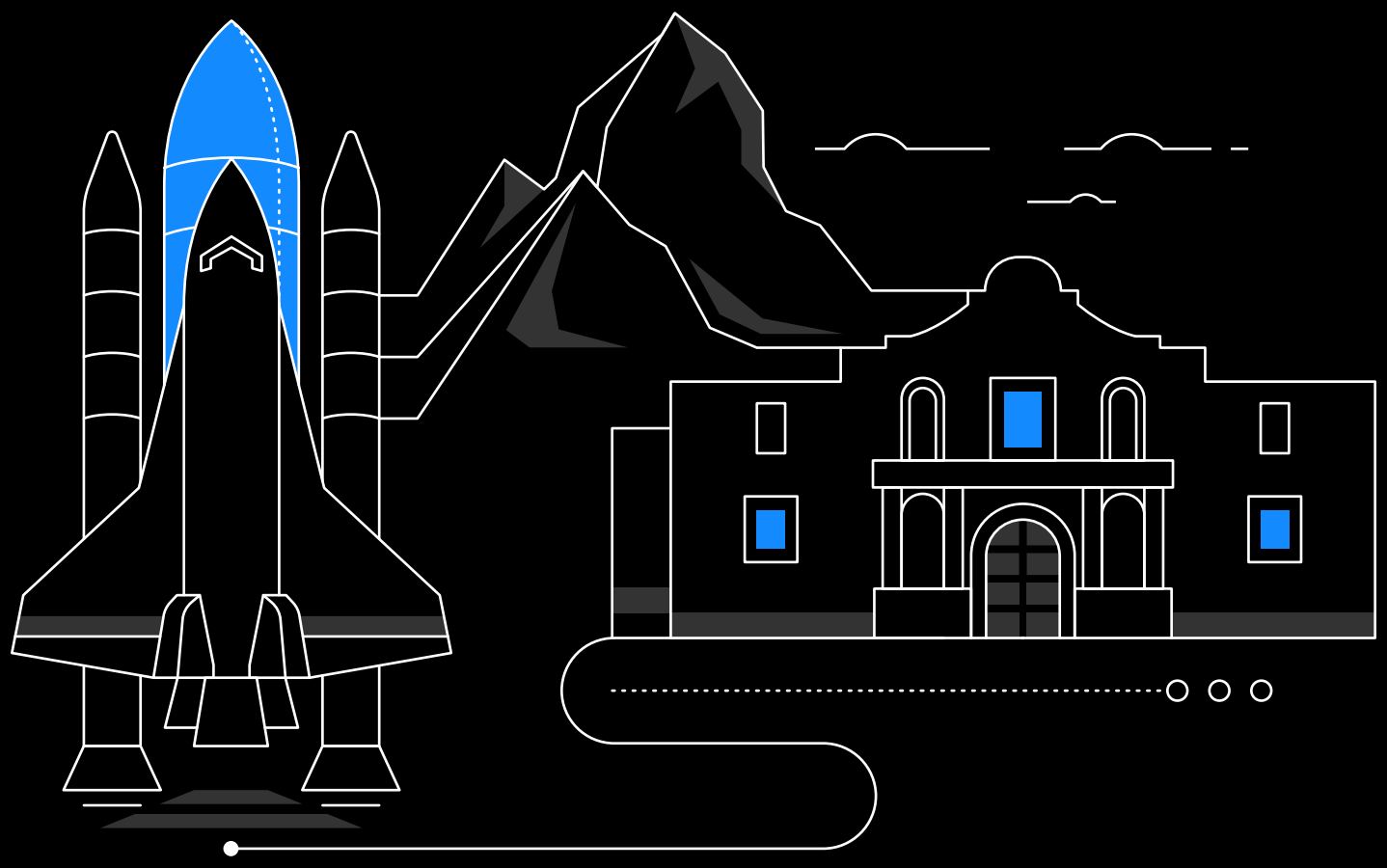
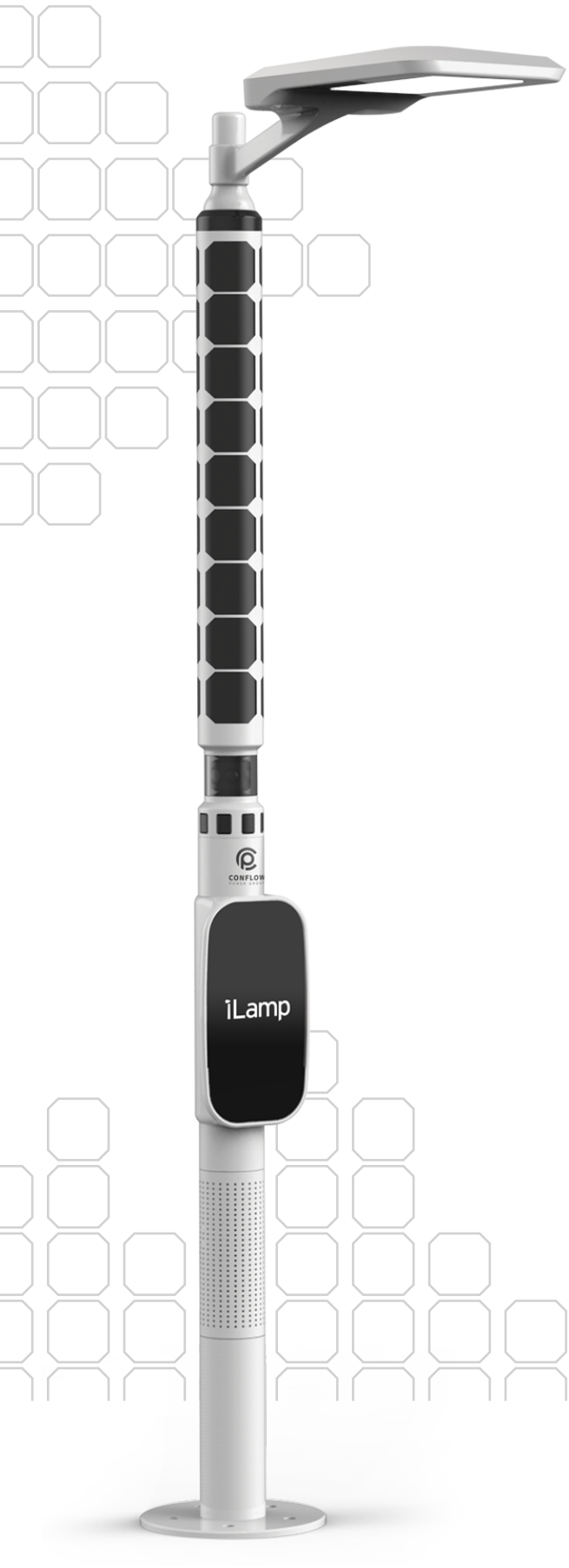
iLamp



