



4Gen Technology Group

4Gen Technology Group is solving military training deficiencies by combining innovative technological solutions with tactical and operational expertise.

The Current Problem

•Training Deficiency

- Low frequency of live fire training leads to lack of proficiency in the field and during real world operations
= **Ineffective crews & compromised safety**

•Why?

- Missiles are expensive - **\$50,000 per missile**
- TOW is problematic to fire for training
- Limited range availability

•Current Solutions?

- Simulations
- Laser systems

Solution = TOWMATE

- Simple installation on Saber, Bradley, LAV-AT, and Stryker AT.
- Operation and maintenance ensures frequent and efficient crew training
- Expanded training range options
- Drastically reduced training costs
- Integrated Range to Target Simulator Selector (RTSS) for simulating missile flight time



Why Now?

- Known training deficiency
 - Commanders have expressed concerned this device is not already in use
 - Commanders are ready to purchase and employ TOWMATE immediately
- TOWMATE was developed and owned by a company without the resources to finish the prototype
 - We identified domestic and foreign demand
 - We understand the military procurement process
- US Army & Marine Corps have expressed interested in funding further R&D

Market Size

- 15,000 TOW missile system platforms world-wide
- Total Available Market (TAM)
- Domestic (US) - \$145,000 price tag - \$217mm market
- International - \$95,000 price tag - \$213mm market

TOTAL COMBINED MARKET = \$430mm

- Served/Serviceable Available Market (SAM)
 - Current tech, training deficiency, NONE served
- Serviceable Obtainable Market (SOM)
 - Current relationships with 15 countries

25% market penetration = \$107mm

Competition Considerations

- List of competitors
 - Raytheon
 - Current owner and manufacturer of TOW missile system
- Competitive Advantage
 - TOWMATE is significant cost saver
 - Currently no comparable technology or training platforms
 - Protected IP and patented technology

TOWMATE



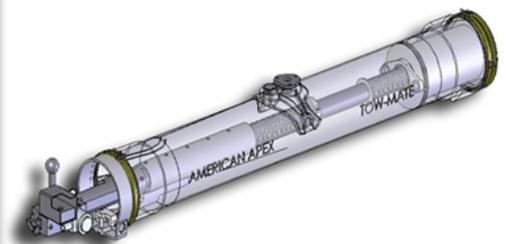
A Sub-Caliber Gunnery Training Systems for the World's Armored Forces

System Specifications

TOWMATE-50

- Simple and rugged in-bore device designed to bridge the training gap between simulation and live missile engagements.
- Allows crews to conduct simultaneous live-fire engagements without special targetry, without range modifications, and without invasive or complicated laser-based systems.
- Simple: installs in seconds and uses the platform's own fire control system.
- Integrated Range to Target Simulator Selector (RTSS) for simulating missile flight time. The system fires on a delay, forcing the gunner to track the target.
- Cost-effective: saves time on the range and money. Provides repetitive, realistic training for a fraction of the cost of training with live missiles.

- Single-Shot, Bolt-Action Rifle
- Full scale (1500-2000m) gunnery training range
- NATO 12.7 x 99mm ammunition, sabot or ball
- Assembly weight: 60lbs
- Operational voltage: 18-32 VDC



Development Roadmap

1. Prototype Development (+/- 3 months)
 - Concept requirements
 - Modifications
 - Vendor selection
2. Testing/Refinement (+/- 4 months)
3. Certification (concurrent)
 - a. Aberdeen Proving Ground (US only)
 - b. Export Licensing

Manufacturing Costs

Baseline: costs to make a M1 Abrams inbore device are:

- Direct materials: \$5169
- Direct Labor \$2004
- Other costs (shipping/packaging) \$208

\$7381 per device.

