

**PRIVATE PLACEMENT MEMORANDUM FOR ACCREDITED INVESTORS  
NOVEMBER 23, 2021**

**Boxabl Inc.**



**5345 E. N. Belt Road**

**North Las Vegas, NV 89115**

**boxabl.com**

**UP TO \$500,000,000 WORTH OF NON-VOTING SERIES A-2 PREFERRED STOCK OF  
THE COMPANY**

Boxabl Inc. (“Boxabl”, “the company”, “we”, or “us”), is offering up to \$500,000,000 worth of its Series A-2 Preferred Stock (the “Shares”). This offering is being conducted on a best-efforts basis. The minimum purchase per investor is \$10,000.

The number of Shares issuable to any investor will be based on a per Share price as follows:

<b>Investment Level</b>	<b>Price Per Share</b>
\$10,000	\$0.76
\$100,000	\$0.72
\$1,000,000	\$0.68
\$10,000,000	\$0.64
\$100,000,000	\$0.60

AN INVESTMENT IN OUR SHARES INVOLVES A HIGH DEGREE OF RISK. IN MAKING AN INVESTMENT DECISION INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF US AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. YOU SHOULD ONLY INVEST IN THESE SECURITIES IF YOU CAN AFFORD A COMPLETE LOSS OF YOUR INVESTMENT. YOU SHOULD READ THE COMPLETE DISCUSSION OF THE RISK FACTORS SET FORTH IN THIS PRIVATE PLACEMENT MEMORANDUM (“PPM”).

A COPY OF THIS PPM AND THE PURCHASE AGREEMENT SHALL BE DELIVERED TO EVERY PERSON SOLICITED TO BUY ANY OF THE SECURITIES HEREBY OFFERED, AT THE TIME OF THE INITIAL OFFER TO SELL.

NEITHER THE SECURITIES AND EXCHANGE COMMISSION (“SEC”) NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THESE SECURITIES OR PASSED UPON THE ADEQUACY OR ACCURACY OF THIS PPM. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

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THE COMPANY CURRENTLY FILES REPORTS WITH THE SEC PURSUANT TO REGULATION CROWDFUNDING AND IS PURSUING AN OFFERING UNDER TIER 2 OF REGULATION A. INVESTORS SHOULD NOTE THAT WE MAY BE REQUIRED TO DISCLOSE CERTAIN INFORMATION REGARDING UNREGISTERED OFFERINGS OF SECURITIES, SUCH AS THE OFFERING DESCRIBED IN THIS PPM, IN THOSE SEC FILINGS.

THE SECURITIES OFFERED HEREBY WILL BE SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE AND MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED UNDER THE SECURITIES ACT AND UNDER APPLICABLE STATE SECURITIES LAWS OR PURSUANT TO REGISTRATION OR EXEMPTION THEREFROM. INVESTORS SHOULD BE AWARE THAT THEY MAY BE REQUIRED TO BEAR THE FINANCIAL RISKS OF THIS INVESTMENT FOR AN INDEFINITE PERIOD OF TIME. ONLY PERSONS WHO CAN AFFORD TO LOSE THEIR ENTIRE INVESTMENT IN THE SHARES SHOULD PURCHASE THE SHARES.

THE INFORMATION PRESENTED HEREIN WAS PRESENTED AND SUPPLIED SOLELY BY BOXABL. AND IS BEING FURNISHED SOLELY FOR USE BY PROSPECTIVE INVESTORS IN CONNECTION WITH THE OFFERING. BOXABL MAKES NO REPRESENTATIONS AS TO THE FUTURE PERFORMANCE OF BOXABL.

THIS OFFERING IS SUBJECT TO WITHDRAWAL, CANCELLATION OR MODIFICATION BY BOXABL AT ANY TIME AND WITHOUT NOTICE. WE RESERVE THE RIGHT IN OUR SOLE DISCRETION TO REJECT ANY PURCHASE IN WHOLE OR IN PART NOTWITHSTANDING TENDER OF PAYMENT OR TO ALLOT TO ANY PROSPECTIVE INVESTOR LESS THAN THE NUMBER OF SHARES SUBSCRIBED FOR BY SUCH INVESTOR.

THIS PPM DOES NOT CONSTITUTE AN OFFER TO SELL OR A SOLICITATION OF ANY OFFER TO BUY ANY SECURITY OTHER THAN THE SECURITIES OFFERED HEREBY, NOR DOES IT CONSTITUTE AN OFFER TO SELL OR A SOLICITATION OF ANY OFFER TO BUY SUCH SECURITIES BY ANYONE IN ANY JURISDICTION IN

WHICH SUCH OFFER OR SOLICITATION IS NOT AUTHORIZED, OR IN WHICH THE PERSON MAKING SUCH OFFER OR SOLICITATION IS NOT QUALIFIED TO DO SO. NEITHER THE DELIVERY OF THIS PPM NOR ANY SALE MADE HEREUNDER SHALL, UNDER ANY CIRCUMSTANCES, CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN OUR AFFAIRS SINCE THE DATE HEREOF. THIS PPM CONTAINS SUMMARIES OF CERTAIN PERTINENT DOCUMENTS, APPLICABLE LAWS AND REGULATIONS. SUCH SUMMARIES ARE NOT COMPLETE AND ARE QUALIFIED IN THEIR ENTIRETY BY REFERENCE TO THE COMPLETE TEXTS THEREOF.

PROSPECTIVE INVESTORS ARE NOT TO CONSTRUE THE CONTENTS OF THIS PPM AS LEGAL OR TAX ADVICE. EACH PROSPECTIVE INVESTOR SHOULD CONSULT HIS OR HER OWN COUNSEL, ACCOUNTANT AND OTHER ADVISORS AS TO LEGAL, TAX AND RELATED MATTERS PRIOR TO PURCHASING ANY SHARES. **WE URGE YOU TO CONSULT AND RELY ON YOUR OWN TAX ADVISOR WITH RESPECT TO YOUR OWN TAX SITUATION, POTENTIAL CHANGES IN APPLICABLE LAWS AND REGULATIONS AND THE FEDERAL AND STATE CONSEQUENCES ARISING FROM AN INVESTMENT IN THE SHARES. THE COST OF THE CONSULTATION COULD, DEPENDING ON THE AMOUNT CHARGED TO YOU, DECREASE ANY RETURN ANTICIPATED ON YOUR INVESTMENT. NOTHING IN THIS PPM IS OR SHOULD BE CONSTRUED AS LEGAL OR TAX ADVICE TO ANY SPECIFIC INVESTOR, AS INDIVIDUAL CIRCUMSTANCES MAY VARY. YOU SHOULD BE AWARE THAT THE INTERNAL REVENUE SERVICE MAY NOT AGREE WITH ALL TAX POSITIONS TAKEN BY US AND THAT LEGISLATIVE, ADMINISTRATIVE OR COURT DECISIONS MAY REDUCE OR ELIMINATE ANY ANTICIPATED TAX BENEFITS OF AN INVESTMENT IN THE SHARES.**

BOXABL DOES NOT MAKE ANY EXPRESS OR IMPLIED REPRESENTATION OR WARRANTY AS TO THE ACCURACY OR COMPLETENESS OF THE INFORMATION CONTAINED IN THIS PPM OR IN ANY ADDITIONAL EVALUATION MATERIAL, WHETHER WRITTEN OR ORAL, MADE AVAILABLE IN CONNECTION WITH ANY FURTHER INVESTIGATION OF BOXABL. BOXABL EXPRESSLY DISCLAIMS ANY AND ALL LIABILITY THAT MAY BE BASED UPON SUCH INFORMATION, ERRORS THEREIN OR OMISSIONS THEREFROM. ONLY THOSE PARTICULAR REPRESENTATIONS AND WARRANTIES, IF ANY, WHICH MAY BE MADE TO A PARTY IN A DEFINITIVE WRITTEN AGREEMENT REGARDING A TRANSACTION INVOLVING RAD LENDING INC., WHEN, AS AND IF EXECUTED, AND SUBJECT TO SUCH LIMITATIONS AND RESTRICTIONS AS MAY BE SPECIFIED THEREIN, WILL HAVE ANY LEGAL EFFECT. EXCEPT AS OTHERWISE EXPRESSLY PROVIDED TO THE CONTRARY IN WRITING, THIS PPM SPEAKS AS OF THE DATE HEREOF. NEITHER THE DELIVERY OF THIS PPM NOR ANY SALE OF SHARES MADE HEREUNDER SHALL, UNDER ANY CIRCUMSTANCES, CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF BOXABL AFTER THE DATE HEREOF.

NO PERSON HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS OTHER THAN THOSE CONTAINED IN THIS PPM IN CONNECTION WITH THE OFFERING OF SECURITIES BEING MADE PURSUANT HERETO, AND IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATIONS MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY BOXABL. WE HAVE NOT RETAINED ANY INDEPENDENT PROFESSIONALS TO COMMENT ON OR OTHERWISE PROTECT THE INTERESTS OF POTENTIAL INVESTORS. ALTHOUGH WE HAVE RETAINED OUR OWN COUNSEL, NEITHER SUCH COUNSEL NOR ANY OTHER INDEPENDENT PROFESSIONALS HAVE MADE ANY EXAMINATION OF ANY FACTUAL MATTERS HEREIN, AND POTENTIAL INVESTORS SHOULD NOT RELY ON OUR COUNSEL REGARDING ANY MATTERS HEREIN DESCRIBED.

THERE IS NO MARKET FOR OUR SECURITIES AND THERE IS NO ASSURANCES A PUBLIC MARKET WILL EVER BE ESTABLISHED. PURCHASERS OF THE SECURITIES ARE NOT BEING GRANTED ANY REGISTRATION RIGHTS. A PURCHASE OF THE SECURITIES SHOULD BE CONSIDERED AN ILLIQUID INVESTMENT.

THIS PPM IS SUBJECT TO AMENDMENT AND SUPPLEMENTATION AS APPROPRIATE. WE DO NOT INTEND TO UPDATE THE INFORMATION CONTAINED IN THE PPM FOR ANY INVESTOR WHO HAS ALREADY MADE AN INVESTMENT. WE MAY UPDATE THE INFORMATION CONTAINED HEREIN FROM TIME TO TIME AND PROVIDE SUCH UPDATED DOCUMENT TO POTENTIAL INVESTORS BUT WE UNDERTAKE NO OBLIGATION TO PROVIDE SUCH UPDATED DOCUMENTS TO AN INVESTOR WHO HAS ALREADY MADE HIS INVESTMENT.

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### NOTICE REGARDING FORWARD-LOOKING STATEMENTS

Certain of the statements set forth in this PPM and the Exhibits attached hereto constitute “Forward Looking Statements.” Forward-looking statements include, without limitation, any statement that may predict, forecast, indicate, or imply future results, performance or achievements, and may contain the words “estimate,” “project,” “intend,” “forecast,” “anticipate,” “plan,” “planning,” “expect,” “believe,” “will likely,” “should,” “could,” “would,” “may” or words or expressions of similar meaning. All such forward-looking statements involve risks and uncertainties, including, but not limited to, those risks described herein. Therefore, prospective investors are cautioned that there also can be no assurance that the forward-looking statements included in this PPM will prove to be accurate. In light of the significant uncertainties

inherent to the forward-looking statements included herein, the inclusion of such information should not be regarded as a representation or warranty by the company or any other person that the objectives and plans of the company will be achieved in any specified time frame, if at all. Except to the extent required by applicable laws or rules, the company does not undertake any obligation to update any forward-looking statements or to announce revisions to any of the forward-looking statements.

