SUNFARMER

2015 ANNUAL REPORT

SUNFARMER

Dear Friends and Supporters,

It is a pleasure to present you with our 2015 Annual Report. It has been an incredible and challenging year for SunFarmer. With your continued support we were able to lay the groundwork for new projects amidst a chaotic year.

In April, two devastating earthquakes struck Nepal, our primary country of operation. We immediately shifted our focus to doing what we could to help. We committed to rebuilding critical infrastructure; our partner Possible Health will be rebuilding 20 health clinics in a heavily impacted region of Nepal, and SunFarmer has signed up to lead the solar energy implementation. We plan to make a full donation of solar panels and batteries, thanks to generous donations we received from supporters like you.

In August, crisis struck Nepal again – political conflicts on the border of Nepal and India led to a complete economic blockade. No goods were allowed to pass from India to Nepal, the primary path of trade into Nepal. Residents have been running short on fuel to cook and heat their homes, and hospitals warned of an impending humanitarian crisis as medicines started running short. Imports of solar energy equipment were halted, and factories and businesses were shut down; in economic terms, the blockade will cost Nepal more than the earthquakes.

As a result, we were only able to complete one solar energy installation in the fourth quarter of 2015. However, the project was an important breakthrough; it was the very first "solar water services contract," whereby farmers pay for solar-powered irrigation in affordable monthly installments. Our solar-powered irrigation model was the result of months of research and design, and we believe it will be the blueprint for many future projects.

SunFarmer continues to push innovation through our work – we completed designs for one of the largest solar energy projects in Nepal, a 100 kW at Bayalpata Hospital. We built prototypes of our remote monitoring technology and are testing it on two sites in Nepal, with the support of the Government of Nepal. In addition, we continue to find unique ways to make solar affordable for our customers through financing solutions.

While 2015 was a difficult year, I am happy to announce that finally, on February 5, 2016 the blockade came to an end and goods are now moving freely between Nepal and India. Already in the last two weeks we have started construction on several large projects in our backlog, and one silver lining is that the fuel shortage led many organizations to contact SunFarmer asking for help getting solar!

We believe 2016 will be a very exciting year for SunFarmer – we are grateful for your support and look forward to sharing our accomplishments with you this year!

Andy Moon
CEO, SunFarmer

OUR MISSION

SunFarmer's mission is to bring solar energy to the developing world through pioneering technologies and new business models, and to create an organization that attracts and retains talented individuals that want to have world-changing impact.

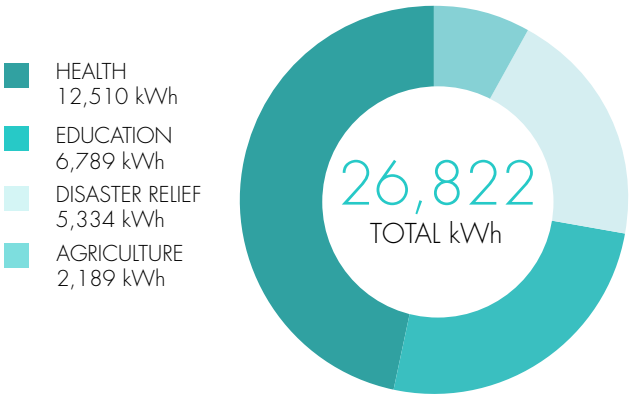
HOW WE DO IT

We identify the right solar technologies and the best solar financing models for a given market. We then launch a local for-profit company to introduce solar solutions that can scale to impact millions of people.

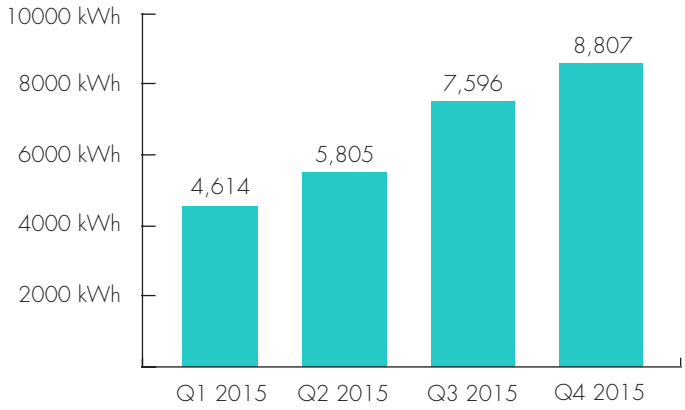
SUNFARMER NEPAL

Nepal is our first country of focus, where we have already completed over 100 solar projects for health facilities, schools, farms, and community centers. SunFarmer Nepal is a pioneer in the field - offering the first financing options for solar powered irrigation, introducing a modular solar design that grows with a customer's energy needs, and partnering with the government to pilot low-cost solar monitoring technology. SunFarmer Nepal is on track to achieve financial sustainability this year, and will serve as the model for our replication in future markets.