Additional expense necessary for TOWMATE

- Traverse and Elevating mechanism (~\$1000)
- Recoil mitigation system (\$500)
- ATWESS (\$450)
- Platform-specific wiring harness. (\$200)

\$9541 in direct costs per unit

Marketing Plan

1. Foreign Markets
 - Egypt: Alkan Consulting
 - Saudi Arabia: OPM SANG
2. US Army/National Guard
 - FORCECOM: Shaun Wussow
 - Fort Benning: Tony Fincher
3. USMC
 - PM TRASYS: Luis Garcia
4. NATO South

Team

Founders

Jacob Clifton

- Marine Veteran
- Electrical Engineer (MS), UChicago MBA

Tim Doran

- Retired Marine Officer
- 2 decades of military logistics and international sourcing experience

Will Dix

- Navy Veteran
- UChicago MBA

Financials/Need

General Valuation Assumptions

Discount rate	50%	(Probability of success = 32.7%)	
Terminal growth rate	1%	Risk free rate:	2.33% 10-year treasury yield
CAPM rate	16.3%	Equity risk premium:	7.00% Long-run S&P arithmetic average
Tax Rate	39%	Beta unlevered:	2.00
Exit Multiple	7.0x		

Prob Adjusted APV Analysis (50.0% discount)

Free Cash Flow Analysis

\$ in 000s, unless otherwise noted

	Year 1	Year 2	Year 3	Year 4
EBIT	(382)	(719)	(103)	3,215
Tax @ 39.1%	-	-	-	1,257
+ Depreciation	-	4	13	43
- Capital Expenses	-	(8)	(16)	(68)
- Increase in Working Capital	(355)	(245)	596	3,346
Yearly Free Cash Flows	(737)	(967)	490	7,793
TVE @ 1.0%				51,341
Total FCF	(737)	(967)	490	59,134
Discount Factor @ 50.0%	0.6667	0.4444	0.2963	0.1975
PV of FCF	-	-	145	11,681
Sum of FCF	11,826			
(-)Debt	-			
Post-Money	11,826	85.6% Entrep. Ownership		
Investment	1,704	= \$0,737 + \$0,967 + \$0,000 + \$0,000		
Pre-Money	10,122			

Financials/Need

Projected Income Statement (\$000)				
11 Projects in Three Years	Year	Year	Year	Year
Year	0	1	2	3
	17	18	19	20
Total Installed Units	-	16	40	120
Total Revenue	\$0.0	\$400.0	\$1,414.0	\$5,331.2
Direct Expenses				
Direct Labor	\$0.0	\$8.0	\$25.3	\$85.0
Parts	\$0.0	\$0.0	\$0.0	\$0.1
Delivery	\$0.0	\$4.0	\$12.6	\$42.5
Inventory Expense	\$0.0	\$0.1	\$0.5	\$6.2
Maintenance, Repair & Theft	\$0.0	\$4.0	\$14.1	\$53.3
Total Direct Expenses	\$0.0	\$16.1	\$52.6	\$187.1
Selling and Administrative				
Salaries	\$180.0	\$360.0	\$450.0	\$720.0
Benefits & Taxes	\$54.0	\$108.0	\$135.0	\$216.0
General Legal/Finance	\$8.0	\$33.0	\$34.0	\$47.0
Patent/Trademark	\$0.0	\$25.0	\$15.0	\$0.0
Accounting	\$2.0	\$16.0	\$24.0	\$24.0
Rent	\$20.0	\$80.0	\$80.0	\$80.0
Rent-Satellite Offices	\$4.5	\$50.0	\$112.0	\$128.0
Phone/Utilities/Postage	\$2.0	\$27.0	\$46.0	\$59.0
Office Supplies	\$0.9	\$5.4	\$13.2	\$18.8
Office Equipment/Furniture	\$26.5	\$54.0	\$80.0	\$40.0
Travel/Meals	\$17.0	\$80.0	\$132.0	\$180.0
Marketing	\$19.0	\$78.0	\$120.0	\$144.0
Conventions	\$2.0	\$32.0	\$37.0	\$43.0
On-Site Demos	\$10.0	\$40.0	\$90.0	\$120.0
Research & Development	\$27.0	\$90.2	\$72.4	\$85.4
Management Bonuses	\$0.0	\$0.0	\$0.0	\$0.0
Miscellaneous	\$9.0	\$24.0	\$24.0	\$24.0
Total Selling and Administrative	\$381.9	\$1,102.6	\$1,464.6	\$1,929.2
Total Expenses	\$381.9	\$1,118.7	\$1,517.2	\$2,116.3
Operating Profit	(\$381.9)	(\$718.7)	(\$103.2)	\$3,214.9
Depreciation Straight Line, 12 Quarters	\$0.0	\$4.0	\$12.6	\$42.5

Appendix