## WHERE YOU CAN OBTAIN MORE INFORMATION

The PPM contains limited information on the company. While we believe the information contained in the PPM is accurate, such documents are not meant to contain an exhaustive discussion regarding the company. We cannot guarantee a prospective investor that the abbreviated nature of the PPM will not omit to state a material fact, which a prospective investor may believe to be an important factor in determining if an investment in the Shares offered hereby is appropriate for such investor. As a result, prospective investors are required to undertake their own due diligence of Boxabl, our current and proposed business and operations, our management and our financial condition to verify the accuracy and completeness of the information we are providing in the PPM. If we make additional offerings of securities in the future, those offerings may include additional or different information to what is included in the PPM. **An investment in the Shares is suitable only for investors who have the knowledge and experience to independently evaluate Boxabl, our business and prospects.**

Prospective investors may make an independent examination of our books, records and other documents to the extent an investor deems it necessary and should not rely on us or any of our employees or agents with respect to judgments relating to an investment in the company.

EACH PROSPECTIVE INVESTOR WILL BE GIVEN AN OPPORTUNITY TO ASK QUESTIONS OF, AND RECEIVE ANSWERS FROM, MANAGEMENT OF THE COMPANY CONCERNING THE TERMS AND CONDITIONS OF THIS OFFERING AND TO OBTAIN ANY ADDITIONAL INFORMATION, TO THE EXTENT THE COMPANY POSSESSES SUCH INFORMATION OR CAN ACQUIRE IT WITHOUT UNREASONABLE EFFORTS OR EXPENSE, AS NECESSARY TO VERIFY THE ACCURACY OF THE INFORMATION CONTAINED IN THIS PPM.

Each offeree may, if he, she or it so desires, make inquiries of appropriate members of our management with respect to our business or any other matters set forth herein, and may obtain any additional information which such person deems to be necessary in order to verify the accuracy of the information contained in the PPM (to the extent that we possess such information or can acquire it without unreasonable effort or expense).

Any such inquiries or requests for additional information or documents should be made in writing to us, addressed as follows:

Boxabl Inc.  
5345 E. N. Belt Road  
North Las Vegas, NV 89115  
Attention: Galiano Tiramani  
Email: [gtiramani@boxabl.com](mailto:gtiramani@boxabl.com)



## SUMMARY

The following is a summary of the basic terms and conditions of a proposed Series A-2 Preferred Stock financing of Boxabl Inc. This summary is qualified in its entirety by the discussion contained in this PPM, and the company's constitutive documents and agreements identified below.

**Financing Amount:** Up to \$500,000,000 in aggregate principal amount of Series A-2 Preferred Stock (the "**Shares**").

**Closings:** The company may close the sale of the Shares in one or more closings with one or more purchasers of the Shares acceptable to the company (the "**Investors**").

**Definitive Agreement:** The Shares will be issued and sold pursuant to a subscription agreement included as Exhibit A to this PPM (the "**Subscription Agreement**").

**Price Per Share:** The price per Share will be determined by the value of the investment as follows:

<b>Investment Level</b>	<b>Price Per Share</b>
\$10,000	\$0.76
\$100,000	\$0.72
\$1,000,000	\$0.68
\$10,000,000	\$0.64
\$100,000,000	\$0.60

**Outstanding Securities:** The company has the following number of shares of its capital stock outstanding:

<b>Share Class</b>	<b>Number Outstanding</b>
Common Stock	3,000,000,000
Series A Preferred Stock	186,467,730
Series A-1 Preferred Stock	70,422,530(1)
Series A-2 Preferred Stock	0
<b>Total Outstanding</b>	<b>3,256,890,260</b>
Series A-1 Preferred Stock Issuable Upon Conversion of Outstanding Notes	524,592,321
<b>Total Fully Diluted</b>	<b>3,691,654,461</b>

**Voting Rights:** Holders of Series A-2 Preferred Stock will have no voting rights on matters put to the stockholders for a vote.

***Right to Receive Liquidation Distributions:***

In any event of any voluntary or involuntary liquidation, dissolution or winding up of the company, after payment to all creditors of the company, the remaining assets of the company available for distribution to its stockholders will be distributed first among the holders of g Series A-2, A-1 and Series A Preferred Stock, and then to the holders of Common Stock. The Series A-2 Preferred Stock includes a liquidation preference of \$0.80 per share (the “Preferred Payment”). If there are insufficient assets for the Preferred Payment, then the holders of the Series A-2, A-1 and Series A Preferred Stock will receive their pro rata share of available assets upon liquidation of the company.

***Conversion to Common Stock:***

Upon the occurrence of firm underwriting registered offering (an “*IPO*”), the Series A-2 Preferred Stock will automatically convert into voting Common Stock of the company.

***Fees and Expenses:***

Each Investor will bear its own fees and expenses incurred in the transactions contemplated by this term sheet.

***Use of Proceeds:***

Proceeds from this offering will primarily be used for the expansion of our initial production facility capacity, opening a second production facility, and initiating franchise operations. Additional details are described under “Use of Proceeds” below.

***Concurrent Financing:***

The company intends to undertake an offering under Tier 2 of Regulation A to raise up to \$70,000,000 from retail investors. In addition, the company is seeking to source debt financing of up to \$500,000,000.

***Risk Factors:***

An investment in the company is inherently risky and prospective investors should think critically about the types of risks inherent to our industry. Further discussion of the risks we may face is included under “Risk Factors” below.

## THE COMPANY AND ITS BUSINESS

### Boxabl Overview

Boxabl is on a mission to bring building construction in line with modern manufacturing processes, creating a superior residential and commercial building that could be completed in half the time for half the cost of traditional construction.

The core product that we offer is the "Building Box", which consists of room modules that ship to site at a low cost and are stacked and connected to build most any shape and style of finished buildings. We are currently evaluating market demand, but anticipate that available dimensions will be 20x20 ft., 20x30 ft., 20x40 ft., and 20x60 ft. Our first product available for sale is our Casita Box, an accessory dwelling unit featuring a full-size kitchen, bathroom, and living area.

We believe there is significant market interest in our product based on receiving reservations interest from over 55,000 potential customers as of September 15, 2021 through our Room Module Order Agreement, some of whom have placed small deposits to formalize their pre-order of the Casita when production begins. Additionally, we have received purchase orders from the Department of Defense, with the Department of Defense order covering 156 Casitas. We have begun making deliveries on this order. In order to meet our understanding of this potential demand, we are undertaking this capital raise from accredited investors to secure raw materials ahead of need, to fund additional buildout of our initial factory, to accelerate production, and to expand operations with a second production facility and franchise opportunities.

Boxabl was first organized as a limited liability company in Nevada on December 2, 2017, and reorganized as a Nevada corporation on June 16, 2020. Our core technology was invented by our Chief Executive Officer, Paolo Tiramani, business development director, Galiano Tiramani, and our lead engineer, Kyle Denman. The technology is owned by Build IP LLC, a Nevada limited liability company specially formed as a holding company for the intellectual property. Build IP LLC is controlled by Paolo Tiramani, and has provided an exclusive license to Boxabl.

### Our Mission and Innovation

Over the past several hundred years, little has changed in the construction industry. Most buildings are built by hand, one at a time. Modern construction has not yet adopted advantages of the assembly line, robotics, or economies of scale. Even in housing developments with substantially similar homes, while components may be purchased in bulk, the work still involves construction by hand, one at a time. To compound this problem, labor shortages are rising, and new entries to this workforce are slowing. These factors are all contributing to significant backlog of housing demand and price increases that are putting affordable housing out of the reach of common Americans.

One of the prime drivers of the limitations on construction is the ability to ship finished product to a job site. At Boxabl, we realized that innovation in modular construction would not be possible without innovation in shipping. Through our license agreement with our affiliate Build IP, LLC, Boxabl's patented shipping technology allows us to serve large geographic areas from one Boxabl factory. We believe that our flagship factory that will be located in North Las Vegas,

Nevada will be able to serve the entire US, and even international markets. However, we believe our production methods can be duplicated in additional production facilities, thereby reducing delivery times to markets further from the US West Coast.

Our innovations in shipping are only possible because of our unique methods for constructing our building modules. Our "Building Box" system and Box design were created specifically to maximize repeatability in manufacturing. In addition, our reimagined manufacturing process is simplified and efficient. This is achieved in part, by reducing the individual components in the build by approximately 80% compared to traditional building, which requires stacks of lumber and thousands of nails. Significantly fewer components results in significantly less labor costs during manufacturing.

We believe the resulting product boasts many benefits over traditional construction for the end user. Not only does the Boxabl solution reduce building costs and build time compared to traditional home building, but we simultaneously improve upon other metrics that can be used to evaluate building solutions, such as installation speed, fire resistance, energy ratings, mold resistance, environmental impact, wind ratings, flood resistance, pest resistance, impact resistance and much more.

### **Market Opportunity**

Stick framing, invented over 100 years ago, is still the most popular residential building method. Stick framing means laborers build homes one at a time, by hand, using simple tools. A slow, expensive and labor-intensive process that has failed to adapt to modern manufacturing processes.

No mass production, no robotics, no economies of scale, no assembly line, and costs that are dependent on the availability of construction labor, which has experienced shortages in recent years. According to the Associated General Contractors of America, 81% of construction firms have reported difficulty in filling salaried and hourly craft positions.

Despite the labor issues, the construction market is still active. According to the US Census Bureau, privately owned housing starts in January 2021 were a seasonally adjusted annual rate of 1,580,000, which represents a 6.0% reduction from the estimated housing starts in December 2020 of 1,680,000, and 2.3% below the January 2020 rate of 1,617,000. We anticipate the economic turmoil resulting from COVID-19 may result in some decreases in housing construction, that may be abating. For instance, the US Census Bureau reported 1,881,000 seasonally adjusted building permits in January 2021, which is 10.4% above the December 2020 estimate of 1,704,000, and 22.5 above the January 2020 rate of 1,536,000.

Changes in zoning laws designed to increase housing density and solve housing affordability are allowing people around the country, and especially in California, to build accessory dwelling units ("ADUs") for use and rent. In the city of Los Angeles alone, almost 5000 ADU permits were issued last year. This is a burgeoning market for which the Boxabl product is well positioned.

While we believe ADUs are an easy way to enter the market, Boxabl is not limited to small residential units. The Boxabl product can be used in a wide range of building types — residential, commercial, high rise, multi family, apartment, disaster relief, military, labor housing and more.

## **Our Products**

### ***The Boxabl Solution***

The Boxabl product represents a new take on modular construction. A factory finished room module system that can be quickly stacked and arranged on site, and that provides the majority of the building envelope and functions. This allows builders to dramatically reduce build time and costs while increasing quality and features.

The Boxabl product is a large, almost 20 ft. in length room that folds down to 8.5 ft. wide for shipping, and still has sufficient space for factory installed kitchens, bathrooms and more. Each unit is a separate Box. Our Boxes take the heavy lifting of a building's construction out of the field and moves it into the factory, where it belongs.

