



Ammunition Production Commercial Strategy

March 13th, 2025



METDEF PROJECT OVERVIEW



- * **Primary objectives- Assist Mettitech in the creation of a modern ammunition production facility in Vietnam.**
- * **Implementation of a 3 HORIZON plan to create a legacy center of excellence in munition manufacturing.**
- * **Provide equipment and expertise from the United States to jumpstart the project.**
- * **Assist in the acquisition of component sub assemblies through phase 1 and phase 2 of the program.**
- * **Place the startup company METDEF in position to supply 7.62x39mm ammunition to the Vietnam People's Army.**
- * **Expand capabilities to multiple calibers and full in house production of component sub assemblies.**
- * **Provide Vietnam with additional defense material self reliance, while operating profitably and sustainably.**

COMPANY CV



US DEFENSE
SYSTEMS

US Defense Systems is a military goods manufacturer and wholesaler of its own core competency products as well as many additional high quality items. US Defense Systems core management team has over 60 years experience in the defense industry as manufacturers of products like rifles, night vision, ammunition, armor, and many more types of military goods. US Defense Systems operates from 4 primary locations in California, Utah, Idaho, North Carolina, and Prague Czechia. US Defense Systems has vast depth of experience in International arms trade, ammunition, and in startup manufacturing. We are prepared to lend our expertise in arms and manufacturing to emerging partner nations,

D.R.Smith- Founder and CEO US Defense Systems

Defense industry executive since 1999
Experienced in:

- Manufacturing of complex MIL-SPEC Weapons for Government customers
- Product design and development LEAD for SF4K Carbine
- Founder of US Defense Systems in Lindon Utah USA
- Imports and exports to include most modern military equipment.
- Global supplier network of 35+ private and government entities for goods and services

Joshua T. Kratky - COO US Defense Systems

Defense industry executive since 2008
Experienced in:

- Multiple defense contracts to include Ammunition research programs for US DOD (SOCOM)
- Military and commercial R&D lead and PMO for non-standard ammunition
- Founder and CEO of Stillwood ammunition systems LLC. Brand creator for multiple ammunition brands in the USA
- Import and export specific to ammunition machinery and components
- Global supplier network of 35+ private and government entities for goods and services



AMMUNITION MANUFACTURING CLASSES

	A Class	B Class	C Class
Annual revenues	\$500M +	\$20M+	\$8M+
Alignment	Vertical	Metallics/ assembly	Assembly
Average Age of company	Above 70	35 - 69	0-34
Brand Recognition	GLOBAL	GLOBAL	Regional
Market presence	Dominant	Competitive	NICHE
Number of employees	over 500	100-500	up to 100
Perceived Product Quality	Time tested	Middle of the road	Myriad
Price versus Value	Low price / High value	Low price / Medium value	High price / mixed value
Global Military sales	✓	✓	✗
Commercial distribution	✓	✓	✓
Box stores	✓	✓	✗
Direct Retail	✗	✓	✓

MANUFACTURING COMPETITORS

A Class ammunition makers

1. Lake City
2. Sellier & Bellot
3. General Dynamics
4. PMC Poongsan
5. Federal ATK
6. CBC Companhia Brasilia Cartuches
7. Nammo Group
8. WOLF
9. Norinco
10. BARNAUL
11. RUAG
12. ADI

B Class ammunition makers

1. Hornady
2. Fiocchi - Italy
3. Winchester
4. ARMSCOR - Phillipines
5. MAGTECH - BRAZIL
6. SIG - GERMANY
7. MKE
8. Nosler
9. Aguila Tecnos
10. ROMARM
11. PRVI Partizan
12. Remington

C Class ammunition makers

1. Black Hills
2. Fiocchi- USA
3. ARMSCOR-USA
4. PRIME AMMO
5. SPEER
6. Gorrilla Ammo
7. BARNES
8. Freedom Munitions
9. Buffalo Cartridge
10. SIG-USA
11. IWI-USA
12. HSM Ammunition



