35,382	37,628	40,015	146,300	190,190	247,247	321,421
Unit Prices	1Q	2Q	3Q	4Q	FY 2016	1Q	2Q	3Q	4Q	FY 2017	FY 2018	FY 2019	FY 2020
Cannabis Consulting	250.00	250.00	250.00	250.00	250.00	257.50	257.50	257.50	257.50	257.50	265.23	273.18	281.38
Hemp/CBD Essential Oil	50.00	50.00	50.00	50.00	50.00	51.50	51.50	51.50	51.50	51.50	53.05	54.64	56.28
Raw Hemp Bark Fibers	8.00	8.00	8.00	8.00	8.00	8.24	8.24	8.24	8.24	8.24	8.49	8.74	9.00
Hemp Hurds	5.00	5.00	5.00	5.00	5.00	5.15	5.15	5.15	5.15	5.15	5.30	5.46	5.63
Sterilized Hemp Seed	5.00	5.00	5.00	5.00	5.00	5.15	5.15	5.15	5.15	5.15	5.30	5.46	5.63
Sales	1Q	2Q	3Q	4Q	FY 2016	1Q	2Q	3Q	4Q	FY 2017	FY 2018	FY 2019	FY 2020
Cannabis Consulting	26,250	28,750	33,000	37,500	125,500	41,973	46,350	50,985	55,620	194,928	260,981	349,399	467,930
Hemp/CBD Essential Oil	1,224,150	1,299,000	1,378,550	1,462,850	5,364,550	1,598,972	1,696,822	1,800,749	1,911,062	7,007,605	9,383,183	12,564,066	16,823,262
Raw Hemp Bark Fibers	3,312	3,608	3,960	4,320	15,200	4,870	5,315	5,809	6,337	22,330	29,900	40,038	53,610
Hemp Hurds	3,090	3,375	3,690	4,035	14,190	4,542	4,965	5,428	5,938	20,873	27,949	37,426	50,113
Sterilized Hemp Seed	2,070	2,255	2,475	2,700	9,500	3,044	3,322	3,631	3,960	13,957	18,688	25,023	33,506
Total Sales	\$1,258,872	\$1,336,988	\$1,421,675	\$1,511,405	\$5,528,940	\$1,653,400	\$1,756,773	\$1,866,602	\$1,982,917	\$7,259,692	\$9,720,702	\$13,015,952	\$17,428,422