Once the Boxes arrive at the jobsite, Boxes are assembled together in a plug and play manner by builders who have been trained and certified by Boxabl to create a finished home of almost any size and style. A typical Box can be assembled in one day. Speed, quality, features and price of the Boxabl product are superior to traditional building methods.

### ***Shipping Solution***

The first step in factory manufacturing of large buildings is creating a feasible shipping solution. Our goal was to ship without the need for oversized loads. Oversized loads have extra permitting, follow cars, police escorts, restricted routes and other problems that increase cost dramatically. Our design achieves the largest possible room that is able to fit into standard shipping dimensions, meeting highway, sea and rail transportation requirements.

### ***Smart Manufacturing***

Boxabl Boxes are not built like traditional homes, they have been engineered with mass production in mind. This redesign includes a significant reduction in the number of components involved in the manufacturing process. Boxabl Boxes will be built with a laminated panel technology instead of a standard stick frame construction. This means each wall panel that Boxabl manufactures only consists of a few individual components. A comparable traditional wall has thousands of individual components and requires 3+ separate skilled trades to complete (e.g., framing, sheetrock, exterior finish, etc.). Many raw materials in the Boxabl will be processed by off the shelf computer numerical control (CNC) equipment. The use of CNC equipment will give us a degree of automation right away, which we intend to expand to allow for the manufacturing process to be more fully automated.

### ***The System***

Efficient factory environments thrive on repeatability. We can achieve the lowest cost by building the same product over and over, leaving it to the final assembly to create unique structures. The Boxabl factory can build our Boxes in different sizes, with different floorplans, the builder can stack, arrange and dress the boxes however they desire for a custom building.

***Building Materials***

Historically, wood has been used for building construction because it is convenient and available. Wood burns, rots, molds, degrades, and generally has many characteristics that you wouldn't want in a permanent building structure. Further, due to warping, its dimensions are usually not accurate enough to make it compatible with precision robotics. Our wall design doesn't use standard lumber framing, instead we use a laminated panel technology that includes steel skin, expanded polystyrene (EPS) foam, and concrete board. We are able to source these materials from multiple vendors, and are not reliant on any particular vendor. Unlike wood construction, our panels are less likely to burn, rot, mold, attract bugs or degrade. They are also compatible with automation, computer numerical control (CNC), and the factory environment.

***Product Features***

The Boxabl building system has many features and solutions that reduce pain points for builders and offer an attractive product for consumers.

<p><u>Resilience</u></p> <ul style="list-style-type: none"> <li>• Fire resistant</li> <li>• Flood resistant</li> <li>• Bug resistant</li> <li>• Mold resistant</li> </ul>	<p><u>Structural</u></p> <ul style="list-style-type: none"> <li>• Snow load rated</li> <li>• Hurricane wind load rated</li> <li>• Seismic rated</li> <li>• Ultra light, requiring smaller equipment to move</li> <li>• Unit to unit connection - unlimited connection horizontally, 3 unit tall stack allowance</li> </ul>
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### Design and Engineering

- Connects to any foundation
- Packs down for low cost shipping - unfolds to 2.5x volume
- Sealing gaskets at joints
- Crane pick points for faster setting
- MEP network channel - precut chase network for all utilities in walls, roof, and floor for low-cost retrofit of electrical, sprinkler system, HVAC etc.
- 20x20 up to 20x60 room modules
- Multiple floor plans of room modules for millions of combinations
- Reduced components designed for factory automation
- Streamlined production process similar to automotive assembly rather than modular
- Weatherproof roofing membrane ships with unit
- Unpacking system included that does not require heavy equipment for assembly
- Simple field assembly does not require skilled labor apart from site work
- Pre-plumbed for on-site hook up - does not require crawl space
- All finishing work, paint, trim etc. inside and out ships complete

### Energy

- Will qualify for top energy rating
- Dramatically reduced energy bills
- Smaller sized HVAC
- Minimal thermal bridging
- Perfectly tight envelope
- High R values continuous EPS insulation
- High efficiency Appliances and LED lights for minimal energy requirement

<p><u>Approval</u></p> <ul style="list-style-type: none"> <li>• Pre-approved modular design for easy permitting</li> <li>• Mix and stack building system for easy custom plans</li> <li>• Full testing, fire, energy, structural</li> </ul>	
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***Applicable Regulation***

Our Boxes fall under state modular home building codes. As our Boxes are mass produced, we will be able to obtain approvals to meet each state modular home building code. For modular homes, states require the approval of a third-party testing and inspection company, which will conduct product testing and factory inspections. We have engaged a third-party to do that testing. We are confident in our ability to obtain the required third-party approval, and have previously received approvals for the Casita to be used at the builder trade show in Las Vegas following submitting engineer reviewed plans to the City of Las Vegas. If third party testing requires changes in our structures, we believe we will be able to quickly adjust and still deliver our foldable Boxes.

Builders will still be required to obtain local building permits.

***Price***

Our production and shipping advantages allow us to sell our Boxabl Boxes at competitive prices. The retail price for our initial product “The Casita” will be \$50,000, representing about \$120/sq. ft. Setup costs of assembly and connection to water and electric services would be in addition to this amount, increasing the total price by an additional \$5,000 to \$50,000 depending on builder fees. However, compared to building costs in states like California that can be on the order of \$400/sq. ft., the Boxabl solution is an attractive option for cost-conscious purchasers.

As we are able to increase our bulk purchasing, and introduce greater amounts of automation during the production process, we may be able to reduce the consumer price in the future to capture a larger market. That said, based upon the pre-order interest we have received, the current consumer price has not been off-putting.

**Core Technology**

The core technology covering the structure of the Boxes and transportation system used by the company was developed by its founder, Paolo Tiramani. Innovations created by Paolo Tiramani have previously led to the creation of new billion-dollar product categories in the tool storage space. The technology is held by Build IP, LLC, a Nevada limited liability company controlled by Paolo Tiramani. Build IP, LLC has issued an exclusive license agreement to the company and



will not use the technology in competition with the company. Build IP LLC will focus on protecting the patents to prevent potential infringement by competitors.

### ***Exclusive License***

Boxabl entered into the exclusive license with Build IP, LLC on June 16, 2020, which was amended in November 2021. The license will continue in perpetuity unless terminated by written agreement of Boxabl and Build IP, LLC, or by reason of default for (1) failure to pay, (2) failure to perform any material obligations under the license, or (3) insolvency of either party. Pursuant to the license agreement, Boxabl will pay a license fee of 1% of the net selling price generated from the sale of its Boxes to Build IP, LLC. Boxabl has the right to sublicense any of the rights and obligations under the exclusive license, which will facilitate our anticipated factory franchise business model.

### ***Patents***

Boxabl has rights to issued and pending patents from Build IP LLC for the structure and transportation of the Boxabl building system, covering all important aspects of its commercial designs, as well as the foreseeable alternatives. The filings closely track and reflect the product designs as they are updated. Further, the scope of protection sought extends beyond the design of the building structures themselves, and includes innovative delivery and assembly equipment and techniques. To date, Build IP LLC has been awarded six US patents and two Canadian patents.

The following table identifies the patents to which Boxabl has rights through the license from Build IP LLC:

#### **Structure Patents**

<b>JURIS</b>	<b>TITLE</b>	<b>STATUS</b>	<b>APP. NO.</b>	<b>APP. DATE</b>	<b>PAT. NO.</b>	<b>PATENT DATE</b>
US	Modular Prefabricated House	Patented	10/653,523	9/2/2003	8,474,194	7/2/2013
US	Modular Prefabricated House	Patented	13/900,579	5/23/2013	8,733,029	5/27/2014
CA	Modular Pre-Fabricated House	Patented	2,442,403	9/24/2003	2442403	12/2/2008
US	Customizable Transportable Structures and Components Therefor	Patented	16/143,598	9/27/2018	10,688,906	6/23/2020
US	Customizable Transportable Structures and Components Therefor	Patented	16/804,473	2/28/2020	10,829,029	11/10/2020
US	Customizable Transportable Structures and Components Therefor	Patented	15/931,768	5/14/2020	10,926,689	2/23/2021
PCT	Customizable Transportable Structures and Components Therefor	--	PCT/US18/53006	9/27/2018		

EU	Customizable Transportable Structures and Components Therefor	Pending	18 864 413.2	4/30/2020		
CA	Customizable Transportable Structures and Components Therefor	Patented	3,078,484	4/3/2020	3,078,484	7/13/2021
US	Foldable Building Structures with Utility Channels and Laminate Enclosures	Patented	16/786,130	2/10/2020	11,118,344	9/14/2021
US	Foldable Building Structures with Utility Channels and Laminate Enclosures.	Pending	17/245,187	4/30/2021		
PCT	Foldable Building Structures with Utility Channels and Laminate Enclosures	--	PCT/US20/17524	2/10/2020		
AU	Foldable Building Structures with Utility Channels and Laminate Enclosures	Pending	2020221056	7/2/2021		
CA	Foldable Building Structures with Utility Channels and Laminate Enclosures	Pending	3,129,693	8/9/2021		
CN	Foldable Building Structures with Utility Channels and Laminate Enclosures	Pending	202080014606.4.	8/13/2021		
EU	Foldable Building Structures with Utility Channels and Laminate Enclosures	Pending	20 755 992.3	9/14/2021		
JP	Foldable Building Structures with Utility Channels and Laminate Enclosures	Pending	2021-547830	8/13/2021		
MX	Foldable Building Structures with Utility Channels and Laminate Enclosures	Pending	MX/a/ 2021/0097120	8/12/2021		
SA	Foldable Building Structures with Utility Channels and Laminate Enclosures	Pending	521422646	7/28/2021		
US	Enclosure Component Perimeter Structures	Pending	16/786,202	2/10/2020		
PCT	Enclosure Component Perimeter Structures	--	PCT/US20/17527	2/10/2020		
CA	Enclosure Component Perimeter Structures	Pending	to be provided	8/9/2021		
CN	Enclosure Component Perimeter Structures	Pending	202080014607.9	8/13/2021		

EU	Enclosure Component Perimeter Structures	Pending	20 755 993.1	9/14/2021		
JP	Enclosure Component Perimeter Structures	Pending	2021-547829	8/13/2021		
US	Equipment and Methods for Erecting a Transportable Foldable Building Structure	Pending	16/786,315	2/10/2020		
PCT	Equipment and Methods for Erecting a Transportable Foldable Building Structure	--	PCT/US20/17528	2/10/2020		
US	Enclosure Component Sealing Systems	Pending	63/181,447	4/29/2021		
US	Enclosure Component Edge Seal Systems	Pending	17/513,176	10/28/2021		
US	Enclosure Component Compression Seal Systems	Pending	17/513,207	10/28/2021		
US	Enclosure Component Shear Seal Systems	Pending	17/513,266	10/28/2021		
PCT	Enclosure Component Sealing Systems	Pending	PCT/US21/56415	10/25/2021		
US	Folding Beam Systems	Pending	63/188,101	5/13/2021		
US	Foldable Transportable Buildings	Pending	63/192,349	5/24/2021		
US	Sheet/Panel Design for Enclosure Component Manufacture	Pending	63/196,400	6/03/2021		
US	Sheet/Panel Design for Enclosure Component Manufacture	Pending	17/504,883	10/19/2021		
US	Wall Component Appurtenances	Pending	63/211,712	6/17/2021		

#### Transport Patents

JURIS.	TITLE	STATUS	APP. NO.	APP. DATE	PAT. NO.	PATENT DATE
US	Wheeled Assembly for Item Transport	Patented	16/143,628	9/27/2018	11,007,921	5/18/2021
PCT	Wheeled Assembly for Item Transport	--	PCT/US18/53015	9/27/2018		
Europe	Wheeled Assembly for Item Transport	Pending	18 863 822.5	4/30/2020		
Canada	Wheeled Assembly for Item Transport	Allowed	3,078,486	4/3/2020		

#### Factory Patent

JURIS.	TITLE	STATUS	APP. NO.	APP. DATE	PAT. NO.	PATENT DATE
US	Enclosure Component Fabrication Facility	Pending	63/136,268	1/12/2021		

## Strategy

Boxabl intends to create a factory franchise business model. After our flagship factory in Las Vegas is scaled up, we want to expand internationally by setting up franchisees to build their own factories. We will use this first production style factory to identify procedures, data, costs, raw materials, equipment, labor numbers and more to build a blueprint for future factories.