2015 SNAPSHOT



Solar Electricity Generated This Year



Solar Electricity Generated Each Quarter

WHAT IT MEANS FOR OUR CUSTOMERS

Our education projects generated enough energy to power

151,535 Hours of Computers in School

Our health projects generated enough energy to power

1,832 Cesarean Sections in Hospitals

Our agriculture projects generated enough energy to power

22,800,000 Liters of Water Pumping On Farms

SUNFARMER IMPACT TO DATE

327

Number of Solar Panels Installed to Date

13,410,780

Hours of Light

2016 GOALS

We will power 1,600 solar panels by the end of 2016

20% COMPLETE

We will sign LOIs to install 10,000 solar panels by the end of 2016

25% COMPLETE

SunFarmer Takes the Risk Out of Solar

When SunFarmer started in Nepal in 2014, we extended financing directly to health clinics and schools, allowing them to pay for energy in affordable installments over time.

However, we realized that this model is not scalable; to get to thousands of customers, we need to encourage local banks to provide financing.

We have been working with government and banks to make local financing available, sharing our experiences financing 10 projects in Nepal.

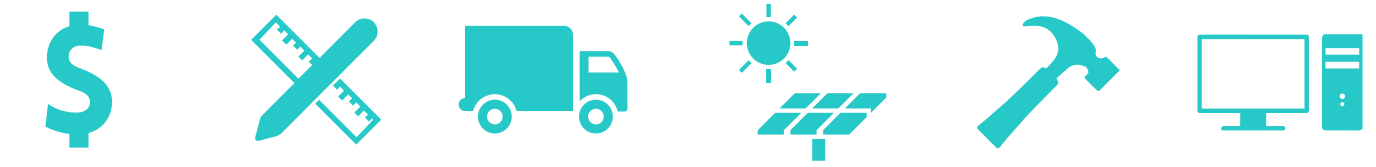
We are happy to announce that we will be facilitating some of the first loans from Nepali banks directly to local customers. In addition to financing, we found a strong demand for SunFarmer to serve as a "general contractor" – leading project implementation from start to finish.

In a highly unpredictable and unregulated environment such as Nepal, it is difficult to get a quality solar energy system at an affordable price. We handle all energy needs from design and engineering, to long-term maintenance – we make sure solar gets done right.

PROJECT PROFILE: ODA KIDS

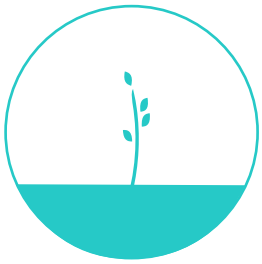
In February 2015, we made a $7,234 loan to the Oda Kids Foundation in Kalikot, Nepal, where we installed a 2kW solar energy system for their school and health clinic.

COMPREHENSIVE ENERGY SERVICES



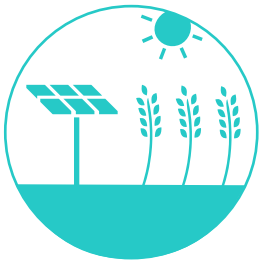
Solar Water Pumping for Agriculture

70% of Nepal's population works in agriculture, yet the country is a net importer of food due to low production. Most farmers currently grow crops only during the rainy season because they lack access to electricity to pump water for irrigation.



Without power for irrigation, crops can't grow for 8 - 9 months of the year.

Diesel fuel powers irrigation, but it is dirty, expensive, and unreliable in some areas.



Solar doesn't require fuel, and farmers can double their income with irrigation.

OUR SOLAR IRRIGATION MODEL

SUNFARMER + **AGRICULTURAL COOPERATIVES**

SunFarmer's model makes solar water pumping affordable and reliable for farmers.

