REALSTEEL S CORPORATION

■ Automating the Future of Framing

Investor Return Comparison — Base vs Preferred 1.5× Model

3-Year Financial Forecast

Year	Revenue	Gross Margin	Operating Costs	Net Profit
Year 1	$2,000,000	35%	$1,300,000	$700,000
Year 2	$2,500,000	40%	$1,500,000	$1,000,000
Year 3	$3,000,000	42%	$1,750,000	$1,250,000

Base 30% vs Preferred 1.5× (30%)

Metric	Base 30% Equity	Preferred 1.5× (30%)
Capital Invested	$400,000	$400,000
Ownership	30%	30%
Payback Timing	≈ mid Year 3	≈ mid Year 2
Cumulative Return (3 yrs)	$885,000 (2.21×)	$1,305,000 (3.26×)
ROI % (3 yrs)	121%	226%
Founder Ownership Retained	70%	70%

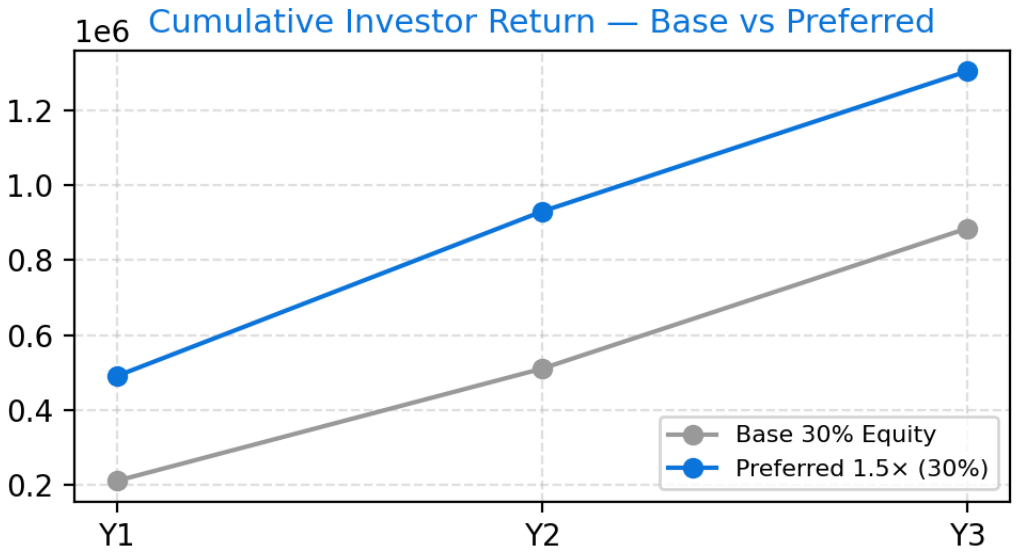
Preferred Return Model (1.5×) — Cash Flow to Investor

Year	Net Profit	Paid Toward Pref (to $600k)	Balance to Split (30%)	Investor Payout	Cumulative
Y1	$700k	$400k	$90k	$490k	$490k
Y2	$1,000k	$200k	$240k	$440k	$930k
Y3	$1,250k	Pref met	$375k	$375k	$1,305k

Startup Capital Requirements

Item	Cost
Cold Roll Forming Machine	$100,000
Forklift	$25,000
Steel Coil Inventory (50 tons @ $0.80/lb)	$80,000
Screws (1,000 boxes @ $40)	$40,000
Shop Setup / Capital Expenditures	$100,000
TOTAL INITIAL INVESTMENT	$395,000

Under the Preferred 1.5× model, investors receive their $400k capital plus a 50% preferred return ($600k total) before any profit split. After the hurdle is met (~Month 18), profits split pro-rata (30% investor / 70% founder). This accelerates payback while preserving founder control.



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