We believe a franchise model would let us rapidly scale worldwide. Under this scenario, Boxabl becomes a logistics company with franchisees constructing factories around the world. We would supply franchisee with raw materials, custom equipment, branding, proprietary components, quality control, and other services. As of September 15, 2021, we have received interest from over 440 parties that would like to partner with us as franchisees from 17 states and 25 countries. About 260 of these inquirers indicated they have at least \$5 million to spend on startup of these factories. To date, we have not requested any payment from any of these parties as we feel it is premature. We do not yet have controls or procedures for evaluating potential franchisees, and will develop these procedures after evaluating the operations of our starter factory.

While these initial stages for the company will be capital intensive as we develop our operations and outfit our starter factory, once moving into a focus on the factory franchise business model, we believe that we will be able to scale operations without continuous infusions of capital.

While the company has received a considerable amount of positive media coverage, that coverage has been mostly prospective and has not included detailed looks and reviews of our Casita. To remedy that, we are considering construction of a showcase community in the Las Vegas area to allow for evaluation of our Boxes through a controlled, real-world test. We have not yet committed to this idea, and have not allocated any proceeds from this offering to the showcase community.

### *Our Starter Factory*

Our starter production facility has now been built and is expected to produce six Boxes per shift once we ramp up production. We worked with industry leading consultants to develop a plan for maximizing production efforts through automation, process efficiency, and supply chain considerations. If we are able to achieve the plan as set out by our consultants, this would result in constructing approximately 400 Boxes in the first year, and 3,600 in the second year once we reach standard production, which would consist of two shifts per day, six days a week. The Boxes and panels will move through stations in the factory where different sections are completed. Our current factory design utilizes ten stations. We entered into a lease for our starter production facility on December 29, 2020, which we took possession of on May 1, 2021 on a

sixty-five month lease. The facility features 173,720 square feet of usable floor space, which we have begun to outfit with capital equipment necessary for the construction of our Boxes. We believe this factory should create approximately 300 new direct jobs when fully staffed. Many more indirect jobs will be created on the building sites by our customers when they are using our modules to build.

### ***Additional Production Facilities***

We will use funds from the proceeds of this offering for research and development expenditures relating to the planning for expanding into a second production facility. We have not yet determined a location, which would involve a variety of factors, such as transportation networks, facility availability, as well as tax or other financial incentives. The knowledge gained from our starter facility and additional production facilities will assist with the expansion into the franchise model.

### **Our Customers**

In 2019, Boxabl delivered the first prototype at the Builders Show in Las Vegas and received an overwhelming response. Builders were ecstatic to see the development of a solution to many issues they struggle with. We received the equivalent of 6,000,000+ sq. ft. of “reservations” from hundreds of professional builders. These reservations were simply an indication of interest and we did not take any deposits; they are not a guarantee of future revenues.

After the show we ordered basic manufacturing equipment and continued to perfect the system and address feedback we got from the builder community. We were invited back to the 2020 show through a sponsorship with Professional Builder Magazine. Once we decided our initial building product focus would be the ADU, we built three more units for the show. In January 2020, we debuted the “Casita” at the Builders Show and again received a high level of interest from potential customers. Rather than just making available “reservations”, we began taking deposits for position on our waitlist. As of September 15, 2021, we have received over 2,100 deposits from potential customers of \$100, 200, or \$1,200 for over 4,700 Casitas, and in total we have received interest from more than 55,000 additional potential customers wishing to reserve their place in line for when production of the Casita begins. While significantly below the full sales price of the Casita, we believe a significant percentage of these deposits for the 4,700 Casitas will result in actual orders, demonstrating the potential for generating revenue immediately following our planned production facility being fully operational.

Further, if each of the 55,000 potential customers who have all agreed to our Room Module Order Agreement purchases a single Casita, that extrapolates to potential revenue of more than \$1 billion. While it is unlikely that we will receive these orders or revenue from most of these potential customers, even the ones who have placed deposits, it shows the excitement and interest in the Casita. Conversion of even a small percentage of these potential customers will allow for full production of our planned production facility.

### ***Recent Purchase Orders***

In December 2020, the company received two purchase orders from ADS, Inc., to deliver 156 Casitas to the federal government. These purchase orders represent approximately \$10 million in gross revenues to the company upon delivery of the Casitas. The payment schedule under the purchase orders is as follows:

- 25% down upon receipt of the purchase order;
- 25% 120 days following receipt of the purchase order; and
- The remaining balance upon delivery of the Casitas.

Boxabl has received \$4,622,784 million under the terms of the contract to date. Two payments are remaining, the final payment due upon the Casitas delivery. Upon mutual agreement between the parties, the delivery schedule for shipping the Casitas has been modified to account for supply chain challenges and financing delays. The below schedule sets out the new agreed to production completion targets:

<b>Week Of</b>	<b>Casitas Completed</b>	<b>Cumulative Total</b>
10/4/2021	0	0
10/11/2021	0	0
10/18/2021	2	2
10/25/2021	2	4
11/1/2021	2	6
11/8/2021	6	12
11/15/2021	6	18
11/22/2-21	6	24
11/29/2021	6	30
12/6/2021	8	38
12/12/2021	8	46
12/20/2021	8	54
12/27/2021	6	60
1/3/2022	8	68
1/10/2022	10	78
1/17/2022	10	88
1/24/2022	10	98
1/31/2022	10	108
2/7/2022	12	120
2/14/2022	12	132
2/21/2022	12	144
2/28/2022	12	156

As of November 4, we are on schedule with 6 Casitas shipped. If we are not able to deliver upon the order, we will be required to refund any amounts paid for Casitas that were not delivered.

## **Competition**

Our competition can be broken into the following categories:

- **Stick built:** Traditional home building method, accounts for majority of the market. Raw materials are brought to site and built by hand into finished buildings. This market is made up of many small builders. We think this group represents our likely customer base, as we provide them with a better solution.
- **Manufactured:** Manufactured homes are standardized homes built in a factory and shipped to site. These homes are generally built to a lower standard called the nation HUD code and attempt to come in at the lowest cost possible. The defining factor with this product is that they are generally deemed personal property and not real property. Only a few large companies dominate this category.
- **Modular:** Modular homes are factory-built homes required to be built to the same or higher building code standards of stick-built homes. These homes are generally more customizable than a manufactured home.
- **Panelized systems:** Wall panels with different levels of finish are built in a factory and then assembled onsite, usually by those doing stick-built construction.

In addition, there are a few new and notable housing startups trying to address the problems in the housing markets. We see startups such as Blockable, Kattera, Factory OS, and Rad Urban, as direct competitors, but will also benefit from their efforts to make innovative design and construction the new norm in home building.

## **Employees**

The company currently has 25 administrative staff and 50 production line staff, all full-time employees. This number experiences some fluctuation, and we expect to increase hiring as we continue to scale up production at our facility.

## **Litigation**

On November 19, 2021, a former employee filed a complaint against the company and its executive officers and directors in the Eighth Judicial District Court of Clark County, Nevada, claiming breach of contract and wrongful termination. The company denies the merit of the allegations.

We know of no other existing or pending legal proceedings against us, nor are we involved as a plaintiff in any proceeding or pending litigation. There are no proceedings in which any of our directors, officers or any of their respective affiliates, or any beneficial stockholder, is an adverse party or has a material interest adverse to our interest.

## THE COMPANY'S PROPERTY

Our principal offices and initial construction space is located at our manufacturing facility at 5345 East Centennial Parkway, Las Vegas, Nevada. The mailing address is 5345 E N. Belt Rd., North Las Vegas, 89115. Leasing information is described below.

### Initial Manufacturing Facility

On December 29, 2020, we entered into a lease for industrial space which we will make into our initial manufacturing facility. We will take possession of on May 1, 2021 on a sixty-five month lease. The address of the facility is 5345 E Centennial Pkwy, Building 1, North Las Vegas, NV 89115.

#### *Material Lease Terms*

**Premises:** Building 1 located at 5345 East Centennial Parkway, North Las Vegas, NV 89115

**Square Feet:** 173,720 rentable square feet

**Commencement Date:** May 1, 2021

**Term:** 65 months commencing on May 1, 2021 and ending August 31, 2026; the company's first five months of rent have been abated by the landlord, and the company will begin making monthly rent payments on October 1, 2021.

**Security Deposit:** \$525,000

<b>Monthly Base Rent:</b>	<b>Lease Months</b>	<b>Monthly Base Rent</b>
	01 – 12	\$87,728.60*
	13 – 24	\$90,360.46
	25 – 36	\$93,071.27
	37 – 48	\$95,863.41
	49 – 60	\$98,739.31
	61 - 65	\$101,701.49

**Triple Net Lease:** All costs, expenses, and obligations relating to the facility during the term of the lease, including operating expenses, repairs, insurance, and taxes, are the responsibility of Boxabl.

#### *Facility Capacity*



With this new facility, we believe we will be able to manufacture approximately 3,600 Casitas per year.

## RISK FACTORS

AN INVESTMENT IN THE COMPANY INVOLVES SIGNIFICANT RISK AND IS SUITABLE ONLY FOR PERSONS WHO ARE CAPABLE OF BEARING THE RISKS, INCLUDING THE RISK OF LOSS OF A SUBSTANTIAL PART OR ALL OF THEIR INVESTMENT. CAREFUL CONSIDERATION OF THE FOLLOWING RISK FACTORS, AS WELL AS OTHER INFORMATION IN THIS PPM IS ADVISABLE PRIOR TO INVESTING. PROSPECTIVE INVESTORS SHOULD READ ALL SECTIONS OF THIS PPM AND ARE STRONGLY URGED AND EXPECTED TO CONSULT THEIR OWN LEGAL AND FINANCIAL ADVISERS BEFORE INVESTING IN THE SHARES. THE INFORMATION IN THIS PPM INCLUDING THE COMPANY'S BUSINESS PLAN CONTAINS BOTH HISTORICAL AND FORWARD-LOOKING STATEMENTS. PLEASE BE ADVISED THAT THE COMPANY'S ACTUAL FINANCIAL CONDITION, OPERATING RESULTS AND BUSINESS PERFORMANCE MAY DIFFER MATERIALLY FROM THAT ESTIMATED BY THE COMPANY IN FORWARD-LOOKING STATEMENTS. THE COMPANY HAS ATTEMPTED TO IDENTIFY, IN CONTEXT, CERTAIN OF THE FACTORS THAT IT CURRENTLY BELIEVES COULD CAUSE ACTUAL FUTURE RESULTS TO DIFFER FROM THE COMPANY'S CURRENT EXPECTATIONS. THE DIFFERENCES MAY BE CAUSED BY A VARIETY OF FACTORS, INCLUDING BUT NOT LIMITED TO, ADVERSE ECONOMIC CONDITIONS, COMPETITORS (INCLUDING THE ENTRY OF NEW COMPETITORS), INADEQUATE CAPITAL, UNEXPECTED COSTS, LOWER REVENUES AND NET INCOME THAN ANTICIPATED, FLUCTUATION AND VOLATILITY OF THE COMPANY'S OPERATING RESULTS AND FINANCIAL CONDITION, INABILITY TO CARRY OUT MARKETING AND SALES PLANS, LOSS OF KEY EXECUTIVES OR OTHER PERSONNEL, AND OTHER RISKS THAT MAY OR MAY NOT BE REFERRED TO IN THESE RISK FACTORS.