TECHNOLOGY:

SunFarmer installs durable solar water pumps for irrigation.

FINANCING:

SunFarmer provides affordable rent-to-own financing with 3 year terms.

MAINTENANCE:

SunFarmer monitors and maintains systems.

Cooperatives are farmer organizations where members pool resources and share marketing and agro-processing.

FARMER SELECTION:

Cooperatives identify farms.

PAYMENT COLLECTION:

Cooperatives collect monthly repayments on behalf of SunFarmer, retaining a fee for collection.

RURAL FARMERS

With solar, farmers can grow crops year-round, and increase cultivation of high-value crops like vegetables.
Reliable irrigation can increase farmer income by 100% or more.

PROJECT PROFILE: CHITWAN FISH FARMS

LOCATION:
Chitwan, Nepal

PROJECT:
3 Fish Farms and
3 Vegetable Plots

SIZE:
750 W Solar Installation to pump up to 32,000 liters of water every day

SEE THE CHITWAN WATER PUMP IN ACTION

Increasing Accountability Through Monitoring

Low cost remote monitoring control platform.
For medium to large (1kW and above) renewable energy systems in off-grid settings.

REMOTE MONITORING

SYSTEM PROTECTION

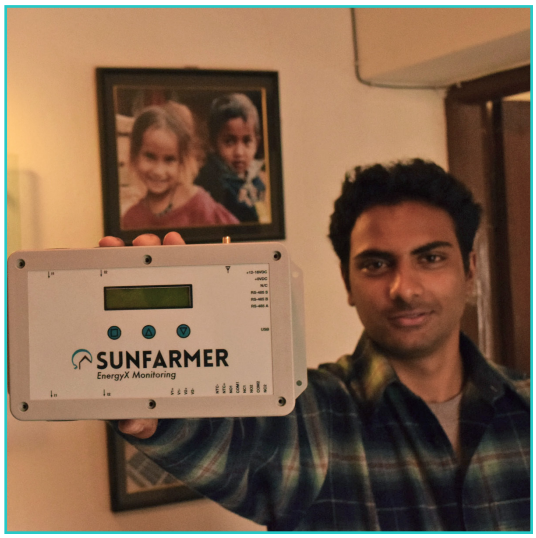
AFFORDABLE AND FLEXIBLE

CUSTOMER COMMUNICATION

LOW POWER CONSUMPTION

DATA TRANSFER THROUGH SMS

FUNDED IN PART BY
The Great Energy Challenge
NATIONAL GEOGRAPHIC
A NATIONAL GEOGRAPHIC INITIATIVE IN PARTNERSHIP WITH SHELL



We started developing Energy X when we couldn't find a monitoring system to meet our own needs and price point – and soon discovered massive demand for a new product. Energy X transmits data via SMS, taking advantage of wireless telephone networks in developing countries. It increases transparency into system performance, and creates accountability for maintenance.

We were awarded the 2015 National Geographic Great Energy Challenge to develop Energy X. We are now piloting two solar projects–one at our office, and a second in Sindhupalchok District.

SunFarmer's Technical Officer, Kushal, gathering data from an Energy X pilot.