Table 2: Quarterly Expected Wages

Expected Wages													
Employee Names/Titles	1Q	2Q	3Q	4Q	FY 2016	1Q	2Q	3Q	4Q	FY 2017	FY 2018	FY 2019	FY 2020
Operations	\$163,750	\$163,750	\$163,750	\$163,750	\$655,000	\$269,860	\$269,860	\$269,860	\$269,860	\$1,079,440	\$1,111,823	\$1,515,612	\$1,628,611
Greenhouse Operations Manager	15,000	15,000	15,000	15,000	60,000	15,450	15,450	15,450	15,450	61,800	63,654	131,127	135,061
Greenhouse Maintenance Workers	24,000	24,000	24,000	24,000	96,000	37,080	37,080	37,080	37,080	148,320	152,770	209,804	243,110
Hemp/CBD Crop Growers	27,000	27,000	27,000	27,000	108,000	46,350	46,350	46,350	46,350	185,400	190,962	275,367	324,147
Assistant Crop Growers	13,000	13,000	13,000	13,000	52,000	26,780	26,780	26,780	26,780	107,120	110,334	142,055	146,316
Grain Cart Operators	8,250	8,250	8,250	8,250	33,000	25,493	25,493	25,493	25,493	101,970	105,029	144,240	148,567
CDL Drivers	27,500	27,500	27,500	27,500	110,000	42,488	42,488	42,488	42,488	169,950	175,049	180,300	185,709
Laborers	10,000	10,000	10,000	10,000	40,000	20,600	20,600	20,600	20,600	82,400	84,872	131,127	135,061
Well Operator	6,000	6,000	6,000	6,000	24,000	12,360	12,360	12,360	12,360	49,440	50,923	52,451	54,024
Other Equipment Operators	18,000	18,000	18,000	18,000	72,000	27,810	27,810	27,810	27,810	111,240	114,577	118,015	121,555
Cannabis Consultants	15,000	15,000	15,000	15,000	60,000	15,450	15,450	15,450	15,450	61,800	63,654	131,127	135,061
Sales and Marketing	\$45,000	\$45,000	\$45,000	\$45,000	\$180,000	\$46,350	\$46,350	\$46,350	\$46,350	\$185,400	\$222,789	\$229,473	\$303,887
Sales and Marketing Manager	15,000	15,000	15,000	15,000	60,000	15,450	15,450	15,450	15,450	61,800	63,654	65,564	67,531
Customer Support Reps	15,000	15,000	15,000	15,000	60,000	15,450	15,450	15,450	15,450	61,800	95,481	98,345	135,061
Sales Associates	15,000	15,000	15,000	15,000	60,000	15,450	15,450	15,450	15,450	61,800	63,654	65,564	101,296
General and Administrative	\$16,500	\$16,500	\$16,500	\$16,500	\$66,000	\$16,995	\$16,995	\$16,995	\$16,995	\$67,980	\$70,019	\$72,120	\$74,284
Administrative Assistant	7,500	7,500	7,500	7,500	30,000	7,725	7,725	7,725	7,725	30,900	31,827	32,782	33,765
Accountant/Bookkeeper	9,000	9,000	9,000	9,000	36,000	9,270	9,270	9,270	9,270	37,080	38,192	39,338	40,518
Executives	\$40,750	\$40,750	\$40,750	\$40,750	\$163,000	\$41,973	\$41,973	\$41,973	\$41,973	\$167,890	\$172,927	\$178,115	\$183,458
Kendall A. Smith - President & CEO	17,500	17,500	17,500	17,500	70,000	18,025	18,025	18,025	18,025	72,100	74,263	76,491	78,786
Jesse Lopez - Director	12,000	12,000	12,000	12,000	48,000	12,360	12,360	12,360	12,360	49,440	50,923	52,451	54,024
Pamela J. McKeown - Secretary & Treasurer	11,250	11,250	11,250	11,250	45,000	11,588	11,588	11,588	11,588	46,350	47,741	49,173	50,648
Total Wages	\$266,000	\$266,000	\$266,000	\$266,000	\$1,064,000	\$375,178	\$375,178	\$375,178	\$375,178	\$1,500,710	\$1,577,558	\$1,995,320	\$2,190,240
Total Staff	29.0	29.0	29.0	29.0	29.0	42.0	42.0	42.0	42.0	42.0	43.0	53.0	57.0
Total Wages (£K)	\$266	\$266	\$266	\$266	\$1,064	\$375	\$375	\$375	\$375	\$1,501	\$1,578	\$1,995	\$2,190

