

Building Aircraft

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Military aircraft usually begin with a requirement followed by a contract or an order. This is the case for most aircraft built by Boeing, Dassault, Lockheed Martin, Saab and Stavatti. Historically companies will “risk everything” and invest in building a prototype with their own company funds provided there is an evident, recognizable need by a customer for a specific type of aircraft. This was the case with the Boeing B-17 and KC-135. In most other instances, the contractor (aircraft manufacturer) requires the customer to award a contract to the contractor with payment to address the cost of development as well as production. This was the case in both the North American P-51 Mustang and the F-22 Raptor. The vast majority of new military aircraft are developed this way for both the United States as well as for foreign allied customers.

In the case of Stavatti, we employ both models with slight modifications. We will develop and produce an aircraft to specific requirements under contract in which the customer end-user is responsible for funding both development and procurement costs and we will also take risks and develop a new aircraft purely on speculation of a necessary or anticipated military need or requirement. The first business model presents very little risk to Stavatti while the second approach imposes significant, yet manageable, financial risk. In order to develop an aircraft at company expense, Stavatti must raise external investment capital, often venture capital, based upon a clearly defined market opportunity, a clearly defined product to address that market and a business model that allows the company to generate a sustained Return on Investment with minimum potential for failure or liability. As aircraft are expensive to develop that means very large amounts of money must be raised within a risk averse investment environment that is seeking quick returns on funds placed.

Stavatti regularly competes for military aircraft development and production contracts. Most recently these have included programs such as FA-XX, UJTS and NGAS. These programs often begin at a Request For Information (RFI) stage which may evolve to Request For Proposal (RFP) and potentially contract award. Stavatti also submits Unsolicited Proposals (UP) to specific government agencies, such as the USAF or USN, and prior to the formation of Stavatti Corporation in 1994 it was the award of contract based on an Unsolicited Proposal that is attributed to launching the Stavatti brand as an aircraft developer and manufacturer. In addition to RFIs, RFPs and UPs there are also sole source opportunities that are offered by government end users and Stavatti as an organization has engaged in sole source opportunities over the course of our company history. These sole source opportunities concentrate upon satisfying a specific need that often can only be addressed by the contracted company and many times relates to a very specific aircraft, system or hardware that the manufacturer is the sole source provider.

Over the last 30 years there has been a dramatic change in the landscape of military aerospace. Gone are the fleets of the 1980s as is the Strategic Air Command and many of the military operational and development structures that were once in place. The 1990s was a time of dramatic industry change, mergers and acquisitions and fleet sizes diminished dramatically. While many believed that with the fall of the Soviet Union and the lifting of the Iron Curtain the idea of war was a thing of the past, the reality is that 30 years later we are facing more threats and more adversaries than ever before and are perhaps closer to global nuclear Armageddon today than we have ever been before. To address those threats today and in the future, new military aircraft are needed to replace aging systems.

Throughout our company history Stavatti has recognized the need for new trainers, fighters, attack aircraft, bombers, transports and tankers to replacing aging systems. Aircraft such as the A-10, F-15, F-16, F/A-18, C-130, KC-135 and even the F-22 and F-35 are aging and need replacement by more advanced, more modern systems that are more affordable to procure, own, maintain and operate. Stavatti has been undertaking the development of airplanes to address these needs at our own company expense despite a recognized need or requirement being openly published by the USAF, USN or USMC. Stavatti anticipates needs and what we have discovered is that over time our prediction of anticipated future military needs is 100% accurate. Over time our vision for future military aircraft has overlapped and met, if not exceeded, the requirements that are eventually developed and released by warfighters and end users.

The clearest case for this is the SM-28 Machete. Stavatti recognized the need for an A-10 replacement in the early 2000s. We had meetings with the USAF Long Range Plans Office about the SM-28 Machete as a replacement for the A-10 in 2005. The A-10 is still flying today with an average age of 43.37 years. Of the 716 A-10s built, only 219 remain in service today, minus the one we just lost. Of those only 141 A-10s are

Active Duty while 31 are in the Air National Guard and 47 are in the Air Force Reserve. The United States is now planning to continue to fly the A-10 for as long as possible. The A-10 is the most critical CAS aircraft we have available and as of the Iran war it will likely remain in service past 2030.