THE SUNFARMER EARTHQUAKE RELIEF CAMPAIGN

SunFarmer Raises Over $150,000 for Earthquake Relief

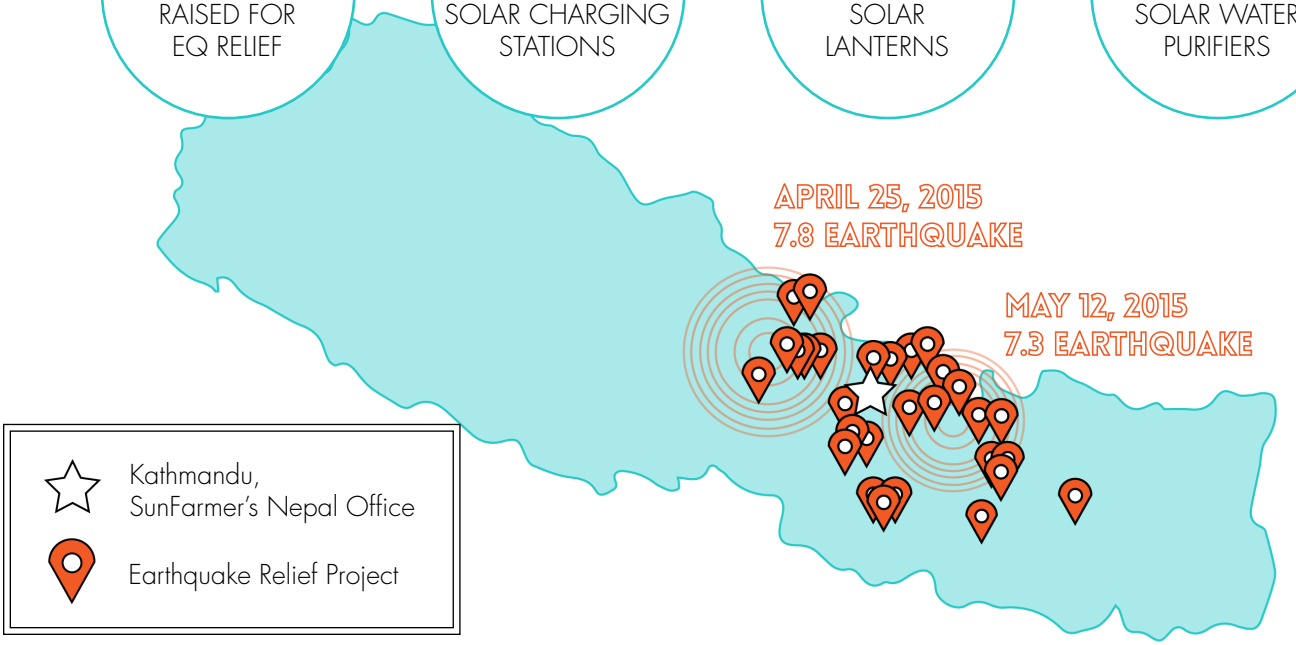
On April 25, 2015, a 7.8 magnitude earthquake struck the center of our operations in Nepal. When we decided to get involved with the relief efforts, we were blown away by the support we received for our campaign.

$154k RAISED FOR EQ RELIEF

73 SOLAR CHARGING STATIONS

1,020 SOLAR LANTERNS

2 SOLAR WATER PURIFIERS



2016 PLANS: ONGOING RECONSTRUCTION

We have partnered with Possible Health and the Government of Nepal to provide solar energy for at least 20 reconstructed health facilities in Dolakha District.

SPECIAL THANKS TO OUR EARTHQUAKE RELIEF PARTNERS

SunEdison® · Silver Spring® Networks · SESCI · Northland Power · simpaenergy

RECOGNITION FOR OUR WORK

SunFarmer co-founders, Andy Moon and Jason Gray, participated Silicon Valley's start-up incubator Y-Combinator.

We attended the Clinton Global Initiative and appeared on stage with President Bill Clinton to announce our participation post-earthquake reconstruction.

OUR TEAM GREW BY 125% FROM 2014 TO 2015

Meet Our New Team Members

IVAN DAMNJANOVIC
Business Development Manager

SWIKRITI SULPYA
Administrative and Operations Manager

PARAS KARKI
Technical Manager

ANNE JACONETTE
Design and Development Officer

KUSHAL GAUTAM
Technical Officer

ELI MITCHELL-LARSON
Director of Operations

SHISHER SHRESTHA
Technical Officer

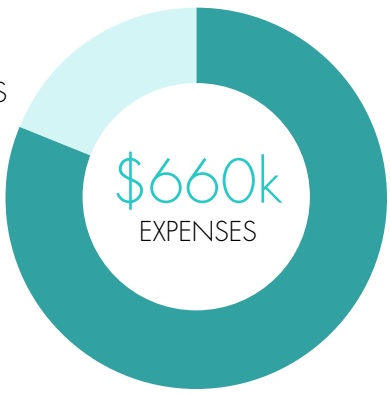
AVINASH JHA
Business Development Officer

OUR FINANCIALS

We Successfully Completed Our First Audit

- GRANTS $190,250
- DONATIONS $83,289
- IN-KIND DONATIONS $80,981
- US PROGRAMS $5,534
- NEPAL PROGRAMS $32,322

- PROGRAM EXPENSES $536,504
- OVERHEAD EXPENSES $123,614



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Y-Combinator

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