### **Risks Related to our Business**

***We have a limited operating history with a history of losses and we may not achieve or maintain profitability in the future.*** The company has operated at a loss since inception and historically relied on contributions from its owners to meet its growth needs. Further we have only recently begun to record revenue from the sale of Boxes, our sole intended product. We expect to make significant future investments in order to develop and expand our business, which we believe will result in additional capital expenses, marketing and general and administrative expenses that will require raising funds in this and other securities offerings to cover these additional costs until we are able to generate significant revenue.

***If we cannot raise sufficient funds, we will not succeed.*** We are offering shares of our Series A-2 Preferred Stock to raise up to \$500,000,000 in this Offering. In addition, we are seeking to raise up to \$70,000,000 in a concurrent offering under Tier 2 of Regulation A. Even if the maximum amount is raised, we are likely to need additional funds in the future in order to continue to grow, and if we cannot raise those funds for whatever reason, including reasons relating to the company itself or to the broader economy, the company may not survive.

***The company has realized significant operating losses to date and expects to incur losses in the future.*** The company has operated at a loss since inception, and these losses are likely to continue. Boxabl's net loss for 2020, as reflected in its audited financial statements, was \$1,162,792, and its net loss for 2019 was \$707,547. As we increased activity in 2021, our net loss for the six-month period ended June 30, 2021 increased to \$2,110,815. Until the company achieves profitability, it will have to seek other sources of capital in order to continue operations.

***The company's auditor has prepared its audit report on the basis of the company continuing to operate as a going concern.*** The company's auditor has issued a "going concern" opinion on the company's financial statements. The company incurred a net loss of \$1,162,792 for year ended December 31, 2020, and has limited revenues, which creates substantial doubt about its ability to continue as a going concern.

***Our future success is dependent on the continued service of our senior management and in particular our Founder and Chief Executive Officer Paolo Tiramani.*** Any loss of key members of our executive team could have a negative impact on our ability to manage and grow our business effectively. This is particularly true of our Founder and Chief Executive Officer Paolo Tiramani, who designed and patented our core intellectual property. The experience, technical skills and commercial relationships of our key personnel provide us with a competitive advantage, particularly as we are building our brand recognition and reputation.

***We may not be able to effectively manage our growth, and any failure to do so may have an adverse effect on our business and operating results.*** We have received substantial interest in our Casita Boxes and will strive to meet that demand. This will require significant scaling up of operations, including acquiring additional facilities space, and skilled labor. To date, we have limited experience manufacturing our products at a commercial scale. If we are unable to effectively manage our scaling up in operations, we could face unanticipated slowdowns and problems and costs that harm our ability to meet production demands.

***Decreased demand in the housing industry would adversely affect our business.*** Demand for new housing construction is tied to the broader economy and factors outside the company's control. Should factors such as the COVID-19 pandemic result in continued loss of general economic activity, we could experience a slower growth in demand for our Boxes.

***If we do not protect our brand and reputation for quality and reliability, or if consumers associate negative impressions of our brand, our business will be adversely affected.*** As a new entrant in the highly competitive home construction market, our ability to successfully grow our business is highly dependent on the reputation we establish for quality and reliability. To date, we have built a positive reputation based on our demonstration products for trade shows and conferences. As we expand operations to selling Boxes, we will need to deliver on the quality and reliability that is expected of us. If potential customers create a negative association about our brand, whether warranted or not, our business could be harmed.

***We depend upon our patents and trademarks licensed from a related party. Any failure to protect those intellectual property rights, or any claims that our technology infringes upon the rights of others may adversely affect our competitive position and brand equity.*** Our future

success depends significantly on the intellectual property created by our founder and which is owned by a related entity, Build IP LLC. If Build IP LLC is unable to protect that intellectual property from infringement, or if it is found to infringe on others our business would be materially harmed as competitors could utilize our same building and shipping designs.

***We have recently outfitted our initial manufacturing facility to begin production as the scale necessary to make the business viable.*** A portion of the proceeds from this offering will be used to further outfit our initial manufacturing space in the Las Vegas area for our Boxes and to refine the manufacturing process. Our business relies on being able to produce our Boxes at scale, which can only be done once we refined our manufacturing process for specialization of functions. If we are not able to refine our processes to achieve production at scale, our financial results may be negatively impacted.

***We have accepted deposits for a product we are not yet able to produce at scale.*** As of the date of this offering circular, we have accepted deposits ranging for \$100, \$200, or \$1,200 from approximately 2,100 prospective customers as of August 30, 2021. These deposits are being recorded as liabilities of the company and have not been maintained in a segregated account. As such, if the company is not able to deliver the requested product, we will be obligated to return the deposit, whether funds are available or not. If the prospective purchaser merely decides to not purchase a Box once they are available, they will forfeit their deposit.

***Volatility in commodity prices and product shortages may adversely affect our gross margins.*** Volatility in commodity prices and product shortages may adversely affect our gross margins. Our Boxes contain commodity-priced materials. Commodity prices and supply levels affect our costs. For example, steel is a key material in our Casita. The price of steel will vary based on the level of supply in the market, and demand from other users. Any shortages could adversely affect our ability to produce our Boxes and significantly raise our cost of their production. Further, our ability to pass on such increases in costs in a timely manner depends on market conditions, and the inability to pass along cost increases could result in lower gross margins.

***We require additional capital in order to produce Casitas that have already been ordered from the company.*** In December 2020, we received two purchase orders to deliver 156 Casitas, with the first Casita due on October 18, 2021, and the final one due the week of February 28, 2022. This delivery schedule has been revised by agreement between us and the purchaser to reflect delays in raw materials impacting global supply chains. In order to meet that delivery deadline we will be required to further outfit our manufacturing facility and refine our production processes. If we are unable to meet the delivery deadline, we may be required to repay amounts already paid under the purchase order, and the company's reputation may be harmed.

***We will rely on third-party builders to construct our Boxes on site as well as we intend to rely on third-party franchisees. The failure of those builders to properly construct homes and franchisee manufacturers to properly manufacture Boxes could damage our reputation, result in costly litigation and materially impact our ability to succeed.*** We sell our Boxes to Boxabl trained and certified builders, who are then responsible for on-site building and assembly. Purchasers can also order directly from us, and they will need to engage their own builders. We may discover that builders are engaging in improper construction practices, negatively impacting

the reliability of our Boxes. Further, we not only intend to manufacturer the Boxes at our own factories but also to rely on third-party franchisees to manufacture our Boxes. To the extent that we do, we cannot be certain that any such franchisees will act in a manner consistent with our standards and requirements and produce Boxes in accordance with our quality standards. We may discover that our franchisees do not end up operating their franchises in accordance with our standards or applicable law. The occurrence of such events by the builders or franchisees could result in liability to us, or reputational damage.

***If an unknown defect was detected in our Boxes or Box designs, our business would suffer and we may not be able to stay in business.*** In the ordinary course of our business, we could be subject to home warranty and construction defect claims. Defect claims may arise a significant period of time after a building with our Boxes has been completed. Although we maintain general liability insurance that we believe is adequate and may be reimbursed for losses by subcontractors that we engage to assemble our homes, an increase in the number of warranty and construction defect claims could have a material adverse effect on our results of operations. Furthermore, any design defect in our components may require us to correct the defect in all of the projects sold up until that time. Depending on the nature of the defect, we may not have the financial resources to do so and would not be able to stay in business. Even a defect that is relatively minor could be extremely costly to correct in every home and could impair our ability to operate profitably.

***The housing industry is highly competitive and many of our competitors have greater financial resources than we do. Increased competition may make it difficult for us to operate and grow our business.*** The housing industry is highly competitive and we compete with traditional custom builders, manufactured and modular home builders, and other innovative entrants. In addition, we compete with existing homes that are offered for sale, which can reduce the interest in new construction. Many of our competitors have significantly greater resources than we do, a greater ability to obtain financing and the ability to accept more risk than we can prudently manage. If we are unable to compete effectively in this environment, we may not be able to continue to operate our business or achieve and maintain profitability.

***Government regulations may cause project delay, increase our expenses, or increase the costs to our customers which could have a negative impact on our operations.*** We are subject to state modular home building codes, and projects are subject to permitting processes at the local level. If we encounter difficulties with obtaining state modular home approvals, we could experience increased costs in obtaining those approvals. Until state approvals are obtained, we would be limited in our ability to access that state market. Further, modular home codes may change over time, potentially increasing our costs, which we may not be able to pass on to customers, negatively impact our sales and profitability.

***Increases in the cost of raw materials, or supply disruptions, could have a material adverse effect on our business.*** Our raw materials consist of steel, foams, and plastics, which primarily are sourced from, or dependent on materials sourced domestic vendors who may source their material from overseas. The costs of these materials may increase due to increased tariffs or shipping costs or reduced supply availability of these materials more generally. Further, global or local natural disruptions, including the COVID-19 pandemic, may impact the supply chain,

including limiting work in factories producing the materials into useable forms or impacts on the supply chain. Disruptions in supply could result in delays in our production line, delaying delivery of products. Further, we may not be able to pass through any increased material costs to our customers which could have a material adverse effect on our ability to achieve profitability. To the extent that we are able to pass through increased costs, it may lessen any competitive advantage that we have based on price.

***The company has broad discretion in the use of proceeds in this offering.*** The company has broad discretion on how to allocate the proceeds received as a result of this offering and may use the proceeds in ways that differ from the proposed uses discussed in this PPM. If the company fails to spend the proceeds effectively, its business and financial condition could be harmed and there may be the need to seek additional financing sooner than expected.

### **Risks Related to the Offering and to the Securities being Offered**

***Any valuation at this stage is difficult to assess.*** The valuation for this offering was established by the company based on the best estimates of management, and is not based on historical financial results. Unlike listed companies that are valued publicly through market-driven stock prices, the valuation of private companies, especially early stage companies, is difficult to assess and you may risk overpaying for your investment.

***We include projections of future plans and performance in this PPM and our offering page. Projections rely on the occurrence of stated assumptions and should not be correct or not occur, then the stated projections may be inaccurate.*** We include projected timelines in our “Plan of Operations” and include projected cost comparisons on our offering page. Those projections will only be achieved if the assumptions they are based on are correct. There are many reasons why the assumptions could be inaccurate, including customer acceptance, competition, general economic conditions and our own inability to execute our plans. Potential investors should take the assumptions in consideration when reading those projections, and consider whether they think they are reasonable.