The SM-28 Machete can replace the A-10. Offered at \$25 Million per aircraft, the SM-28 will offer a lower operating and sustainment cost than the A-10. The cost of developing the SM-28 Machete using Stavatti's lean business approach totals approximately \$500 Million including \$75 Million in Round A Prototyping and Initial Flight Testing (Demonstration and Validation or Dem/Val) and \$425 Million in Round B Qualification and Full Scale Development/Engineering Manufacturing Development (FSD/EMD).

The SM-28 can replace USAF A-10s, but it can also be exported as a Close Air Support (CAS) and attack aircraft to allied nations worldwide. Stavatti projects a market demand for up to 1,500 SM-28s globally over the next 20 to 40 years. As a business case the SM-28 makes sense, but how will development funding be paid for? There are three ways development and production launch of the SM-28 Machete can be paid for. The first way, which is a commercial approach, is for a customer, such as the USAF, to place an order for the aircraft. An order of 100 SM-28s would completely pay for the entire \$500 Million development effort. If the USAF places an order for the SM-28 Machete under a Sole Source contract for 100 aircraft, the SM-28 will be fully developed, qualified and enter production with deliveries beginning within 48 to 60 months of contract award. Stavatti anticipates a production rate of 75 aircraft per year and will be able to deliver 100 SM-28 Machetes under such a contract structure within 24 production months accounting for Low Rate Initial Production (LRIP) Ramp-Up.

The second way to pay for SM-28 development is to have the USAF award a development contract to Stavatti. This would likely be a cost plus fixed fee award valued at \$500 Million or more. Assuming a 10% profit margin, the contract value may be \$550 Million. In this instance the USAF would pay for development and would likely be assigned the SM-28 intellectual property rights. The USAF would then presumably place an order for the aircraft, with production and future Foreign Military Sales (FMS) largely driven and directed by the USAF.

The third way to fund the SM-28 Machete development program is for Stavatti to raise investment capital in the form of debt or equity to fund the program. Recognizing the very evident need for an A-10 successor and next generation CAS aircraft for allies worldwide, Stavatti is engaged in raising equity investment capital from qualified accredited investors to fund the development of the SM-28 Machete. This fundraiser is being conducted under an SEC Regulation D Rule 506(c) offering and is part of a more comprehensive \$850 Million Regulation D Rule 506(c) raise that Stavatti launched in February 2026 with the filing of our Form D with the SEC. Stavatti is offering our private stock to accredited investors to fund SM-28 development and production launch.

The reality is that the development costs of the SM-28 Machete can be funded through a combination of mechanisms. We are focused upon securing pre-orders for the aircraft, production contracts as well as investment capital to prototype the SM-28 as well as flight test, qualify and begin its production.

When an outside observer asks "when will an airplane fly" the most accurate response is "when the prototype is funded!" Stavatti has a mechanism in place for accredited investors who would like to see the SM-28 fly help make that happen. That mechanism is our Regulation D Rule 506(c) offering. We invite all aviation oriented accredited investors who would like to help Stavatti succeed to request a copy of our latest Regulation D Rule 506(c) offering memorandum and investor package.

This approach to develop and produce the SM-28 Machete provides an example of how all Stavatti military aircraft can be developed and produced. It is also very similar to how Stavatti civil aircraft are developed and produced with an emphasis upon securing private sector investment capital to fund development based upon known levels of customer interest often directly indicated by pre-orders and a standing back-log.

There is an argument sometimes made that companies which have not previously "built an airplane" cannot build an airplane in the future. Attacks on new airplane companies based on the argument that the company "has never built an aircraft" are irrelevant due to the nature of how aircraft are built. In the case of Stavatti, like Boeing and Lockheed Martin, for each individual aircraft program Stavatti employs an experienced team of seasoned engineers and aerospace defense professionals who have worked at multiple companies over the course of their career including Boeing, Northrop Grumman, Lockheed Martin and Airbus. We are drawing from the same aerospace engineering talent pool as all of our competitors. Like our competitors, Stavatti also outsources the production of all major components and systems, from airplane structures to powerplants to landing gear to armament systems. We are contracting the exact same industry team members that Boeing, Lockheed Martin and Northrop Grumman contract. Like the big three, Stavatti "integrates" systems and components produced by the over 100 supply chain companies working with the same lead prime industry team members as all other

