Coffee Overview

April 2016
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Something changed.....

Technology
Infrastructure
Financial/Payment Structures

Old Systems

New Systems
What is changing in developing markets.....
... creating opportunity for new business models.

<table>
<thead>
<tr>
<th>New Business Models based on:</th>
<th>Old business models based on:</th>
</tr>
</thead>
<tbody>
<tr>
<td>✓ Increasing access to Electricity</td>
<td>No Electricity</td>
</tr>
<tr>
<td>✓ Cell/Smart Phones</td>
<td>No Phone</td>
</tr>
<tr>
<td>✓ Mobile Payment</td>
<td>Cash Payments</td>
</tr>
<tr>
<td>✓ Digital Currency</td>
<td>No Capital</td>
</tr>
<tr>
<td>✓ Active Microfinance/ SME Lending</td>
<td>Only Foreign Markets</td>
</tr>
<tr>
<td>✓ Growing Domestic Markets for Goods</td>
<td>Existing Supply Chain</td>
</tr>
</tbody>
</table>
The new normal in emerging economies.....

Smart Phone Penetration

Mobile Payment Adoption

Domestic Market Growth

Internet of Things (IoT)

Microfinance Growth
BEXT360 Example: Coffee farmer…

- They have to sell their coffee at prices dictated by the intermediaries. They are often forced to sell to middlemen who pay them half the market price, generally about $0.14 per KG.

- Within the global value chain, most of the money is made after the beans have reached the developed economies.

- Cost of drinking coffee each day in the USA equals ~$1,200. Average income of coffee farmer globally equals ~$1,000.

- Coffee growers today receive < 10% of the price that consumers in rich countries pay for coffee. In the 1980s their share was almost twice that: 21%.

Coffee Farmer

- Coffee farms are the economic livelihood of over 25 million farmers in Africa, Asia and South America. It is estimated over 100 million people (farmers and their families) globally rely on coffee farming for their livelihood.

- Most small farmers sell directly to middlemen exporters who are commonly referred to as coyotes. These coyotes are known to take advantage of small farmers, paying them below market price for their harvests and keeping a high percentage for themselves.

Coffee

- After crude oil, coffee is the most sought commodity in the world. Global market size over $100 Billion per year. Exporting alone is greater than $20 Billion

- "Fair trade" coffee is still a small portion of the market, but it is the most popular fair trade commodity in the world.
Developing Economy Structure – the structure around the farmer.

Community Structure

- Churches
- Schools
- Hospitals
- Power
- Internet

Government Structure

- Taxes
- Land Owner
- Cooperative (Coop)
General Technology Overview

1. Seller – Coffee Farmer
   20kG Coffee for Sale

2. Farmer uses BEXTcoffee App to find BEXTcoffee Machine
General Technology Overview

Seller – Coffee Farmer
20kG Coffee for Sale

Collector Inspects and Places coffee into Machine

Collector weighs and analyses coffee

bextmachine
coffee analysis, weight and price sent to bextsys

bextsys
General Technology Overview

Seller – Coffee Farmer
20kG Coffee for Sale

BextSys sends information
1) to Seller and
2) to Collector
General Technology Overview

1. Seller confirms sell
2. bextsys sends command to BextMachine to collect goods
3. BextMachine collects goods
4. Seller confirms collection

bextsys
bextmachine Collects
General Technology Overview

Seller Receives Payment

Taxes

Payment Collector

Collector Receives

bextpay

bextsys instructs bextpay to make payments to all stakeholders.

bext360
General Technology Overview

- Web Services
  - BEXTmachine
  - Raspberry Pi
  - Arduino/Intel

- Web Services Interface
  - bextsys

- Web Services
  - Data/ERP

- Web Services
  - bextsys

- bextpay

- Collector

- Bank
bextMachine – Prototype – Final Dimensions
Financing of Machines

Loan Guarantees

Export

Manufacture

“Technology”

Coffee Machine Company
In Developing Country
Manufacture

“Box”

Loans

Local Bank

Buyer
BREWKLYN

SME Loans

Collector

Purchase or Lease

Lease or Sell
### Fair Trade Coffee

<table>
<thead>
<tr>
<th>Process</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Farming</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Collection</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Washing</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Export</strong></td>
<td></td>
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</tbody>
</table>

#### Current
- **Market Price**
  - ~$200-$250/mT
- **Quality Bonus**
  - 10-13%
  - Foreign Aggregators
  - Foreign Buyers

#### Coop Current Fair Trade
- **Market Price**
  - ~$280/mT
- **Quality Bonus**
  - 15%
  - By Coop and Buying Partner
  - Foreign Buyer Remittance of “Quality Bonus” 2-3 Months after Collection

#### bext360 Phase 1
- **Market Price**
  - ~$280/mT
- **Quality Bonus**
  - 15%
  - By Coop and Local Entrepreneurs
  - Foreign Buyer Remittance of “Quality Bonus” instantly upon inspection