***You will not have significant influence on the management of the company.*** Even after selling the securities in this offering, the day-to-day management, as well as big picture decisions will be made exclusively by our executive officers and directors. You will have a very limited ability, if at all, to vote on issues of company management and will not have the right or power to take part in the management of the company and will not be represented on the board of directors of the company. Accordingly, no person should purchase our stock unless he or she is willing to entrust all aspects of management to our executive officers and directors.

***This offering is being conducted on a best-efforts basis with no minimum value of Shares to be sold.*** The Shares are being offered on a best-efforts basis. Further, no aggregate minimum is required for the company to receive funds from investors. Any funds invested will be sent directly to the company, or deposited in an escrow account and will become immediately available to the company upon acceptance of the investor’s Subscription Agreement.

***This investment is illiquid.*** These securities are “restricted securities” as defined under the Securities Act, and cannot be easily resold, even after they have been held for a year. There is no currently established market for reselling these securities and the company currently has no plans to list any of its securities on any over-the-counter (OTC) or similar exchange. If you decide that you want to resell these securities in the future, you may not be able to find a buyer. You should assume that you may not be able to liquidate your investment for some time, or be able to pledge these securities as collateral.

***We expect to raise additional capital through equity and/or debt offerings to support our working capital requirements and operating losses.*** In order to fund future growth and development, we will likely need to raise additional funds in the future through offering equity or debt that converts into equity, which would dilute the ownership percentage of investors in this offering. See “Recent Offerings of Securities.” Furthermore, if we raise capital through debt, the holders of our debt would have priority over holders of equity, including the holders of our Shares, and we may be required to accept terms that restrict our ability to incur more debt. We cannot assure you that the necessary funds will be available on a timely basis, on favorable terms, or at all, or that such funds if raised, would be sufficient. The level and timing of future expenditures will depend on a number of factors, many of which are outside our control. If we are not able to obtain additional capital on acceptable terms, or at all, we may be forced to curtail or abandon our growth plans, which could adversely impact our business, development, financial condition, operating results or prospects.

***Investors will be diluted following the conversion of outstanding convertible notes.*** During 2021, we have sold convertible promissory notes to investors pursuant to Rule 506(c) of Regulation D. These notes convert at a discount into the shares of the company’s Series A-1 Preferred Stock. As a result of the conversion of these notes following the closing of any sales in a planned offering under Regulation A, the equity position of investors purchasing our Shares will be diluted.

***By executing the Subscription Agreement in this offering, investors will join as Stockholders under our Stockholders Agreement.*** The company has established a Stockholders Agreement between itself, Paolo Tiramani, Galiano Tiramani, and each new stockholder to the company. The agreement provides for among, other items, control of the directorships of the company by Paolo Tiramani and Galiano Tiramani, and restrictions on transfer of the securities in this offering. As such, this agreement places contractual restrictions on the ability of investors to exercise rights traditionally associated with equity ownership in a company. For instance, an investor would not be able to resell or otherwise dispose of their shares in the company without complying with Article III of the Stockholders Agreement, which establishes certain permitted transfers, and transfers that must be approved by the company’s Board of Directors.

Investors should carefully review the terms of the Stockholders Agreement, which is included as an exhibit to this PPM, as well as the summary discussion included under “Securities Being Offered—Stockholders Agreement”, and be certain they are willing to accept the contractual terms of the Stockholders Agreement limiting their ability to exercise full control of their Shares. In addition to the forum selection provisions and jury trial waiver described below, for further

emphasis the company is highlighting the following risks associated with the Stockholders Agreement:

***The Stockholders Agreement places limitations on the transferability of our securities.***

Pursuant to Article III of the Stockholders Agreement, investors will not be allowed to transfer shares acquired in this offering, except under limited circumstance following approval of the Board of Directors of the company. Investors should note that these restrictions on transferability are in addition to any restrictions provided by statute or regulation. This means that investors will not be able to dispose of their shares on their own volition without satisfying the requirements of the Stockholders Agreement.

***The Stockholders Agreement ensures that the company will be controlled by Paolo Tiramani and Galiano Tiramani while the agreement is in place.***

Under the Stockholders Agreement, each of Paolo Tiramani and Galiano Tiramani have the sole right to appoint one director, as well as jointly appoint a third director. No other stockholder currently has any right to appoint directors to the company's board of directors. This means that investors will have no control over the management of the company, or policy setting role of the board of directors. Instead, investors must rely on the efforts of Paolo Tiramani and Galiano Tiramani.

***Investors who are married will be required to deliver a spousal consent to the Stockholders Agreement.***

The company requires that a married investor provide a spousal consent to the Stockholders Agreement. A spousal consent is important to the company because in the event of dissolution of a marriage, or death of the investor with the spouse inheriting the securities in this offering, the spouse taking possession of the shares will be bound by the terms of the Stockholders Agreement, providing certainty to the company for the enforcement of the agreement. The company requires that the spousal consent be provided to the company within 15 days of confirmation of an investment in the company. While non-receipt of a spousal consent when necessary may result in equitable remedies pursuant to the Stockholders Agreement, it is not a condition of the investment or being a stockholder of the company. This means that investors whose shares are transferred by reason of dissolution of marriage or death of the investor may be in breach of the Stockholders Agreement if no spousal consent was provided to the company.

***Investors in this offering may not be entitled to a jury trial with respect to claims arising under the subscription agreement or Stockholders Agreement, which could result in less favorable outcomes to the plaintiff(s) in any action under these agreements.*** Investors in this offering will be bound by the subscription agreement and Stockholders Agreement, both of which include a provision under which investors waive the right to a jury trial of any claim they may have against the company arising out of or relating to these agreements. By signing these agreements, the investor warrants that the investor has reviewed this waiver with his or her legal counsel, and knowingly and voluntarily waives the investor's jury trial rights following consultation with the investor's legal counsel.



If we opposed a jury trial demand based on the waiver, a court would determine whether the waiver was enforceable based on the facts and circumstances of that case in accordance with the applicable state and federal law. To our knowledge, the enforceability of a contractual pre-dispute jury trial waiver in connection with claims arising under the federal securities laws has not been finally adjudicated by a federal court. However, we believe that a contractual pre-dispute jury trial waiver provision is generally enforceable, including under the laws of the State of Nevada, which governs the subscription agreement. In determining whether to enforce a contractual pre-dispute jury trial waiver provision, courts will generally consider whether the visibility of the jury trial waiver provision within the agreement is sufficiently prominent such that a party knowingly, intelligently and voluntarily waived the right to a jury trial. We believe that this is the case with respect to the subscription agreement. You should consult legal counsel regarding the jury waiver provision before entering into the subscription agreement.

If you bring a claim against the company in connection with matters arising under the subscription agreement or Stockholders Agreement, including claims under federal securities laws, you may not be entitled to a jury trial with respect to those claims, which may have the effect of limiting and discouraging lawsuits against us. If a lawsuit is brought against us under one of these agreements, it may be heard only by a judge or justice of the applicable trial court, which would be conducted according to different civil procedures and may result in different outcomes than a trial by jury would have had, including results that could be less favorable to the plaintiff(s) in such an action.

Nevertheless, if this jury trial waiver provision is not permitted by applicable law, an action could proceed under the terms of the subscription agreement or Stockholders Agreement with a jury trial. No condition, stipulation or provision of the subscription agreement or Stockholders Agreement serves as a waiver by any holder of our shares or by us of compliance with any substantive provision of the federal securities laws and the rules and regulations promulgated under those laws.

***Our Articles of Incorporation, Stockholders Agreement, and subscription agreement each include a forum selection provision, which could result in less favorable outcomes to the plaintiff(s) in any action against our company.***

#### ***Articles of Incorporation***

Our Articles of Incorporation includes a forum selection provision that requires any claims against us by stockholders involving, with limited exceptions:

- brought in the name or right of the Corporation or on its behalf;
- asserting a claim for breach of any fiduciary duty owed by any director, officer, employee or agent of the company to the company or the company's stockholders;
- arising or asserting a claim arising pursuant to any provision of Chapters 78 or 92A of the Nevada Revised Statutes or any provision of these Articles of Incorporation (including any Preferred Stock designation) or the bylaws;

- to interpret, apply, enforce or determine the validity of these Articles of Incorporation (including any Preferred Stock designation) or the bylaws; or
- asserting a claim governed by the internal affairs doctrine.

Any of the above actions are required to be brought in the Eighth Judicial District Court of Clark County, Nevada. If the Eighth Juridical District Court of Clark County does not have jurisdiction, then the matter may be adjudicated in another state district court in the State of Nevada, or in federal court located within the State of Nevada. This forum selection provision may limit investors' ability to bring claims in judicial forums that they find favorable to such disputes and may discourage lawsuits with respect to such claims. Note, this provision does not apply to any suits brought to enforce any liability or duty created by the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, or to any claim for which the federal courts have exclusive jurisdiction.

### ***Stockholders Agreement***

Our Stockholders Agreement includes a forum selection provision that requires any suit, action, or proceeding based in contract or tort arising from the Stockholders Agreement be brought in the Eighth Judicial District Court of Clark County, Nevada. If the Eighth Juridical District Court of Clark County does not have jurisdiction, then the matter may be adjudicated in another state district court in the State of Nevada, or in federal court located within the State of Nevada. This forum selection provision may limit investors' ability to bring claims in judicial forums that they find favorable to such disputes and may discourage lawsuits with respect to such claims. Section 22 of the Securities Act creates concurrent jurisdiction for federal and state courts over all suits brought to enforce any duty or liability created by the Securities Act or the rules and regulations thereunder. We believe that the exclusive forum provision applies to claims arising under the Securities Act, but there is uncertainty as to whether a court would enforce such a provision in this context. Section 27 of the Exchange Act creates exclusive federal jurisdiction over all suits brought to enforce any duty or liability created by the Exchange Act or the rules and regulations thereunder. As a result, the exclusive forum provision may not be used to bring actions in state courts for suits brought to enforce any duty or liability created by the Exchange Act or any other claim for which the federal courts have exclusive jurisdiction. Investors will not be deemed to have waived the company's compliance with the federal securities laws and the rules and regulations thereunder.

### ***Subscription Agreement***

Our Subscription Agreement for each manner of investing and class of security includes a forum selection provision that requires any suit, action, or proceeding arising from the subscription agreement be brought in a state of federal court of competent jurisdiction located within the State of Nevada. This forum selection provision may limit investors' ability to bring claims in judicial forums that they find favorable to such disputes and may discourage lawsuits with respect to such claims. Section 22 of the Securities Act creates concurrent jurisdiction for federal and state courts over all suits brought to enforce any duty or liability created by the Securities Act or the rules and regulations thereunder. We believe that the exclusive forum provision applies to claims arising under the Securities Act, but there is uncertainty as to whether a court would enforce such

a provision in this context. Section 27 of the Exchange Act creates exclusive federal jurisdiction over all suits brought to enforce any duty or liability created by the Exchange Act or the rules and regulations thereunder. As a result, the exclusive forum provision may not be used to bring actions in state courts for suits brought to enforce any duty or liability created by the Exchange Act or any other claim for which the federal courts have exclusive jurisdiction. Investors will not be deemed to have waived the company's compliance with the federal securities laws and the rules and regulations thereunder.