Table 3: Quarterly Projected Profit and Loss Statement

Projected Profit & Loss Statement													
	1Q	2Q	3Q	4Q	FY 2016	1Q	2Q	3Q	4Q	FY 2017	FY 2018	FY 2019	FY 2020
Sales	\$1,258,872	\$1,336,988	\$1,421,675	\$1,511,405	\$5,528,940	\$1,653,400	\$1,756,773	\$1,866,602	\$1,982,917	\$7,259,692	\$9,720,702	\$13,015,952	\$17,428,422
Direct Cost of Sales	126,467	134,330	142,861	151,897	555,554	166,192	176,607	187,677	199,401	729,877	977,303	1,308,602	1,752,224
Operations Payroll	163,750	163,750	163,750	163,750	655,000	269,860	269,860	269,860	269,860	1,079,440	1,111,823	1,515,612	1,628,611
Other	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Cost of Sales	290,217	298,080	306,611	315,647	1,210,554	436,052	446,467	457,537	469,261	1,809,317	2,089,126	2,824,214	3,380,835
Gross Margin	\$968,655	\$1,038,908	\$1,115,065	\$1,195,759	\$4,318,386	\$1,217,348	\$1,310,306	\$1,409,065	\$1,513,656	\$5,450,375	\$7,631,576	\$10,191,738	\$14,047,587
Gross Margin %	77%	78%	78%	79%	78%	74%	75%	75%	76%	75%	79%	78%	81%
Sales and Marketing Expenses													
Sales and Marketing Payroll	45,000	45,000	45,000	45,000	180,000	46,350	46,350	46,350	46,350	185,400	222,789	229,473	303,887
Advertising/Promotion	125,887	133,699	142,168	151,141	552,894	165,340	175,677	186,660	198,292	725,969	972,070	1,301,595	1,742,842
Travel	15,000	15,000	15,000	15,000	60,000	15,450	15,450	15,450	15,450	61,800	63,654	65,564	67,531
Miscellaneous	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Sales and Marketing Expenses	\$185,887	\$193,699	\$202,168	\$211,141	\$792,894	\$227,140	\$237,477	\$248,460	\$260,092	\$973,169	\$1,258,513	\$1,596,631	\$2,114,260
General and Administrative Expenses													
General and Administrative Payroll	16,500	16,500	16,500	16,500	66,000	16,995	16,995	16,995	16,995	67,980	70,019	72,120	74,284
Repair & Maintenance	12,000	12,000	12,000	12,000	48,000	12,360	12,360	12,360	12,360	49,440	50,923	52,451	54,024
Rent	6,000	6,000	6,000	6,000	24,000	6,180	6,180	6,180	6,180	24,720	25,462	26,225	27,012
Business Supplies	600	600	600	600	2,400	618	618	618	618	2,472	2,546	2,623	2,701
Utilities	1,200	1,200	1,200	1,200	4,800	1,236	1,236	1,236	1,236	4,944	5,092	5,245	5,402
Insurance	3,000	3,000	3,000	3,000	12,000	3,090	3,090	3,090	3,090	12,360	12,731	13,113	13,506
Payroll Taxes, Insurance, Benefits	26,600	26,600	26,600	26,600	106,400	37,518	37,518	37,518	37,518	150,071	157,756	199,532	219,024
Miscellaneous	3,000	3,000	3,000	3,000	12,000	3,090	3,090	3,090	3,090	12,360	12,731	13,113	13,506
Total General and Administrative Expenses	\$68,900	\$68,900	\$68,900	\$68,900	\$275,600	\$81,087	\$81,087	\$81,087	\$81,087	\$324,347	\$337,260	\$384,421	\$409,460
Other Expenses													
Executives Payroll	40,750	40,750	40,750	40,750	163,000	41,973	41,973	41,973	41,973	167,890	172,927	178,115	183,458
Audit Fees	0	0	0	50,000	50,000	0	0	0	51,500	51,500	53,045	54,636	56,275
Professional Fee (Legal, Taxation, etc.)	30,000	30,000	30,000	30,000	120,000	30,900	30,900	30,900	30,900	123,600	127,308	131,127	135,061
Total Other Expenses	\$70,750	\$70,750	\$70,750	\$120,750	\$333,000	\$72,873	\$72,873	\$72,873	\$124,373	\$342,990	\$353,280	\$363,878	\$374,794
Total Operating Expenses	\$325,537	\$333,349	\$341,818	\$400,791	\$1,401,494	\$381,099	\$391,437	\$402,419	\$465,551	\$1,640,506	\$1,949,053	\$2,344,931	\$2,898,515
EBITDA	\$643,118	\$705,559	\$773,247	\$794,968	\$2,916,892	\$836,249	\$918,869	\$1,006,646	\$1,048,105	\$3,809,869	\$5,682,523	\$7,846,807	\$11,149,072
Interest Expense	18,524	22,543	16,294	9,576	66,937	2,404	0	0	0	2,404	0	0	0
Depreciation	3,626	5,439	5,439	5,439	19,943	5,439	5,439	5,439	5,439	21,756	21,756	21,756	21,756
Provision for Taxes	0	0	0	849,003	849,003	0	0	0	1,135,713	1,135,713	1,698,230	2,347,515	3,338,195
Net Earnings	\$620,968	\$677,577	\$751,514	(\$69,050)	\$1,981,008	\$828,405	\$913,430	\$1,001,207	(\$93,046)	\$2,649,996	\$3,962,537	\$5,477,536	\$7,789,121
Net Margin	49%	51%	53%	-5%	36%	50%	52%	54%	-5%	37%	41%	42%	45%
Profit attributable to shareholders	\$620,968	\$677,577	\$751,514	(\$69,050)	\$1,981,008	\$828,405	\$913,430	\$1,001,207	(\$93,046)	\$2,649,996	\$3,962,537	\$5,477,536	\$7,789,121
Common Shares Outstanding	322,457,913	322,457,913	322,457,913	322,457,913	322,457,913	322,457,913	322,457,913	322,457,913	322,457,913	322,457,913	322,457,913	322,457,913	322,457,913
Earnings per Share	\$0.0019	\$0.0021	\$0.0023	-\$0.0002	\$0.0061	\$0.0026	\$0.0028	\$0.0031	-\$0.0003	\$0.0082	\$0.0123	\$0.0170	\$0.0242