#### bext360 Phase 2
- **Market Price**
  - ~$600/mT
- **Quality Bonus**
  - 35%
  - By Coop and Local Entrepreneurs
  - Local Buyers for Roasting
BEXT360 impact:

**Farming**
- Current: 10-13% Market Price ~$200-$250/mT
- Collector: Micro-Finance $1,500
- Countries: Farmers, Export

**Collection**
- BEXT360 Collection Machines: 25% Market Price $480/mT
- Small Business: $5,000 Capital Equipment

**Processing**
- BEXT360 Hulling Machine: Land Owners, Schools, Hospitals
- Foreign Investment: Value added to countries agricultural products
- Automation

**Roasting**
- BEXT360 Roasting: 50% Market Price $1100/mT
- Industrial Enterprises: $Millions in Capital Equipment
- Delivery to local markets
… BEXT360 advantage to Stakeholders

Existing Supply Chain

- Payments delayed/Never Paid
- Goods go to Waste
- Long Distance to Collection Points
- Low Price for Goods
- Little or No Connection to Community

<table>
<thead>
<tr>
<th>Seller</th>
<th>BEXT360</th>
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<tbody>
<tr>
<td></td>
<td>Instant Payment for goods</td>
</tr>
<tr>
<td></td>
<td>Closer Collection Points</td>
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<tr>
<td></td>
<td>Higher Price for goods</td>
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<tr>
<td></td>
<td>Investment in Community (CHIPS)</td>
</tr>
<tr>
<td></td>
<td>Traceability of source and quality</td>
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<table>
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<tr>
<th>Collector</th>
<th>BEXT360</th>
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<tr>
<td></td>
<td>Local Person in Community</td>
</tr>
<tr>
<td></td>
<td>Has Capital to Purchase Equipment and Transportation</td>
</tr>
<tr>
<td></td>
<td>Investment in Community (CHIPS)</td>
</tr>
<tr>
<td></td>
<td>Can increase lending to community</td>
</tr>
</tbody>
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<table>
<thead>
<tr>
<th>Community</th>
<th>BEXT360</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Receives fund directly from the sell of goods</td>
</tr>
<tr>
<td></td>
<td>Direct investment in services the community needs</td>
</tr>
<tr>
<td></td>
<td>Active members of cooperative receive services – no freeloaders</td>
</tr>
<tr>
<td></td>
<td>School instead of work for children</td>
</tr>
</tbody>
</table>

- Person outside Community
- Not reliable
- Exploiting farmers because they have capital

- Not linked to the products produced in the community
- Are not rewarding active members of the community
- No Schools

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BEXT360 advantage to Stakeholders

Existing Supply Chain

- Poor quality of product
- Low visibility to supply
- Difficult to invest in community
- Exporting before adding value to commodities

Banks

- Difficult to collect payments for loans
- Hard to justify larger capital/longer term loans
- Low value/short-term loans
- No assets to collateralize the loans

Countries

- Most commodities exported without increasing the value
- Taxes difficult to collect
- Difficult to create small businesses
- Supply Chain full of corruption

- Higher Quality Product
- Invest in Community
- Provide sustainability programs/PPP
- Data on production
- Increase Value of Product in Country of Origin
- Traceability of source and quality

- Provide larger loans ($10,000)
- Create SME’s from Micro-Finance recipients
- Invest in long-term capital purchases
- Get paid interest and principle automatically
- Receive loan guarantees from Multilaterals

- Increase value of commodities produced in the country
- Automatic collection of taxes
- Increase investment (FDI) into critical industries
- Receive/increase loan guarantees from Multilaterals
- Increases Transparency/Decreases Corruption
Potential Applications…

**Collection**
- Agricultural
  - Coffee
  - Rubber
  - Palm Nuts
  - Cashews
  - Cocoa
- Artisanal Mining
  - COLTAN
  - Tin
  - Tungsten
  - Copper

**Distribution**
- Clean Water Systems
- Power Systems – Off-grid solar and Natural gas systems
- Medical Aide - Wholesale
- Milk Distribution
  - Roof-top Water

**Transportation**
- Cars
- Trucks
- Motorcycles
- Tuk-tuks

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## Implementation Strategy

<table>
<thead>
<tr>
<th></th>
<th>Type</th>
<th>Industry</th>
<th>Countries</th>
<th>Partner</th>
<th>Timing</th>
</tr>
</thead>
<tbody>
<tr>
<td>2nd</td>
<td>Collection</td>
<td>Cocoa</td>
<td>Indonesia</td>
<td>Mars Symbioscience</td>
<td>2017</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Ecuador</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3rd</td>
<td>Distribution</td>
<td>Water</td>
<td>Ecuador</td>
<td></td>
<td>2017</td>
</tr>
<tr>
<td>4th</td>
<td>Collection</td>
<td>Minerals</td>
<td>DRC/Rwanda</td>
<td></td>
<td>2018</td>
</tr>
<tr>
<td>5th</td>
<td>Transportation</td>
<td>Motorcycles</td>
<td>Kenya</td>
<td></td>
<td>2018</td>
</tr>
</tbody>
</table>
Daniel Jones — Founder and CEO

Dan is a US & Africa based entrepreneur with over 17 years of experience living and working in emerging and frontier markets including China, Democratic Republic of Congo (DRC) and India. He has professional roots in technology, electronic commerce and emerging economies. In 1991, Dan was with the Defense Intelligence Agency where he was a key architect and topology designer of the Joint Worldwide Intelligence Communications Systems (JWICS), the first TCP/IP system to transfer voice, video and data across Top Secret networks.