The Practical 3 Horizons Guide

	Horizon 1	Horizon 2	Horizon 3
PROFIT	Start up period, APS Plant Design, Machinery Acquisition, Installation, Training	Build momentum in creating new business to maximize revenue, improve product depth and self sufficiency	Pursue viable options for future growth in expanded production areas
METRICS	<ul style="list-style-type: none"> Capex Requirements - Class C - \$12M Lead time, Facility startup, Training Initial run rates / Cashflow Raw material availability and cost 	<ul style="list-style-type: none"> Capex Requirements - Class B - \$30M Inclusion of metallics production Rapid sales growth Market awareness and preference 	<ul style="list-style-type: none"> Capex Requirements - Class B - \$120M+ Full vertical alignment through energetics manufacturing - Primer line Market expansion
PEOPLE	<ul style="list-style-type: none"> Vietnamese in country team US DEFENSE SME Consultants, Equipment manufacturers trainers US DEFENSE Purchasing team 	<ul style="list-style-type: none"> Vietnamese in country team, US DEFENSE SME Consultants, Metallics manufacturers trainers US DEFENSE Purchasing team 	<ul style="list-style-type: none"> Vietnamese Project Managers and Senior Leadership
CAPABILITY	The ability to source components, and produce one caliber under the assemble pack ship model	Addition of metallics production lines in multiple calibers. Expansion of assembly capabilities to Casing, Projectile, and assembly. Research and Development	Creation of fully integrated A Class ammunition manufacturing company Transition in multiple military industrial complex product offerings

Horizon Sequence

Horizon 1 - Startup - C Class

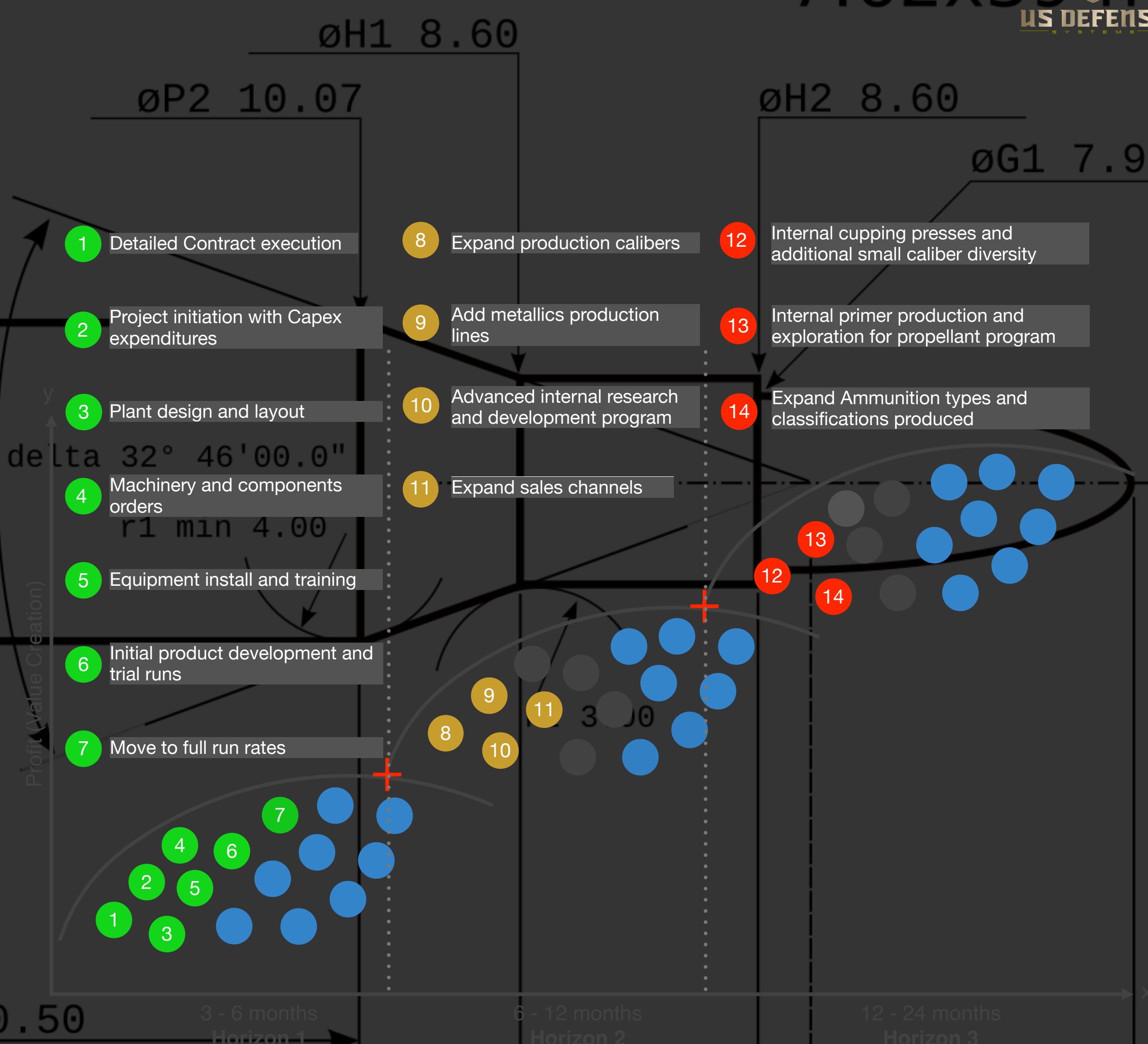
- Detailed contract execution
- Project initiation with CAPEX expenditures
- Plant design final based on facility details
- Equipment and component orders
- Training and Equipment Install
- Initial production runs and process development
- Maximize production run rates, serve new markets