## DIRECTORS, EXECUTIVE OFFICERS, AND SIGNIFICANT EMPLOYEES

Name	Position	Age	Term in Office	Fulltime with the company?
<b>Executive Officers</b>				
Paolo Tiramani	Founder and CEO	61	Since December 2017	Yes
<b>Directors</b>				
Paolo Tiramani	Director	61	Since June 2020	
Hamid Firooznia	Director	74	Since June 2020	
Galiano Tiramani	Director	33	Since June 2020	
<b>Significant Employees</b>				
Kyle Denman	Senior Engineer	29	Since December 2017	Yes
Galiano Tiramani	Business Development	33	Since December 2017	Yes

We are a small core team with a diverse background that is ready to hire appropriate industry expertise once we begin factory setup. We are also seeing significant contributions from the growing professional customer list that we are building. We also have several corporations interested in partnerships and as sponsors. We expect these to continue to expand as we move forward.

Paolo Tiramani is the father of Galiano Tiramani.

### **Officers and Significant Employees**

*Paolo Tiramani, Founder and Chief Executive Officer, Director*

An industrial designer and mechanical engineer, Paolo has over 150 patent filings which have generated more than \$1 billion in retail sales. Paolo founded Boxabl in 2017 and has funded Boxabl to date through his intellectual property investment company 500 Group Inc., which has been in operation since 1986. Paolo also founded Supercar System in 2014. Paolo moved operations to Las Vegas Nevada two years ago for its strategic location, business and tax climate to develop the Boxabl project into an operating company.

***Kyle Denman, Senior Engineer***

Kyle is the senior engineer spearheading development of the Boxabl technology, and joined Boxabl in 2017 following fist working with Paolo at Supercar System, where he started in 2016. A graduate in Mechanical Engineering from Stonybrook University he holds over 20 civil engineering and automotive mechanical patents. Kyle has been swinging a hammer since he was 12 years old for his family owned construction company and brings a deep understanding of all field issues with the industry combined with substantial engineering skills.

***Galiano Tiramani/ Business Development, Director***

Galiano is an entrepreneur who has previously founded two companies prior to joining Boxabl. The first company was a cryptocurrency exchange and ATM network, which acts as a custodian for customer funds that had an annual trade volume in excess of \$10 million. Galiano also founded and operated a large green farming and processing facility which was sold in 2018. Boxabl will be Galiano's third company that he hopes to make fully operational and revenue generating.

***Hamid Firooznia, Director***

Hamid brings 40 years of finance and tax strategies in construction, distribution, engineering, intellectual property and not-for-profit as well as high net worth individuals. Hamid has owned and operating Firooznia & Mekul, CPAs, P.C. for over 20 years. He holds a bachelor's degree in economics and master's degrees in business administration in accounting.

## OWNERSHIP AND CAPITAL STRUCTURE

The following table displays, as of November 23, following the 10-for-1 forward split, the voting securities beneficially owned by (1) any individual director or officer who beneficially owns more than 10% of any class of our capital stock, (2) all executive officers and directors as a group and (3) any other holder who beneficially owns more than 10% of any class of our capital stock:

Title of class	Name and address of beneficial owner	Amount and nature of beneficial ownership	Amount and nature of beneficial ownership acquirable	Percent of class
Common Stock	Paolo Tiramani(1)	2,220,000,000 shares of Common Stock	(2)	74%
Common Stock	Galiano Tiramani(1)	780,000,000 shares of Common Stock	(2)	26%
Common Stock	Officers and Directors as a Group	3,000,000,000 shares of Common Stock	—	100%

(1) C/o Boxabl Inc., 5345 E. No. Belt Rd., North Las Vegas, NV, 89115.

## USE OF PROCEEDS

We will adjust uses of the proceeds in this offering based on the net proceeds. As described in our financial discussion, our total goal for this financing is \$500,000,000 which we intend to raise from this and other exempt offerings, see “Management’s Discussion & Analysis—Plan of Operation” below. We also intend to secure up to \$500,000,000 in debt financing, for which no definitive arrangements have put in place to secure.

Below we present estimates of our uses of proceeds under the assumption that we will raise our full target of \$500,000,000, along with two lesser raises of \$50,000,000, \$100,000,000, and \$250,000,000. The values are estimates and actual expenses may differ in order to serve the best interests of the company. Our current priority is to raise sufficient funds to purchase raw materials ahead of need in order to account for current supply chain challenges. We also intend to use funds to purchase additional capital equipment to better scale production of our Casitas, and engage in research and development activities related to bringing a second manufacturing facility online, in order to meet the demand we anticipate from purchasers that have expressed interest and placed deposits.

	<u>\$50M Offering</u>	<u>\$100M Offering</u>	<u>\$250M Offering</u>	<u>\$500M Offering</u>
<b>Offering Proceeds</b>				
Gross Proceeds	\$50,000,000	\$100,000,000	\$250,000,000	\$500,000,000
Offering Expenses	\$2,000,000	\$5,000,000	\$12,500,000	\$25,000,000
<b>Total Proceeds Available for Use</b>	<b>\$48,000,000</b>	<b>\$95,000,000</b>	<b>\$237,500,000</b>	<b>\$475,000,000</b>
<b>Estimated Expenses</b>				
Purchase of Capital Equipment	\$10,000,000	\$20,000,000	\$50,000,000	\$100,000,000
Facilities Acquisition	\$10,000,000	\$20,000,000	\$50,000,000	\$100,000,000
Employee Compensation	\$7,500,000	\$15,000,000	\$37,500,000	\$75,000,000
Testing and Certification	\$2,500,000	\$5,000,000	\$12,500,000	\$25,000,000
Raw Materials	\$10,000,000	\$20,000,000	\$50,000,000	\$100,000,000
Research & Development	\$2,500,000	\$5,000,000	\$12,500,000	\$25,000,000
<b>Total Expenditures</b>	<b>\$45,500,000</b>	<b>\$90,000,000</b>	<b>\$225,000,000</b>	<b>\$450,000,000</b>
Working Capital Reserves	\$2,500,000	\$5,000,000	\$12,500,000	\$25,000,000

**The company reserves the right to change the above use of proceeds if management believes it is in the best interests of the company.**

## MANAGEMENT'S DISCUSSION & ANALYSIS

### Overview

We have provided audited financial statements for the years-ended December 31, 2020 and 2019 that have been audited by *dbbmckennon*. In addition, we have provided our unaudited interim financial statements for the six-month periods ended June 30, 2021 and 2020. The unaudited interim statements may not include year-end adjustments necessary to make those financial statements comparable to audited results. In the opinion of management, all adjustments necessary to make the unaudited interim financial statements not misleading have been included. You should read the following discussion and analysis of our financial condition in conjunction with these statements.

### Results of Operations

We have only recently commenced sales of our principal products and our results to date reflect efforts to build our initial business. Our 2020 gross revenues were \$90,000 compared with 2019 gross revenues of \$60,000. Revenue in 2020 was generated from a sponsorship payment to attend the Builder Shows, and not from our anticipated future business activities. This revenue was offset by an equal cost of revenue, for net revenues of \$0. We had no revenue for the six-month periods ended June 30, 2021 or 2020. When we begin production and sales of our Casita Box, which we intend to begin in Q4 2021, our net revenues will reflect certain costs of goods sold like raw materials and assembly costs, shipping, and labor. No revenues from the sale of Casita Boxes has been recognized as of the date of this offering circular.

Included in the costs of goods sold will be a 1% royalty paid to Build IP LLC, a company controlled by our founder and CEO, Paolo Tiramani, under the terms of our exclusive license agreement to utilize the patented technology necessary to produce and deliver our Boxes.

In 2020, we incurred \$1,162,792 of operating expenses, compared to \$707,547 in 2019 reflecting a significant increase in operating activity. Our main expense incurred in 2020 was general and administrative and was related to increased payroll costs resulting from our management beginning to be compensated for their services and attorney fees related to the Company's offerings. That expense amounted to \$677,313 or 58.3% of our total expenses for 2020. We anticipate that general and administrative expenses will continue to increase as we undertake activities to begin production of our Casita Boxes. These expenses are reflected in our interim financial statements, which show \$2,110,815 in expenses for the first six months of 2021, compared to \$326,665 for the same period in 2020. We also expect an increase in rent, shop supplies, equipment, utilities, raw materials and payroll expenses as we ramp up operations.

Based on the foregoing, we incurred a net loss of \$1,162,792 in 2020, compared to a net loss of \$707,547 in 2019. For the interim periods ended June 30, 2021 and 2020, we incurred a net loss of \$2,110,815 and \$326,665, respectively.

### Liquidity and Capital Resources



As of December 31, 2020, the company held \$3,676,341 in cash, and \$126,838 in prepaid expenses. At that time, we also had \$126,689 in account payable current liability. Those deferred costs of sales were recognized as part of revenue in 2020. By June 30, 2021, we had increased our cash on hand to \$8,562,458 as a result of the offering of convertible notes pursuant to Rule 506(c) of Regulation D described below.

Our operations were initially financed by our holders of Common Stock, who contributed \$630,810 to the company in 2019, and \$258,111 in 2018 in the form of member contributions when organized as a limited liability company. During 2020, the holders of our Common Stock financed the company through a promissory note, for which the proceeds were used for operations and manufacturing three Casita prototypes. As of December 31, 2020, the loan amount was \$563,911, plus accrued, and unpaid interest thereon and is due on demand. Beginning in July 2020, we undertook an offering of securities under Regulation Crowdfunding, which was also available to accredited investors pursuant to a concurrent offering under Rule 506(c) of Regulation D. The Regulation Crowdfunding offering closed in September 2020. Through these offerings, we received net proceeds of \$989,749.99 on gross proceeds of approximately \$1.07 million in our offering under Regulation Crowdfunding, and aggregate proceeds of \$2,439,225 as of December 31, 2020, with an additional \$265,250 received in 2021.

What was particularly exciting about the offering under Regulation Crowdfunding is how much interest we received. During the offering, we had received oversubscription interest from investors amounting to approximately \$4 million. While we were restricted to only receiving gross proceeds of \$1.07 million, it demonstrated to us there is great interest in the product, and interest from investors.

Beginning in November 2020, we commenced an offering of convertible notes pursuant to Rule 506(c) of Regulation D. We are seeking to raise up to \$50,000,000 in that offering. That offering will terminate upon qualification of this offering as the notes sold under that offering would convert into the Non-Voting Series A-1 Preferred Stock of the company upon qualification of this offering under Regulation A. As of November 5, 2021, we have sold \$30,390,208 worth of convertible notes, representing 524,592,321 shares of our Series A-1 Preferred Stock.

Additionally, on May 3, 2021, the company filed a Form C to undertake an additional offering under Regulation Crowdfunding to at-first raise an additional \$3.93 million under that exemption following amendments to Regulation Crowdfunding that went effective on March 15, 2021. This offering was amended to raise up to \$5 million after 12 months had passed from the close of the company's 2020 Regulation Crowdfunding offering. Our 2021 Regulation Crowdfunding offering was terminated on November 12, 2021, and resulted in gross proceed of approximately \$4.8 million, with \$3,831,246 received prior to June 30, 2021.

Concurrently with this offering, we are also seeking to raise further capital from retail investors pursuant to Tier 2 of Regulation A. We may seek up to \$70,000,000 from those investors through the sale of our Series A-2, A-1, and Series A Preferred Stock in that offering. We are also seeking to raise up to \$500,000,000 in debt financing. We have not begun negotiations for any debt facility.

