

## “Chinook\*” - Executive Summary

\*Project Code name – real name and relevant details will be revealed upon signature of CDA.

June 10, 2014, Nyon, CH

### Company

“Chinook” is a young EU based early revenue generating company featuring proprietary environmental friendly cutting-edge technology for industry working with metal, glass, plastic and jewellery. Young dynamic team as well as a seasoned entrepreneur (behind two successful technology companies) are managing company for growth and more efficient, ecological and smarter industrial process.

### Product

“Chinook” features portfolio of three proprietary products that generate zero carbon high temperature flame of >2’500°C through hydrolysis of water in a compact instrument. The homogenous flame can be deployed for industrial scale brazing, soldering and welding. The key USP is in lower operational cost, compact foot print and mobility as well as use of continuously collected data to monitor and improve brazing process efficiency. The instrumentation eliminates the need to purchase, handle and store high-pressure gas bottles (lowering occupational hazards and complex gas logistics or conducts). The instrument is also very user friendly with no CO gas emission, low noise level (<25dB) and doesn’t require UV eye protection.

### Market Segment

The first market focus of “Chinook” is HVAC (Heating, Ventilation and Air Conditioning) industry segment that has annual sales of \$ 88 bn and +6% annual growth. The key demand is for more flexible, energy efficient and environmental friendly instrumentation. Main growth driver of this segment is growing middle-class in emerging countries (AC, heating, fridges). Typical targeted customer can purchase dozen units of Chinook products in one location and would have several locations in multiple countries. Some clients and prospects: Danfoss, Carrier, J&J control, AMC, Airwell, De Dietrich.

### Business Strategy

“Chinook”, staff of 7, is currently prospecting and selling their instruments with +80 demonstrations and 40 units sold in 25 locations in 2 countries in EU with € 200 000 confirmed sales and € 400 000 forecasted for 2014. White-label OEM manufacturing for larger supranational strategic partner for one specific field is under discussion.

The company revenues are generated through one-off sales of equipment (€ 8-23K) complemented by maintenance service, accessory and some auxiliary consumables.

Product miniaturization scheduled within 1-2 yrs would allow an extension of targeted market to mobile field applications and for SMU business segment. Chinook patented technology can be used for larger volume production of hydrogen used for energy generation and storage – revenue generation through licensing model is planned here.

### Key Milestones

The Company is in existence since 2009 and in its second year on the market

- ✓ One core patent with university partner and three more in preparation
- ✓ First products sold, on trial and under distribution agreements
- ✓ Direct in native and distributors in 2 other EU countries
- White label OEM for one larger player (under negotiations)
- Break even and sales of total 850 units (6% market share) planned by end of 2017
- Forecast for 2019: revenues € 13 M, EBIT 25% and GM 40% Europe only

### Investment Opportunity

“Chinook’s” management assessed the need for additional financing at € 2-3 million to scale-up its sales and marketing intensity. The company is searching to secure additional working capital to increase the number of sales representatives and marketing and PR intensity (advertisement, industry fairs) as well as forge and secure strategic alliances and local distributors to grow market share and stabilized revenues. Industry common R&D expense will allow to market portable units (new segment) and more performant proprietary large volume Hydrogen production electrodes. Chinook anticipates ROI of about 3 fold of the invested amount for the new investor over the next 3-5 years. M&A with larger corporation is an anticipated exit scenario preferably as of 2017 (stabilized sales and larger market segment footprint).

In case of serious interest in this investment or strategic partnering opportunity, please don’t hesitate to contact us at any time for more details and narratives - [tomas.svoboda@tagator.com](mailto:tomas.svoboda@tagator.com).