primes. In so doing Stavatti serves as a “Systems Integrator” as does Boeing. In so doing, Stavatti largely employs the same business model. Furthermore, how many aircraft companies “never built an airplane” prior to “building their first airplane?” Today there are many new companies that have emerged that had never built an airplane before, yet they raised hundreds of millions of dollars and built aircraft. This is particularly common in the eVTOL world in which companies such as Archer Aviation, Joby Aviation and Lillium, with no prior history of building aircraft raised large sums of money to prototype aircraft. The key to a successful new aircraft company is not its “history of building aircraft,” but its ability to raise large amounts of capital, often from the investment community, and then deploy it in such a manner that a prototype can be built, tested and validated to result in a certified aircraft that can be produced and sold. The challenge that Stavatti must overcome is not technical or related to its business model, but the challenge of raising the large up-front capital necessary to fund the prototyping, flight testing, certification and production launch of one or more new aircraft.

Statements asserting that Stavatti “has never built an aircraft” are moreover inaccurate and stand in direct conflict with secure information that is available only on a strict need-to-know basis in accordance with applicable security requirements and classification guidance. Quoting Ben Rich of Lockheed Skunk Works, “Those who know don’t talk; those who talk don’t know.” Stavatti stands in accordance with the tenants and directives of security agreements as well as non-disclosure agreements. As a DDTC-registered defense contractor holding registrations M45748 and K-8265 along with CAGE code 8GT89, Stavatti continues to draw upon decades of aircraft engineering and development experience gained through specific past programs.

Stavatti’s leadership team further underscores the company’s credibility and operational maturity. Chairman, President, and Chief Executive Officer Christopher R. Beskar supplies the technical vision rooted in the original Multi-Role Fighter program. The board, executive ranks and Stakeholder Pool of Stavatti include Vice Admiral Charles W. Moore Jr., USN (Ret.), former Commander of the U.S. Fifth Fleet and a Lockheed Martin executive; Colonel Richard E. Guild, USAF (Ret.), a recognized expert in low-observable technology and weapons systems development; Lieutenant General Joe Martz, USA (Ret.); and other senior professionals drawn from prime contractors, the Department of Defense, and operational commands. This depth of expertise distinguishes Stavatti from many other new companies.

In contrast to numerous early stage aerospace companies, Stavatti has advanced with disciplined execution despite the absence of massive external venture capital infusions. Boom Supersonic, for instance, has progressed rapidly after raising nearly one billion dollars and securing major airline commitments. Aerion Supersonic, however, offers a cautionary tale: the company raised hundreds of millions of dollars, formed partnerships including an initial collaboration with Boeing, and pursued an ambitious supersonic business jet, yet declared bankruptcy in 2021 without producing a single aircraft, undone by escalating development costs, certification hurdles, and funding shortfalls. Other ventures such as Eclipse Aviation similarly attracted hundreds of millions before collapsing due to flawed business models and execution failures. Stavatti continues steady progress without encountering such setbacks.

Then there is the matter of drone and unpiloted aircraft sales. Since 2024 Stavatti has embarked on the offering of a wide array of fixed wing and rotary wing drones and unpiloted aircraft. These drones include both VTOL configurations as well as conventional and hand-launched variants. They range in a wide variety of shapes, configurations and sizes to meet various mission needs and requirements. Stavatti drones may be custom ordered or be of a standard mass produced configuration. Customers worldwide may order Stavatti drones with our most popular models including our SD-11, SD-30 and SD-136 with delivery in 30 days or less depending upon configuration and options. Expanding our product line, Stavatti anticipates introducing additional new drones in 2027.

Stavatti is now accepting pre-orders on all of our next generation, new design aircraft for delivery within 40 to 72 months depending upon model. Stavatti is also accepting orders on a wide variety of drones and unpiloted aircraft for immediate delivery. Stavatti is committed to satisfying future and current customer needs and welcomes inquiries about how our comprehensive product line can address your requirements both today and tomorrow.