

## INDUSTRY WATER FILTRATION

### 3-YEAR FORECAST

**Dated Oct. 1, 2017**

<b>Revenue</b>	<b>CY 2018</b>	<b>CY 2019</b>	<b>CY 2020</b>	<b>TOTAL</b>
Sales of Model 200	1,140,000	4,750,000	7,600,000	13,490,000
Sales of Model 300	650,000	1,040,000	1,690,000	3,380,000
Lease/Option Model 200	64,000	64,000	80,000	208,000
Lease/Option Model 300	64,000	64,000	80,000	208,000
<b>Sub Total Revenue</b>	<b>1,918,000</b>	<b>5,918,000</b>	<b>9,450,000</b>	<b>17,286,000</b>
<b>Cost of Doing Business</b>				
Cost to Manufacture	200,000	942,000.00	1,488,000.00	2,630,000
Commissions	107,400	347,400.00	557,400.00	1,012,200
Media Advertising	6,000	12,000	12,000	30,000
Trade Shows	6,000	21,000	30,000	57,000
Engineering	12,000	-	-	12,000
<b>Sub Total Cost of Doing Business</b>	<b>331,400</b>	<b>1,322,400</b>	<b>2,087,400</b>	<b>3,741,200</b>
<b>Fixed Expenses</b>				
Facility Rental	12,150	16,200	16,200	44,550
Utilities	4,500	6,000	6,000	16,500
Temps	16,000	16,000	16,000	48,000
Assembly, Field Service Personnel	60,000	145,000	225,000	225,000
Management Payroll	180,000	240,000	240,000	660,000
<b>Total Expenses</b>	<b>272,650</b>	<b>423,200</b>	<b>503,200</b>	<b>1,199,050</b>
<b>FORECAST EBITDA</b>	<b>1,313,950</b>	<b>4,172,400</b>	<b>6,859,400</b>	<b>12,345,750</b>
By %	68.51%	70.50%	72.59%	71.42%

**INDUSTRY WATER FILTRATION**  
**12-Month Profit & Loss Proforma 2018**

**Dated Oct. 1, 2017**

REVENUE	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Total
Sales of Model 200			\$0	\$95,000	\$190,000	\$95,000	\$95,000	\$190,000	\$190,000	\$380,000	\$190,000	\$190,000	\$1,615,000
Sales of Model 300			\$0	\$65,000	\$65,000	\$130,000	\$65,000	\$130,000	\$130,000	\$260,000	\$130,000	\$130,000	\$1,105,000
Sub Total			\$0	\$160,000	\$255,000	\$225,000	\$160,000	\$320,000	\$320,000	\$640,000	\$320,000	\$320,000	\$2,720,000
Lease/Option Model 200			\$0	\$3,000	\$6,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000
Lease/Option Model 300			\$0	\$2,000	\$4,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000
Running Total Lease Income:			\$0	\$5,000	\$15,000	\$20,000	\$25,000	\$30,000	\$35,000	\$40,000	\$45,000	\$50,000	\$50,000
<b>TOTAL REVENUE</b>			\$0	\$165,000	\$265,000	\$230,000	\$165,000	\$325,000	\$325,000	\$645,000	\$325,000	\$325,000	\$2,770,000
<b>Cost of Doing Business</b>													
Cost to Manufacture			\$0.00	\$111,000.00	\$111,000.00	\$66,000.00	\$54,000.00	\$81,000.00	\$81,000.00	\$108,000.00	\$54,000.00	\$54,000.00	\$720,000.00
Commissions			\$0.00	\$0.00	\$15,900.00	\$13,800.00	\$9,900.00	\$19,500.00	\$19,500.00	\$38,700.00	\$19,500.00	\$19,500.00	\$156,300.00
Media Advertising	\$500.00		\$500.00	\$500.00	\$500.00	\$500.00	\$500.00	\$500.00	\$500.00	\$500.00	\$500.00	\$500.00	\$5,500.00
Trade Shows							\$7,000.00					\$12,000.00	\$19,000.00
<b>Sub Total of COGS</b>	\$0.00	\$500.00	\$500.00	\$111,500.00	\$127,400.00	\$80,300.00	\$71,400.00	\$101,000.00	\$101,000.00	\$147,200.00	\$74,000.00	\$86,000.00	\$900,800.00
<b>GROSS OPERATING PROFIT</b>	<b>\$0.00</b>	<b>-\$500.00</b>	<b>-\$500.00</b>	<b>\$53,500.00</b>	<b>\$137,600.00</b>	<b>\$149,700.00</b>	<b>\$93,600.00</b>	<b>\$224,000.00</b>	<b>\$224,000.00</b>	<b>\$497,800.00</b>	<b>\$251,000.00</b>	<b>\$239,000.00</b>	<b>\$1,869,200.00</b>
<b>SGA &amp; Expenses</b>													
Expenses & Overhead	\$0.00	\$3,000.00	\$3,500.00	\$4,430.00	\$4,430.00	\$4,430.00	\$4,430.00	\$4,430.00	\$4,430.00	\$4,430.00	\$4,430.00	\$4,430.00	\$46,370.00
Total Payroll & Indp. Contractors	\$0.00	\$5,000.00	\$5,000.00	\$15,000.00	\$20,000.00	\$25,000.00	\$32,999.00	\$40,999.00	\$32,999.00	\$32,999.00	\$42,999.00	\$42,999.00	\$295,994.00
Total of SGA & Expenses	\$0.00	\$8,000.00	\$8,500.00	\$19,430.00	\$24,430.00	\$29,430.00	\$37,429.00	\$45,429.00	\$37,429.00	\$37,429.00	\$47,429.00	\$47,429.00	\$342,364.00
<b>EBITDA</b>	<b>\$0.00</b>	<b>-\$8,500.00</b>	<b>-\$9,000.00</b>	<b>\$34,070.00</b>	<b>\$113,170.00</b>	<b>\$120,270.00</b>	<b>\$56,171.00</b>	<b>\$178,571.00</b>	<b>\$186,571.00</b>	<b>\$460,371.00</b>	<b>\$203,571.00</b>	<b>\$191,571.00</b>	<b>\$1,526,836.00</b>