Table 4: Quarterly Projected Cash Flow

Projected Cash Flow													
	1Q	2Q	3Q	4Q	FY 2016	1Q	2Q	3Q	4Q	FY 2017	FY 2018	FY 2019	FY 2020
Cash From Operating Activities													
Cash Received from Sales	629,436	668,494	710,838	755,703	2,764,470	826,700	878,387	933,301	991,458	3,629,846	4,860,351	6,507,976	8,714,211
Cash from Receivables	415,408	655,135	696,413	740,470	2,507,425	802,605	860,787	914,644	971,705	3,549,740	4,455,322	5,965,645	7,988,027
Sales Tax, VAT, HST/GST Received	52,242	66,181	70,363	74,809	263,595	81,465	86,959	92,397	98,158	358,979	465,784	623,681	835,112
Other Cash Received	0	0	0	0	0	0	0	0	0	0	0	0	0
Direct Cost of Sales	(126,467)	(134,330)	(142,861)	(151,897)	(555,554)	(166,192)	(176,607)	(187,677)	(199,401)	(729,877)	(977,303)	(1,308,602)	(1,752,224)
Advertising/Promotion Expenses	(125,887)	(133,699)	(142,168)	(151,141)	(552,894)	(165,340)	(175,677)	(186,660)	(198,292)	(725,969)	(972,070)	(1,301,595)	(1,742,842)
Payroll Expenses	(266,000)	(266,000)	(266,000)	(266,000)	(1,064,000)	(375,178)	(375,178)	(375,178)	(375,178)	(1,500,710)	(1,577,558)	(1,995,320)	(2,190,240)
Other Operating Expenses	(97,400)	(97,400)	(97,400)	(147,400)	(439,600)	(110,442)	(110,442)	(110,442)	(161,942)	(493,267)	(511,248)	(563,629)	(594,044)
Sales Tax, VAT, HST/GST Paid Out	(52,242)	(66,181)	(70,363)	(74,809)	(263,595)	(81,465)	(86,959)	(92,397)	(98,158)	(358,979)	(465,784)	(623,681)	(835,112)
Subtotal Cash from Operating Activities	429,090	692,200	758,822	779,736	2,659,847	812,153	901,270	987,988	1,028,352	3,729,763	5,277,494	7,304,476	10,422,888
Interest Paid	(18,524)	(22,543)	(16,294)	(9,576)	(66,937)	(2,404)	0	0	0	(2,404)	0	0	0
Provision for Taxes	0	0	0	(849,003)	(849,003)	0	0	0	(1,135,713)	(1,135,713)	(1,698,230)	(2,347,515)	(3,338,195)
Net Cash from Operating Activities	\$410,566	\$669,656	\$742,528	(\$78,844)	\$1,743,906	\$809,749	\$901,270	\$987,988	(\$107,361)	\$2,591,646	\$3,579,264	\$4,956,960	\$7,084,693
Cash flow from Investing Activities													
Sale of Current Assets	0	0	0	0	0	0	0	0	0	0	0	0	0
Sale of Long-term Assets	0	0	0	0	0	0	0	0	0	0	0	0	0
Purchase of Current Assets	0	0	0	0	0	0	0	0	0	0	0	0	0
Purchase of Long-term Assets	(408,000)	0	0	0	(408,000)	0	0	0	0	0	0	0	0
Net Cash flow from Investing Activities	(\$408,000)	\$0	\$0	\$0	(\$408,000)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Cash flow from Financing Activities													
New Current Borrowings	0	0	0	0	0	0	0	0	0	0	0	0	0
New Long-term Borrowings	0	0	0	0	0	0	0	0	0	0	0	0	0
New Investment Received	500,000	0	0	0	500,000	0	0	0	0	0	0	0	0
Other Liabilities Received	0	0	0	0	0	0	0	0	0	0	0	0	0
Principal Repayment of Current Borrowings	(60,864)	(81,329)	(87,423)	(93,981)	(323,597)	(99,014)	(791)	0	0	(99,806)	0	0	0
Principal Repayment of Long-term Borrowings	0	0	0	0	0	0	0	0	0	0	0	0	0
Other Liabilities Payback	0	0	0	0	0	0	0	0	0	0	0	0	0
Dividends	0	0	0	0	0	0	0	0	0	0	0	0	0
Net Cash flow from Financing Activities	\$439,136	(\$81,329)	(\$87,423)	(\$93,981)	\$176,403	(\$99,014)	(\$791)	\$0	\$0	(\$99,806)	\$0	\$0	\$0
Net Cash Flow	\$441,702	\$588,327	\$655,105	(\$172,825)	\$1,512,309	\$710,734	\$900,478	\$987,988	(\$107,361)	\$2,491,840	\$3,579,264	\$4,956,960	\$7,084,693
Cash Balance at the End of the Period	\$485,695	\$1,074,022	\$1,729,127	\$1,556,302	\$1,556,302	\$2,267,036	\$3,167,515	\$4,155,503	\$4,048,142	\$4,048,142	\$7,627,406	\$12,584,366	\$19,669,059