Horizon 2 - GROW - B Class

- Expand production calibers
- Add Metallics production lines
- Begin internal research and development program
- Expand sales channels in commercial and military

Horizon 3 - LEAD - A Class

- Cupping presses and additional small calibers
- Internal primer and propellant capacities
- Expand ammunition types to medium and large caliber

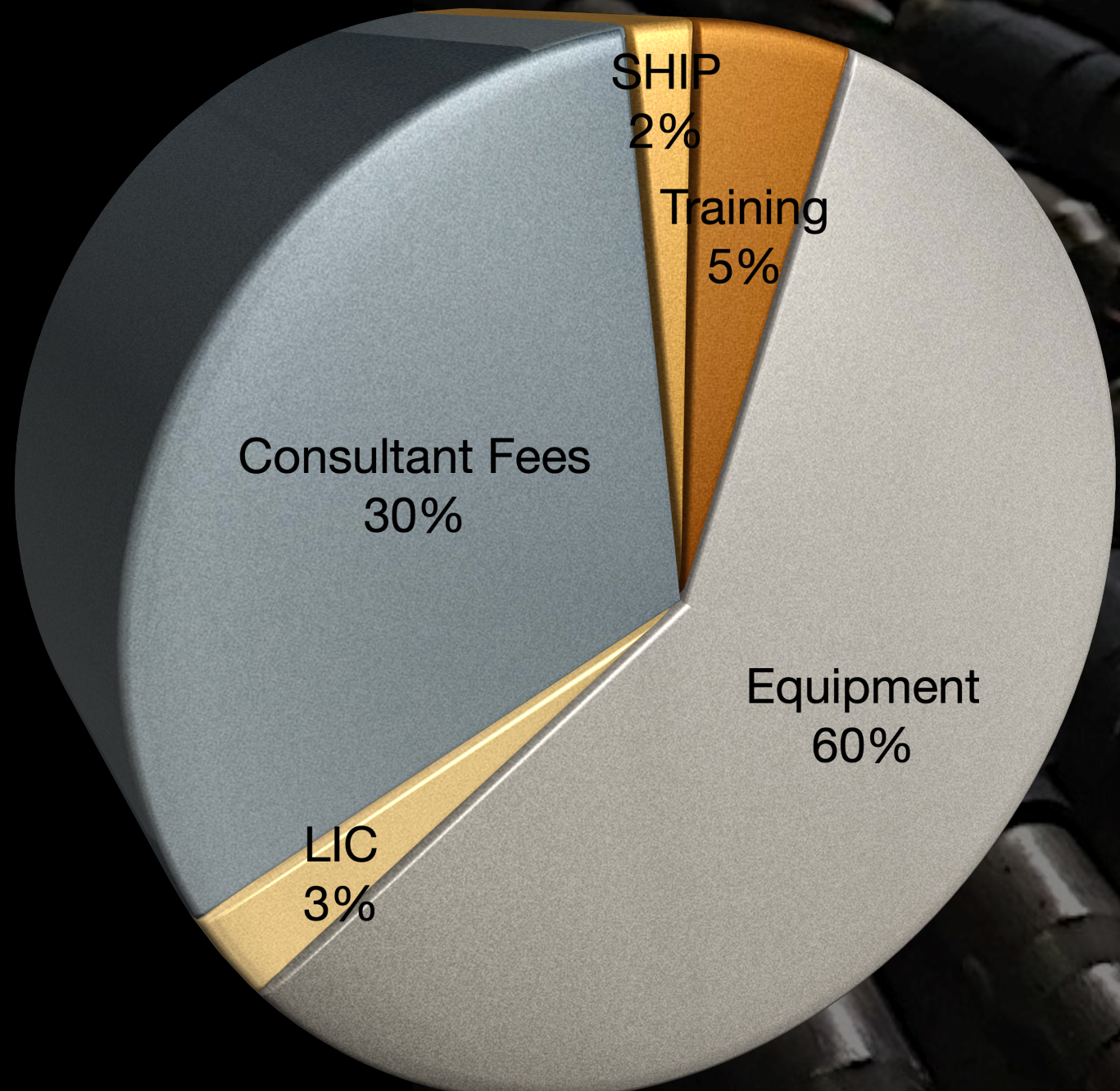


HORIZON 1 CAPEX REQUIREMENTS



USDS Equipment and Training startup package

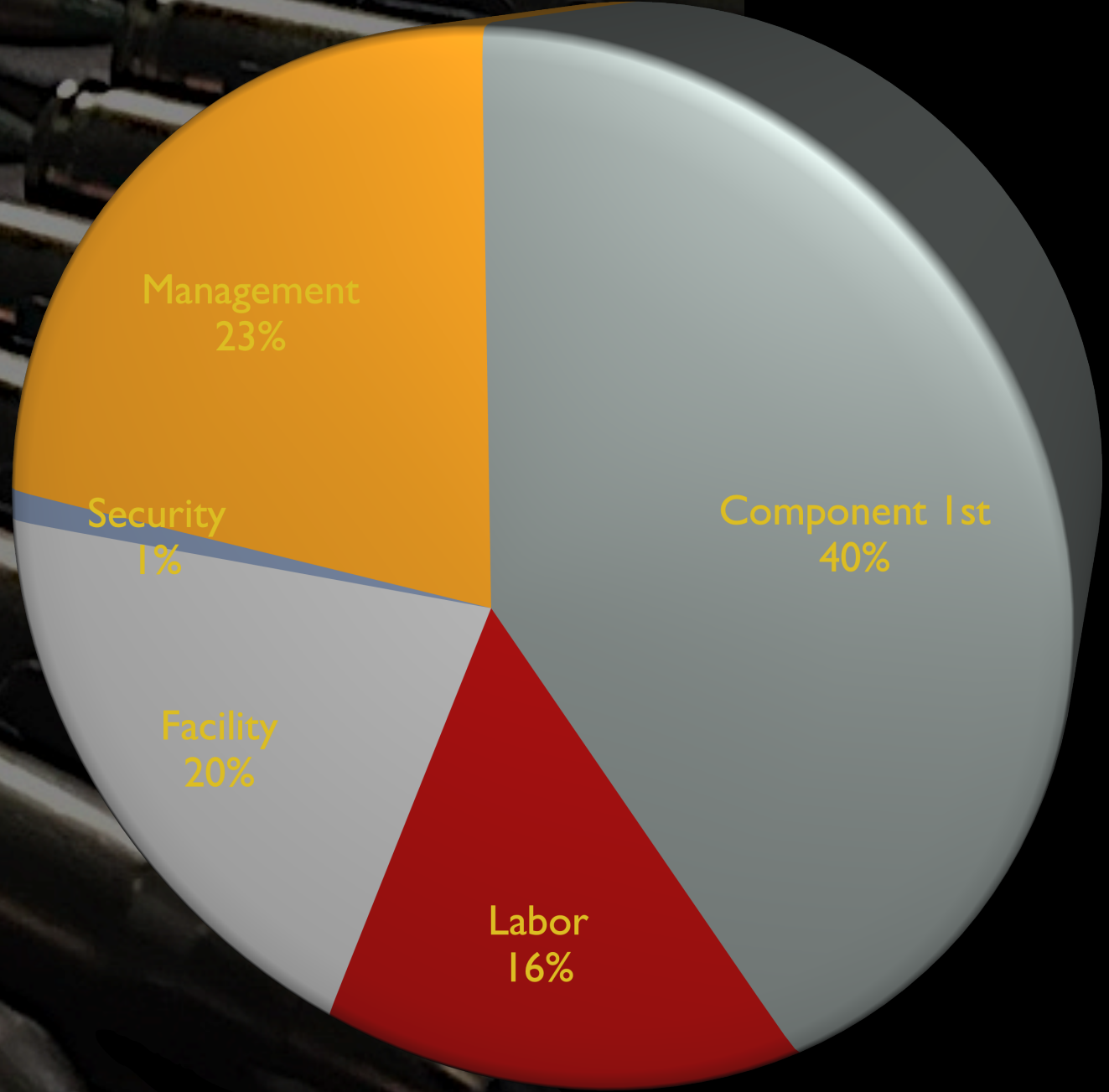
- Training
- SHIP
- Equipment
- LIC
- Consultant Fees