**Freedom Leaf Inc.**

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**INDUSTRY WATER FILTRATION**  
**Number of Tools Manufactured and Sold**

Dated Oct. 1, 2017

<b>#Tools Made</b>	<b>Oct</b>	<b>Nov</b>	<b>Dec</b>	<b>Jan</b>	<b>Feb</b>	<b>Mar</b>	<b>Apr</b>	<b>May</b>	<b>Jun</b>	<b>Jul</b>	<b>Aug</b>	<b>Sep</b>	<b>Total</b>
Model 200	-	-	-	3	3	1	1	2	2	4	2	2	20
Model 300	-	-	-	1	1	2	1	2	2	4	2	2	17
Lease/Option Model 200	-	-	-	2	2	1	1	1	1	-	-	-	8
Lease/Option Model 300	-	-	-	2	2	1	1	1	1	-	-	-	8
<b>TOTAL</b>				<b>8</b>	<b>8</b>	<b>5</b>	<b>4</b>	<b>6</b>	<b>6</b>	<b>8</b>	<b>4</b>	<b>4</b>	<b>53</b>

**Cost to Manufacture**      \$0    \$111,000    \$111,000    \$66,000    \$54,000    \$81,000    \$81,000    \$108,000    \$54,000    \$54,000    \$720,000

<b>#Tools Sold or Leased</b>	<b>Oct</b>	<b>Nov</b>	<b>Dec</b>	<b>Jan</b>	<b>Feb</b>	<b>Mar</b>	<b>Apr</b>	<b>May</b>	<b>Jun</b>	<b>Jul</b>	<b>Aug</b>	<b>Sep</b>	<b>Total</b>	
Model 200				-	1	2	1	1	2	2	4	2	2	17
Model 300				-	1	1	2	1	2	2	4	2	2	17
Lease/Option Model 200				-	2	2	1	1	1	1	-	-	-	8
Lease/Option Model 300				-	1	2	1	1	1	1	-	-	-	7
Leases Ended/Cancel'd				-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>				-	5	7	5	4	6	6	8	4	4	49