Table 5: Quarterly Projected Balance Sheet

Projected Balance Sheet													
	1Q	2Q	3Q	4Q	FY 2016	1Q	2Q	3Q	4Q	FY 2017	FY 2018	FY 2019	FY 2020
Assets													
Current Assets													
Cash	485,695	1,074,022	1,729,127	1,556,302	1,556,302	2,267,036	3,167,515	4,155,503	4,048,142	4,048,142	7,627,406	12,584,366	19,669,059
Accounts Receivable	231,533	244,893	259,318	274,550	274,550	298,646	316,245	334,903	354,656	354,656	759,685	1,302,017	2,028,201
Other Current Assets	14,351	14,351	14,351	14,351	14,351	14,351	14,351	14,351	14,351	14,351	14,351	14,351	14,351
Total Current Assets	731,579	1,333,266	2,002,796	1,845,203	1,845,203	2,580,033	3,498,111	4,504,756	4,417,149	4,417,149	8,401,442	13,900,734	21,711,611
Long-term Assets													
Long-term Assets	408,000	408,000	408,000	408,000	408,000	408,000	408,000	408,000	408,000	408,000	408,000	408,000	408,000
Accumulated Depreciation	3,626	9,065	14,504	19,943	19,943	25,382	30,821	36,260	41,699	41,699	63,455	85,211	106,967
Total Long-term Assets	404,374	398,935	393,496	388,057	388,057	382,618	377,179	371,740	366,301	366,301	344,545	322,789	301,033
Total Assets	\$1,135,953	\$1,732,201	\$2,396,292	\$2,233,260	\$2,233,260	\$2,962,651	\$3,875,290	\$4,876,496	\$4,783,450	\$4,783,450	\$8,745,987	\$14,223,523	\$22,012,644
Liabilities and Equity													
Current Liabilities													
Accounts Payable	155,867	155,867	155,867	155,867	155,867	155,867	155,867	155,867	155,867	155,867	155,867	155,867	155,867
Current Borrowing	362,539	281,210	193,787	99,806	99,806	791	0	0	0	0	0	0	0
Other Liabilities	682,506	682,506	682,506	682,506	682,506	682,506	682,506	682,506	682,506	682,506	682,506	682,506	682,506
Total Current Liabilities	1,200,912	1,119,583	1,032,160	938,179	938,179	839,164	838,373	838,373	838,373	838,373	838,373	838,373	838,373
Total Long Term Liabilities	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Liabilities	1,200,912	1,119,583	1,032,160	938,179	938,179	839,164	838,373	838,373	838,373	838,373	838,373	838,373	838,373
Shareholder's Equity													
Paid-in Capital	322,458	322,458	322,458	322,458	322,458	322,458	322,458	322,458	322,458	322,458	322,458	322,458	322,458
Additional Paid-in Capital	3,782,952	3,782,952	3,782,952	3,782,952	3,782,952	3,782,952	3,782,952	3,782,952	3,782,952	3,782,952	3,782,952	3,782,952	3,782,952
Deferred Stock Compensation	-75,955	-75,955	-75,955	-75,955	-75,955	-75,955	-75,955	-75,955	-75,955	-75,955	-75,955	-75,955	-75,955
Retained Earnings	-4,094,414	-3,416,837	-2,665,323	-2,734,374	-2,734,374	-1,905,968	-992,538	8,669	-84,378	-84,378	3,878,159	9,355,695	17,144,816
Total Equity	-64,959	612,618	1,364,132	1,295,081	1,295,081	2,123,487	3,036,917	4,038,123	3,945,077	3,945,077	7,907,614	13,385,150	21,174,271
Total Liabilities and Equity	\$1,135,953	\$1,732,201	\$2,396,292	\$2,233,260	\$2,233,260	\$2,962,651	\$3,875,290	\$4,876,496	\$4,783,450	\$4,783,450	\$8,745,987	\$14,223,523	\$22,012,644
Net Worth	(\$64,959)	\$612,618	\$1,364,132	\$1,295,081	\$1,295,081	\$2,123,487	\$3,036,917	\$4,038,123	\$3,945,077	\$3,945,077	\$7,907,614	\$13,385,150	\$21,174,271



Contact Information

To request further information about the company, products and services, and for investment-related quires, please do not hesitate to contact the following persons using the listed web links or meet in person at the given address.

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