MTDEF Ancillary costs

*NOTE: CONCEPTUAL ONLY

- Component Ist
- Security
- Labor
- Management
- Facility

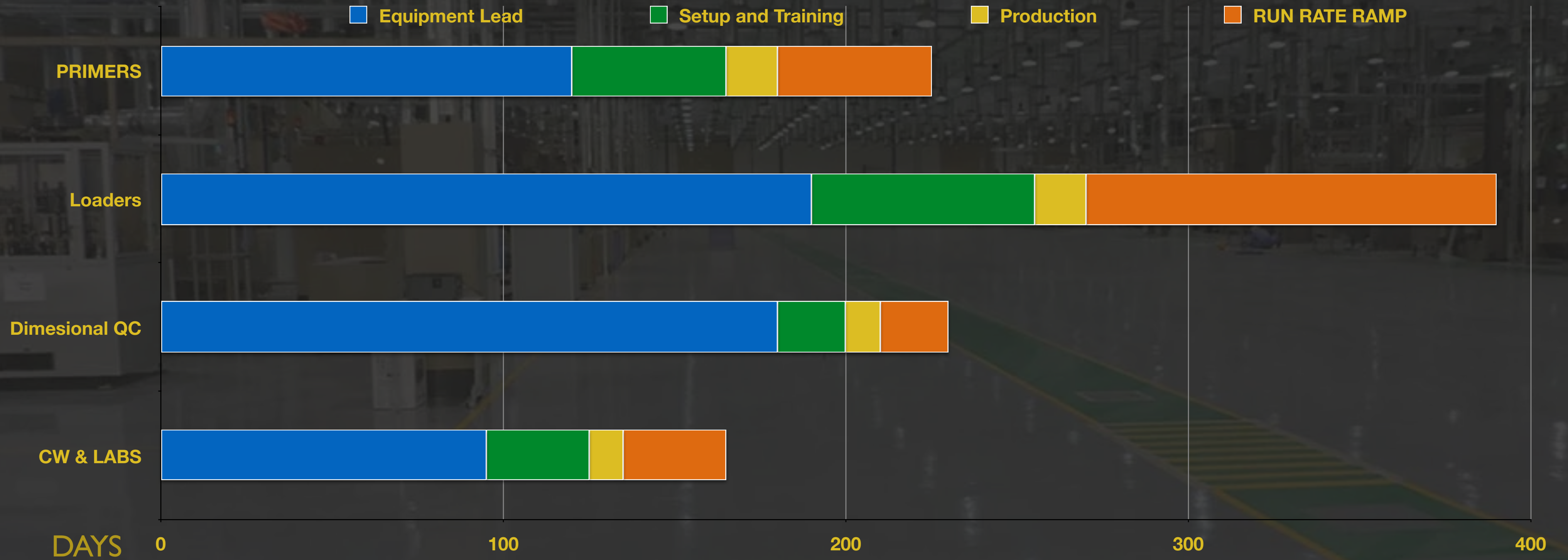


H 1 CAPEX TABLE		
USDS PACKAGE	ITEM	ADDITIONAL ESTIMATED COSTS
\$3,825,000	Consult Fees	
	VN Directors	\$2,500,000
\$7,625,000	Equipment	
	Facility	\$2,200,000
\$370,950	Licensing	
\$675,000	Training	
\$225,000	Shipping	
	1st Component	\$4,464,332
	Site & Security	\$120,000
	Labor year 1	\$1,750,000
\$12,720,950	Total	\$11,034,332