## INDUSTRY WATER FILTRATION

### USE OF CAPITAL

Dated Oct. 1, 2017

Use of Funds	Target
Fundraise	100,000.00
Maximum Cost of Fund Raise (Savings converted to Reserves)	0.00
Net Proceeds to the Company	<u>100,000.00</u>
Nov Burn	3,000.00
Dec Burn	2,000.00
Jan Burn	5,000.00
Facility Rental	4,050.00
Manufacturing	45,000.00
Tools, Test&Assembly Equipment	3,000.00
Trade Show Booth, Models	8,000.00
Travel	6,000.00
Marketing and Branding	4,000.00
Inventory	0.00
Training, Compliance, Communication	<u>500.00</u>
Sub Total	<u>80,550.00</u>
Reserves	<u>19,450.00</u>
Total	100,000.00

## INDUSTRY WATER FILTRATION

### 12-Month Cash Flow

Dated Oct. 1, 2017

CASH IN	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	
Cash Starting Balance				\$100,000.00									
Sales of Model 200			\$0.00	\$95,000.00	\$190,000.00	\$95,000.00	\$95,000.00	\$190,000.00	\$190,000.00	\$380,000.00	\$190,000.00	\$190,000.00	
Sales of Model 300			\$0.00	\$65,000.00	\$65,000.00	\$130,000.00	\$65,000.00	\$130,000.00	\$130,000.00	\$260,000.00	\$130,000.00	\$130,000.00	
Lease/Option Model 200			\$0.00	\$3,000.00	\$6,000.00	\$3,000.00	\$3,000.00	\$3,000.00	\$3,000.00	\$3,000.00	\$3,000.00	\$3,000.00	
Lease/Option Model 300			\$0.00	\$2,000.00	\$4,000.00	\$2,000.00	\$2,000.00	\$2,000.00	\$2,000.00	\$2,000.00	\$2,000.00	\$2,000.00	
<b>TOTAL CASH-IN</b>			<b>\$100,000.00</b>	<b>\$0.00</b>	<b>\$165,000.00</b>	<b>\$265,000.00</b>	<b>\$230,000.00</b>	<b>\$165,000.00</b>	<b>\$325,000.00</b>	<b>\$325,000.00</b>	<b>\$645,000.00</b>	<b>\$325,000.00</b>	<b>\$325,000.00</b>
<b>CASH OUT</b>													
Cost to Manufacture				\$0.00	\$111,000.00	\$111,000.00	\$66,000.00	\$54,000.00	\$81,000.00	\$81,000.00	\$108,000.00	\$54,000.00	\$54,000.00
Media Advertising		\$500.00		\$500.00	\$500.00	\$500.00	\$500.00	\$500.00	\$500.00	\$500.00	\$500.00	\$500.00	
Trade Shows							\$7,000.00						\$12,000.00
Expenses & Overhead	\$0.00	\$3,000.00	\$3,500.00	\$4,430.00	\$4,430.00	\$4,430.00	\$4,430.00	\$4,430.00	\$4,430.00	\$4,430.00	\$4,430.00	\$4,430.00	
Total Payroll & Indep. Contractors	\$0.00	\$5,000.00	\$5,000.00	\$15,000.00	\$20,000.00	\$25,000.00	\$32,999.00	\$40,999.00	\$32,999.00	\$32,999.00	\$42,999.00	\$42,999.00	
<b>Sub Total CASH OUT</b>		<b>\$0.00</b>	<b>\$8,500.00</b>	<b>\$9,000.00</b>	<b>\$130,930.00</b>	<b>\$135,930.00</b>	<b>\$95,930.00</b>	<b>\$98,929.00</b>	<b>\$126,929.00</b>	<b>\$118,929.00</b>	<b>\$145,929.00</b>	<b>\$101,929.00</b>	<b>\$113,929.00</b>
<b>CASH BALANCE</b>													

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**INDUSTRY WATER FILTRATION**  
**Payroll Worksheet**  
**Dated Oct. 1, 2017**