Sublicense Report for Sugar Land

Terms of license

See attached draft sublicense agreement.



Introduction

Texas's commitment to mitigating climate change, embodied in legislative actions like House Bill 2021, has led to an increasing demand for sustainable and energy-efficient technologies. iLamp's LED streetlight systems are an innovative solution in this scenario, combining modern lighting technology with renewable energy sources and intelligent modules for various urban needs.

Market Analysis

The city of Sugar Land, Texas, with a current population of approximately 109,414, presents a significant market opportunity for iLamp's intelligent streetlight systems. According to the Northeast Energy Efficiency Partnerships (NEEP) formula of one public streetlight for every eight people, Sugar Land should ideally have about 9,519 public streetlights. However, many of these streetlights still use high pressure sodium bulbs indicating an acute need and an increased opportunity to replace the existing infrastructure with advanced, energy-efficient streetlights.

In addition to the public demand, the private sector also offers a sizable market. The requirement for private streetlights, such as those in car parks and private developments over the next 3 years, is estimated to add another 1,094 units. Consequently, the total potential market for iLamps in Sugar Land, considering both the public and private sectors, could be as high as 10,613 units (9,519 to replace existing public streetlights, and 1,094 for private use).

Given the current market conditions and considering the legislative push for sustainable solutions, the demand for iLamp's intelligent, energy-efficient, smart, sustainable lighting solution is expected to rise. Despite the presence of traditional lighting systems, the unique offering of iLamp, combined with its potential for job creation and positive environmental impact, strengthens its market proposition.

Forecast

We have projected a linear increase in market capture over three years, reaching 10% of the total potential market by the end of year 3:

- **First Year:**
  3.33% of the market, approximately 353 iLamps
- **Second Year:**
  6.67% of the market, approximately 706 iLamps
- **Third Year:**
  10% of the market, approximately 1,059 iLamps

Financial Projection

The first-year cost of each iLamp, including royalties, is $5,000. With a selling price of $9,000, the gross profit per unit is $4,000. In the first year of active trading, this translates to a total gross profit of $1,412,000.

From the second year onwards, the cost per iLamp reduces to $4,500, leading to a gross profit of $4,500 per unit. This results in gross profits of $3,117,000 in the second year and $4,765,500 in the third year.

Over a span of three years, the total gross profit is projected to be approximately $9,294,500.