Dan has spent the last five years living in Kinshasa, DRC where he evaluated supply chains, structured and funded companies as CEO and founder of Pioneer Management. In DRC, he founded RAMIKA, the first US-owned company to successfully export conflict minerals from DRC to the US in compliance with supply chain and traceability requirements under the Dodd-Frank Act. In addition he structured the first private port facility to be constructed in the DRC.

Dan has a B.S. in Operations Research and Industrial Engineering from Cornell and an M.B.A. with concentrations in International Business, Finance and Business Strategy from the University of Chicago (Booth). He served as an Adjunct Professor of Strategic Management at the University of Chicago where his specialty was the impact of technology on Business Strategy.
Dean Kingston — Lead Engineer – Mechanical

Kingston has over 20 years experience as a mechanical engineer with a focus in electro-mechanical development. He has created robotic instruments for diagnostic products and plant automation projects in both the US and in Europe. In his current role as Director of Engineer and Manufacturing, Kingston oversees his company’s US patent portfolio. Kingston received a Bachelor of Science in Mechanical Engineering from Colorado State University.

David Mobley — Lead Engineer – Mobile Applications

Mobley has over 30 years experience in computer engineering. Currently, he serves as lead Android mobile developer for Tenacity Solutions, a contractor for the US intelligence community, where he designs and develops Java-based Android applications. Prior to his work in intelligence, Mobley worked for several Bay area technology companies. In addition to his knowledge of Android systems, he is proficient in iOS and other software systems, databases and computer languages. As regards his early academic focus in mathematics, Mobley reports, “1 plus 1 is 2, 2 plus 2 is 4.” He could go on. Mobley hold a Bachelor of Arts in Mathematics from University of North Carolina, Chapel Hill, N.C. and continued his education through course offerings at the University of California, Berkeley, among others.
**Vijit Jain — Lead Engineer – Computer Scientist**

Jain has over 15 years as a software engineer with a background in electrical engineering. He consults with small and large corporations to design, develop and implement business applications. Jain is proficient in the varying modules of Enterprise Resource Management, database management systems and other web-based tools, including CRM and Sales-force. Jain holds a Master of Science in Information Technology from the University of Denver and a Bachelor in Engineering from BVM Engineering College at S.P. University in Nagar, India.

**Corey Kashiwa — Lead Engineer – Mechanical**

Kashiwa is a mechanical engineer with over 20 years of experience developing systems, overseeing operations and manufacturing prototypes for US-based and international groups. Notably, Kashiwa served as Manufacturing Engineering Manager for Volant Sports. After several years navigating mining operations across Democratic Republic of Congo’s eastern provinces, Kashiwa is rediscovering his appreciation for mountain life as the Director of Engineering and Manufacturing for a start up company developing extreme expedition vehicles. Kashiwa holds a Bachelor of Science in Mechanical Engineering from Colorado State University.
Example - Eastern Congo Initiative

Coffee in Eastern DRC
• We envision an eastern Congo vibrant with abundant opportunities for economic and social development, where a robust civil society can flourish. ECI believes that local, community-based approaches are essential to creating a sustainable and successful society in eastern Congo.
Example - Kalehe Arabica Coffee Cooperative (KACCO) – DR Congo Coffee
Potential Growth Partnership with bext360

Initiatives
Phase 1 – 2H2016
• Additional collection centers
• Increase transparency in supply chain
• Finance and implement pre-cleaning and huller automation
• Directly fund CSR through collection and processing of coffee
• Add capital equipment (collection and huller) to increase volume

Phase 2 – 2H2016
• Additional cooperatives supplying goods
• Increase supply by 50% from existing cooperatives (3-5)
• Attract additional investment for transport
• Increase payment to farmers
• Provide tools to link cooperatives to additional buyers and markets

Phase 3 – 2017
• Add roasting capability within DRC for shipment
Potential ECI Initiatives aided by bext360

Initiatives
1. Increase quality of product
2. Increase payment to farmers
3. Increase automation in the supply chain
4. Scale solution to include more farmers and communities
5. Provide transparency to suppliers and producers
6. Reduce logistics costs
7. Attract foreign investment for automation and logistics services
8. Track quality and price for fair-trade and payments to farmers
9. Increase productivity per hectare
10. Balance crops for year round supply of agricultural goods
11. Support CSR funding in farmer’s communities (Churches, Hospitals, Internet, Power and Schools).