<b>Summary of Staff Payroll</b>	<b>Oct</b>	<b>Nov</b>	<b>Dec</b>	<b>Jan</b>	<b>Feb</b>	<b>Mar</b>	<b>Apr</b>	<b>May</b>	<b>Jun</b>	<b>Jul</b>	<b>Aug</b>	<b>Sep</b>	<b>Total</b>
President	-	5,000	5,000	5,000	7,500	7,500	7,500	10,000	10,000	15,000	15,000	15,000	102,500
CEO	-	-	5,000	5,000	7,500	7,500	7,500	10,000	10,000	15,000	15,000	15,000	97,500
Engineering VP	-	2,500	2,500	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	50,000
Senior Technician		6,666	6,666	6,666	6,666	6,666	6,666	6,666	6,666	6,666	6,666	6,666	73,326
Clerical	-	-	1,333	1,333	1,333	1,333	1,333	1,333	1,333	1,333	1,333	1,333	13,330
Sub Total	-	14,166	20,499	22,999	27,999	27,999	27,999	32,999	32,999	42,999	42,999	42,999	336,656
Employee Taxes, etc.													
Total Employee Expenses	-	14,166	20,499	22,999	27,999	27,999	27,999	32,999	32,999	42,999	42,999	42,999	336,656
<b>Contractors</b>													
Mecchanical Engineer		12,000	-	-	-	-	6,000	-	-	-	-	-	18,000
Web Master	500	-	-	-	-	-	500	-	-	-	-	-	1,000
Ad Production	500	1,000	-	-	-	-	1,500	-	-	-	-	-	3,000
<b>Sub Total all Contractors</b>	1,000	13,000	-	-	-	-	8,000	-	-	-	-	-	22,000
<b>Total for Employees &amp; Contractors</b>	1,000	27,166	20,499	22,999	27,999	27,999	35,999	32,999	32,999	42,999	42,999	42,999	358,656

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**INDUSTRY WATER FILTRATION**  
**12-Month Expense Worksheet**  
**Dated Oct. 1, 2017**

<b>FIXED EXPENSES</b>	<b>Oct</b>	<b>Nov</b>	<b>Dec</b>	<b>Jan</b>	<b>Feb</b>	<b>Mar</b>	<b>Apr</b>	<b>May</b>	<b>Jun</b>	<b>Jul</b>	<b>Aug</b>	<b>Sep</b>	<b>Total</b>
Fixed marketing expenses	\$0.00	\$500.00	\$500.00	\$500.00	\$500.00	\$500.00	\$500.00	\$500.00	\$500.00	\$500.00	\$500.00	\$500.00	\$5,500.00
Fixed travel	\$0.00	\$500.00	\$500.00	\$500.00	\$500.00	\$500.00	\$500.00	\$500.00	\$500.00	\$500.00	\$500.00	\$500.00	\$5,500.00
Insurance	\$0.00	\$300.00	\$300.00	\$300.00	\$300.00	\$300.00	\$300.00	\$300.00	\$300.00	\$300.00	\$300.00	\$300.00	\$3,300.00
Internet	\$0.00	\$30.00	\$30.00	\$30.00	\$30.00	\$30.00	\$30.00	\$30.00	\$30.00	\$30.00	\$30.00	\$30.00	\$330.00
NV Office	\$0.00	\$1,350.00	\$1,350.00	\$1,350.00	\$1,350.00	\$1,350.00	\$1,350.00	\$1,350.00	\$1,350.00	\$1,350.00	\$1,350.00	\$1,350.00	\$14,850.00
Office supplies	\$0.00	\$100.00	\$50.00	\$50.00	\$50.00	\$50.00	\$50.00	\$50.00	\$50.00	\$50.00	\$50.00	\$50.00	\$600.00
Telephone/Communications	\$0.00	\$400.00	\$400.00	\$400.00	\$400.00	\$400.00	\$400.00	\$400.00	\$400.00	\$400.00	\$400.00	\$400.00	\$4,400.00
Utilities	\$0.00	\$300.00	\$300.00	\$300.00	\$300.00	\$300.00	\$300.00	\$300.00	\$300.00	\$300.00	\$300.00	\$300.00	\$3,300.00
Accounting & Professional fees	\$0.00	\$1,000.00	\$1,000.00	\$1,000.00	\$1,000.00	\$1,000.00	\$1,000.00	\$1,000.00	\$1,000.00	\$1,000.00	\$1,000.00	\$1,000.00	\$11,000.00
<b>Total Fixed Expenses</b>	<b>\$0.00</b>	<b>\$4,480.00</b>	<b>\$4,430.00</b>	<b>\$48,780.00</b>									

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