

## BUDGET

### Sales Predictions

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
Smart2 (Full Size)		10,000	24,000	50,000	100,000	200,000
Smart AR	-	-	10,000	15,000	22,500	33,750
Smart2 (Compact)			5,000	30,000	60,000	120,000
Smart Revolver	-	-	-	10,000	20,000	58,000
Smart Shotgun	-	-	-	-	10,000	24,000
<b>Total Units</b>	<b>-</b>	<b>10,000</b>	<b>45,000</b>	<b>105,000</b>	<b>212,500</b>	<b>435,750</b>

### Budget Year 1

\$1M Best Case	Year 1 Total	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
<b>Milestones</b>	Product General	Alpha Product FFL/ITAR Complete and Issued						Beta Product Testing Website, Vendor Portal, and Pre-sales campaign					
<b>Revenue</b>	\$ 1,887,500								\$ 225,000	\$ 237,500	\$ 475,000	\$ 475,000	\$ 475,000
<b>Salaries</b>													
Bob Allan \$	75,000	6250	6250	6250	6250	6250	6250	6250	6250	6250	6250	6250	6250
Brian Weinberg \$	75,000	6250	6250	6250	6250	6250	6250	6250	6250	6250	6250	6250	6250
Bill Vorac \$	75,000	6250	6250	6250	6250	6250	6250	6250	6250	6250	6250	6250	6250
Bob E. Allan \$	22,500				2500	2500	2500	2500	2500	2500	2500	2500	2500
SubTotal \$	247,500	18750	18750	18750	21250	21250	21250	21250	21250	21250	21250	21250	21250
<b>Contract Labor</b>	0												
<b>Infrastructure</b>													
Office \$	14,400	1200	1200	1200	1200	1200	1200	1200	1200	1200	1200	1200	1200
G&A \$	12,000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000
Insurance \$	4,000			4000									
SubTotal \$	30,400	2200	2200	6200	2200	2200	2200	2200	2200	2200	2200	2200	2200
<b>Legal/Regulatory</b>	\$ 30,000	1000	2000	2700	2700	2700	2700	2700	2700	2700	2700	2700	2700
<b>Marketing</b>	\$ 105,000		25000	10000		25000	10000		25000	2500	2500	2500	2500
<b>Smart 2 Development</b>													
Engineering \$	500,000	50000	50000	50000	50000	50000	50000	50000	50000	25000	25000	25000	25000
Tooling \$	150,000				75000			75000					
SubTotal \$	650,000	50000	50000	50000	125000	50000	50000	125000	50000	25000	25000	25000	25000
<b>Total Costs</b>	\$ 1,062,900	\$ 71,950	\$ 97,950	\$ 87,650	\$ 191,150	\$ 101,150	\$ 101,150	\$ 161,150	\$ 101,150	\$ 53,650	\$ 53,650	\$ 53,650	\$ 53,650
<b>Cash Supply (\$1M start)</b>	\$ 1,000,000	\$ 928,050	\$ 830,100	\$ 742,450	\$ 591,300	\$ 490,150	\$ 389,000	\$ 227,850	\$ 351,700	\$ 535,550	\$ 956,900	\$ 1,378,250	\$ 1,799,600