TIMELINES



Example Project Milestones Schedule



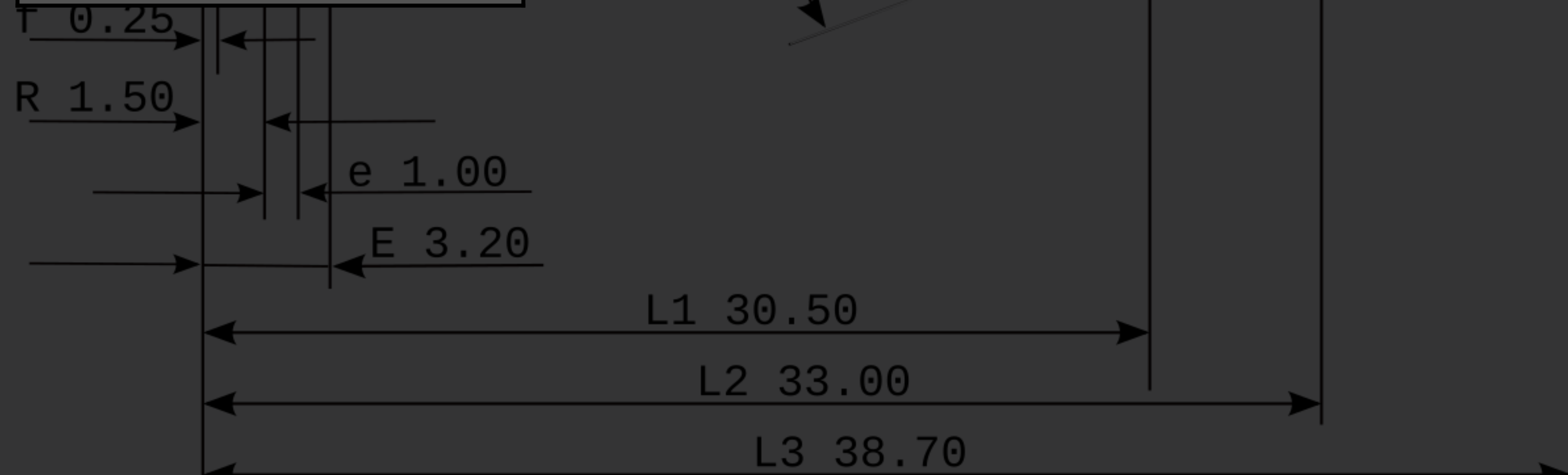


DE-RISKING

De-risking through analysis of intrinsic and extrinsic valuation of the project once executed. Intrinsic value of the equipment, Facility, Components adds safety to the project as a whole. The physical items related to the project are non perishable and are not subject to rapid market value depreciation. Also the increased value of the components once assembled into finished Ammunition products. Extrinsic value is added in the Knowledge and training transfer. There is an additional Extrinsic value in the strategic military relevance of being able to produce ammunition.

EXAMPLE ROI METRICS	
Round cost	\$0.40
Sale Price	\$0.50
Annual Quantity	120,000,000
Gross receivable	\$60,000,000
COGS	\$48,000,000
Annual Retained Margin	\$12,000,000

Depending upon Mettitech's longterm strategy for its ammunition production operations. ROI for Horizon 1 may be achieved between 2 and 3 years. Should Mettitech's longterm vision include Horizons 2 and 3. Then the positive cashflow from Horizon 1 will strongly support continued growth.



FUTURE POSSIBILITIES

Continuing with Horizon 2 & 3

Taking the next steps beyond an assemble pack ship model towards vertical alignment.

Expanding into foreign commercial and military markets

After fulfilling domestic needs, Push an increasingly dynamic and diverse product line towards foreign markets. The commercial US market is massive with billions spent annually on ammunition products. Foreign military sales will yield strategic and financial rewards.

Innovation through Research and Development

Developing new and emerging technology, using modern and traditional methods.

Large Caliber Munitions

Polymer rifle casings

Sub-sonic ammunition development

Composite armor defeating technology

New propellants and applications

Innovative projectile creation

Long range extreme accuracy rounds



US DEFENSE

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