### Budget year 2

	Year 2 Totals	Month 13	Month 14	Month 15	Month 16	Month 17	Month 18	Month 19	Month 20	Month 21	Month 22	Month 23	Month 24
<b>Milestones</b>	Testing	Final Product Develop, production and assembly, tool up	Testing	Testing	Testing	Complete testing and validation	Complete testing and validation	Complete 3rd party certification	Complete 3rd party certification	Federal and state certifications	Federal and state certifications	Stay	Stay
<b>Revenue</b>	\$ 12,400,000	\$ 500,000.00	\$ 500,000.00	\$ 1,050,000.00	\$ 1,050,000.00	\$ 1,100,000.00	\$ 1,100,000.00	\$ 1,100,000.00	\$ 1,200,000.00	\$ 1,200,000.00	\$ 1,200,000.00	\$ 1,200,000.00	\$ 1,200,000.00
<b>Salaries</b>													
Bob Allan \$	75,000	6250	6250	6250	6250	6250	6250	6250	6250	6250	6250	6250	6250
Brian Weinberg \$	75,000	6250	6250	6250	6250	6250	6250	6250	6250	6250	6250	6250	6250
Bill Vorac \$	75,000	6250	6250	6250	6250	6250	6250	6250	6250	6250	6250	6250	6250
Bob E. Allan \$	30,000	2500	2500	2500	2500	2500	2500	2500	2500	2500	2500	2500	2500
SubTotal \$	255,000	21250	21250	21250	21250	21250	21250	21250	21250	21250	21250	21250	21250
<b>Additional Labor</b>	\$ 348,751	8500	8500	8500	17000	27500	27500	27500	36250	36250	50417	50417	50417
<b>Infrastructure</b>													
Office \$	221,200	1200	20000	20000	20000	20000	20000	20000	20000	20000	20000	20000	20000
G&A \$	30,000	1000	5000	2000	2000	2000	2000	2000	4000	4000	5000	5000	5000
Insurance \$	62,500			6250	6250	6250	6250	6250	6250	6250	6250	6250	6250
SubTotal \$	322,700	2200	25000	26250	26250	26250	26250	26250	30250	30250	31250	31250	31250
<b>Legal/Regulatory</b>	\$ 41,500	2500	2500	2500	2500	2500	3500	3500	3500	3500	5000	5000	5000
<b>Marketing</b>	\$ 71,000	2500	2500	3500	3500	4500	4500	5000	5000	10000	10000	10000	10000
<b>Smart 2 Development</b>													
Engineering \$	540,000	50000	100000	100000	100000	50000	20000	20000	20000	20000	20000	20000	20000
Tooling \$	300,000			25000	75000	100000	100000	100000	100000	100000	20000	20000	20000
SubTotal \$	930,000	50000	100000	125000	175000	150000	120000	30000	30000	30000	40000	40000	40000
<b>CHCS</b>	\$ 7,000,000										1000000	7500000	3500000
<b>Total Costs</b>	\$ 8,968,961	\$ 86,950	\$ 169,750	\$ 189,000	\$ 247,600	\$ 234,000	\$ 206,000	\$ 115,000	\$ 128,250	\$ 131,250	\$ 1,157,917	\$ 2,667,917	\$ 3,667,917
<b>Cash Supply</b>	\$ 1,799,600	\$ 2,212,650	\$ 2,552,900	\$ 3,413,900	\$ 4,216,400	\$ 5,082,400	\$ 5,977,400	\$ 6,962,400	\$ 8,036,150	\$ 9,104,900	\$ 9,146,983	\$ 7,689,066	\$ 5,231,149

## Financial Projections

Pro Forma Profit & Loss	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
	\$	\$	\$	\$	\$	\$
Revenues	\$1,062,900	\$13,187,100	\$49,660,000	\$132,565,000	\$271,757,500	\$561,736,250
COGS	\$0	\$7,000,000	\$29,142,938	\$71,280,190	\$132,709,650	\$269,568,225
Gross Profit	\$1,062,900	\$6,187,100	\$20,517,062	\$61,284,810	\$139,047,850	\$292,168,025
Fixed Expenses						
Marketing (Direct, Internet, Trade Show, Magazine)	\$105,000	\$71,000	\$505,000	\$778,000	\$1,000,500	\$1,244,125
General and Administrative Expenses	\$46,000	\$143,000	\$2,593,400	\$12,160,850	\$24,918,175	\$43,050,219
Research and Development	\$500,000	\$540,000	\$625,000	\$1,657,063	\$3,396,696	\$7,021,703
Facility lease	\$14,400	\$221,200	\$720,000	\$720,000	\$1,440,000	\$1,440,000
Manufacturing Equipment lease	\$0	\$0	\$1,632,000	\$2,448,000	\$3,672,000	\$6,426,000
Manufacturing infrastructure Tooling up factory	\$150,000	\$390,000	\$3,427,859	\$2,753,553	\$11,927,761	\$15,513,293
Fixed Labor Costs (no manufacturing)	\$247,500	\$603,751	\$2,367,521	\$2,220,000	\$2,913,750	\$13,351,781
Total Fixed Expenses	\$1,062,900	\$1,968,951	\$8,539,330	\$22,737,465	\$49,269,155	\$88,601,136
Net Income (EBITDA)	\$0	\$4,218,149	\$11,977,732	\$38,547,345	\$89,778,695	\$203,566,889
EBITDA	\$0	\$4,218,149	\$11,977,732	\$38,547,345	\$89,778,695	\$203,566,889
Estimated Interest, Taxes, Depreciation & Amortization	\$0	(\$1,476,352)	(\$4,192,206)	(\$13,491,571)	(\$31,422,543)	(\$71,248,411)
CFAT	\$0	\$2,741,797	\$7,785,526	\$25,055,774	\$58,356,152	\$132,318,478

Figure 1: We believe that in addition to the projected revenue shown above, the company will eventually draw additional revenue from licensing its technology to other companies.