### ***Inventory***

With proceeds from our previous offerings discussed above, we have been able to begin production of Casita Boxes. The production process begins by acquiring raw materials, which have seen increased delivery delays worldwide. To get ahead of these delays, we are seeking additional funds as part of this offering to acquire those materials in anticipation of additional orders. As of June 30, 2021, we had \$2,060,234 of inventory compared to no inventory as of December 31, 2020.

### ***Deferred Revenue***

As of June 30, 2021, our balance sheet reflects the amount received on the contract with ADS, Inc. as deferred revenue of \$4,622,785. Until we are able to complete delivery of the Casita Boxes pursuant to this order, we will not be able to recognize any funds from this order as revenue. If we are not able to deliver on the order, we may be required to refund some amounts paid by ADS, Inc.

### ***Customer Deposits***

As part of our waitlist program for the Casita, we have allowed for potential customers to reserve a place in line, or make small deposits towards the purchase of a Casita. As of June 30, 2021, we had recorded \$686,975 in customer deposits as a liability to the company, having received \$310,800 in the six months ended June 30, 2021.

### ***Expense Commitments***

From the proceeds of these previous offerings and the current offering, we believe we have sufficient capital to begin producing Boxes that have been ordered in our manufacturing facility. On December 28, 2020, we entered into a sixty-five month lease for a site which we will make into our manufacturing facilities, with the lease date beginning May 1, 2021. The initial monthly rent is \$87,728.60 per month for the first 12 months. We are required to deliver one month of lease payments, a security deposit of \$525,000 and our share of operating expenses for the property prior to taking possession of the facility. This amount totals at \$631,837.80.

### **Plan of Operations**

Now that we have proven our concept to builders at trade shows, and received significant interest in the form of waitlist subscribers, and deposits on the purchase of Casita Boxes, we are entering a capital-intensive phase of operations.

We have moved all equipment to the new factory, which is functional and producing Casitas. Additional capital will allow for acquiring raw materials ahead of receiving orders in order to ensure a steady supply of materials to build our Casitas, as well as acquiring additional capital equipment to increase production efficiency and maximize output at our starter production facility.

### ***Planned Timeline***

We will adjust the schedule based on available financing, with a focus on meeting our obligations under the agreement with ADS, Inc.

Month 1-2:	Continue ramping production, hiring new staff and increasing efficiency to meet the initial order from ADS, Inc.
Month 2-4:	Complete delivery on our initial order of 156 Casitas to ADS, Inc.
Month 4-6:	Produce additional Boxes for consumer testing and reviews.
Month 6-9:	Begin production and delivery of Casita Boxes to prospective customers who have placed deposits and have completed their order payments.
Month 12+:	Following what has been learned in the factory production process for our initial production facility, take steps to initial development of a second production facility and select location.

There is no assurance that we will be able to meet this timeline. It is provided to identify our intentions for moving forward during the next 12 months of operation after receiving funds in this offering.

### ***Unit Economics***

Our current modeling shows that we will be able to construct Casitas at an approximate cost of \$30,000 per unit. This includes the structure, finishings, appliances, and labor. Our initial units being delivered as part of the order to ADS, Inc. have been above this price point, at approximately \$46,600, as a result of components over which we believe our procedures and factory setting will allow for greater scale and reduced cost in the future, including the insulation, trim, and exterior skin. With improvements in our manufacturing process, we believe we will be able to bring the total cost down to under \$30,000 during 2022. If we are able to secure better prices on our manufacturing inputs through advantageous relationships with strategic partners, we believe we may be able to bring these input costs down further.

The first units we produce will not include shipping with the price paid by customers. It will be in addition to the base price of approximate \$50,000. As we develop greater scale on the building shell, steel and foam processing, and bulk buying on appliances, we believe we will be able to include shipping in the base price.

## **Trend Information**

An important milestone for the company was receiving deposits of \$400,000 from over 2,000 potential customers, representing potential revenues of over \$100 million. Deposits of \$376,175 were received as of December 31, 2020. In total we have received interest from more than 38,000 potential customers wishing to reserve their place in line for when production of the Casita begins. Each of these potential customers have agreed to our Room Module Order Agreement. Of that number, approximately 2,100 have placed deposits ranging for \$100, \$200, or \$1,200 for over 4,700 Casitas. The purchase of a single Casita by each of those potential customers who have placed deposits represents potential revenue of \$235 million, and potential revenue of over \$1 billion if all potential customers, including those who have not placed deposits, were to order one Casita. While we are not guaranteed to receive binding orders or revenue from them, they demonstrate significant interest for when we are able to begin scaling production.

Currently at our initial production facility, we believe we will be able to produce six Boxes per shift. We worked with industry leading consultants to develop a plan for maximizing production efforts through automation, process efficiency, and supply chain considerations. If we are able to achieve the plan as set out by our consultants, this would result in constructing approximately 400 Boxes in the first year, and 3,600 in the second year once we reach standard production, which would consist of two shifts per day, six days a week, and result in producing one Box every 90 minutes.

We have taken a number of measures to monitor and mitigate the effects of COVID-19, such as safety and health measures for our people and securing the supply of materials that are essential to our production process, such as sheet steel, EPS foam, and PVC extrusions. At this stage, the impact of our business and results has not been significant. We do expect a reduction in the supply of goods and materials from our Chinese suppliers, which supply magnesium oxide board. We will continue to follow the various government policies and advice, and, in parallel, we will do our utmost to continue our operations in the best and safest way possible without jeopardizing the health of our people.

## **RELATED PARTY TRANSACTIONS**

### **Intellectual Property License**

Boxabl entered into the exclusive license with Build IP, LLC on June 16, 2020, and amended in November 2021. Build IP, LLC is controlled by Boxabl's founder and CEO, Paolo Tiramani. The license will continue in perpetuity unless terminated by written agreement of Boxabl and Build IP, LLC, or by reason of default for (1) failure to pay, (2) failure to perform any material obligations under the license, or (3) insolvency of either party. Pursuant to the license agreement, Boxabl will pay a license fee of 1% of the net selling price generated from the sale of its Boxes to Build IP, LLC. Boxabl has the right to sublicense any of the rights and obligations under the exclusive license, which will facilitate our anticipated factory franchise business model.

### **Operating Lease**

Boxabl has a verbal agreement with a related party, 500 Group Inc., to provide office space to 500 Group Inc on a month-to-month basis. 500 Group Inc. is controlled by Boxabl's founder and CEO, Paolo Tiramani.

### **Related Party Loans**

The company issued a promissory note to its majority shareholder and CEO subsequent to the year ended December 31, 2020, to formalize terms of loans which were previously made subject to verbal agreements. The proceeds of the note were received in 2020. As of December 31, 2020, the loan amount is \$563,911, plus accrued, and unpaid interest thereon and is due on demand. The principal balance outstanding bears a simple interest rate at the annual "prime rate" published by the Wall Street Journal (3.25% at December 31, 2020) plus one percent (1.0%). Interest accrues on the entire principal sum of this promissory note beginning January 1, 2021.

## RECENT OFFERINGS OF SECURITIES

The following table identifies the previous and anticipated offerings of securities along with the issued and potential shares issuable as a result of those offerings.

Class of Securities	Dates Issued	Issued Shares	Potential Shares	Total Issued and Potential Shares
Common Stock	2020	3,000,000,000		3,000,000,000
Series A Preferred Stock	2020	155,158,910		155,158,910
Series A Preferred Stock	2020	15,705,880		15,705,880
Series A Preferred Stock	2021	15,602,940		15,602,940
Series A-1 Preferred Stock	2021	70,422,530		70,422,530
Convertible Notes	2020		2,842,373	2,842,373
Convertible Notes (1)	2021		9,980,902	9,980,902
Convertible Notes (1)	2021		421,940,928	421,940,928
<b>Total Common Share Equivalents</b>		3,256,890,260	524,592,321	3,691,654,463
<b>Anticipated Regulation A Offering</b>				
Series A Preferred Stock			35,714,286	35,714,286
Series A-1 Preferred Stock			12,658,227	12,658,227
Series A-2 Preferred Stock			85,625,000	85,625,000
<b>Total after inclusion of the Regulation A Offering</b>		3,256,890,260	658,589,834	3,825,651,976

## SECURITIES BEING OFFERED AND RIGHTS OF THE SECURITIES OF THE COMPANY

### General

We are offering Non-Voting Series A-2 Preferred Stock to investors in this offering at prices of \$0.80, \$0.75, \$0.65, and \$0.55 per share depending on the amount invested by the Investor. The per share prices are set as follows:

<b>Investment Level</b>	<b>Price Per Share</b>
\$10,000	\$0.76
\$100,000	\$0.72
\$1,000,000	\$0.68
\$10,000,000	\$0.64
\$100,000,000	\$0.60

The following description summarizes important terms of our capital stock. This summary does not purport to be complete and is qualified in its entirety by the provisions of our Fourth Amended and Restated Articles of Incorporation and our Bylaws. For a complete description of our capital stock, you should refer to our Fourth Amended and Restated Articles of Incorporation, and our Bylaws, and applicable provisions of the Nevada corporation law.

Our authorized capital stock consists of 6,600,000,000 shares of Common Stock, with 3,000,000,000 outstanding as of November 1, 2021, and 3,400,000,000 authorized shares of Preferred Stock, with 186,467,730 shares outstanding as of November 1, 2021. Of the 3,400,000,000 authorized shares of Preferred Stock, 250,00,000 are designated as Non-Voting Series A Preferred Stock, 1,100,000,000 are designated as Non-Voting Series A-1 Preferred Stock, and 1,150,000,000 are designated as Non-Voting Series A-2 Preferred Stock. The outstanding shares reflect the company's 10-for-1 forward split, which was effective on November 23, 2021.

### **Non-Voting Series A-2, A-1 and Series A Preferred Stock**

#### ***Voting Rights***

Holders of Non-Voting Series A-2, A-1 and Series A Preferred Stock will have no voting rights on matters put to the stockholders for a vote.

#### ***Right to Receive Liquidation Distributions***

In any event of any voluntary or involuntary liquidation, dissolution or winding up of the company, after payment to all creditors of the company, the remaining assets of the company available for distribution to its stockholders will be distributed first among the holders of Non-Voting Series A-2, A-1 and Series A Preferred Stock, and then to the holders of Common Stock. The Non-Voting Series A Preferred Stock issued in our concurrent offerings under Regulation Crowdfunding and Regulation D include a preferred liquidation preference in an amount equal to \$0.017 per share held (the "Preferred Payment" following the 10-for-1 forward split). This Preferred Payment represents a bonus those holders, as they paid the equivalent of \$0.014 per

share and are eligible for a Preferred Payment of \$0.017 per share. The Preferred Payment for the Series A-1 Preferred Stock is \$0.079 per share. The Preferred Payment for the Series A-2 Preferred Stock is \$0.80 per share, which is equal to the per share price in this offering. Investors who received their shares of Series A-1 Preferred Stock in the company's offering under Regulation Crowdfunding at \$0.071 per share will have the same Preferred Payment of \$0.079 per share, representing a bonus to those holders as well. If there are insufficient assets for the Preferred Payment, then the holders of the Non-Voting Series A-2, A-1 and Series A Preferred Stock will receive their pro rata share of available assets upon liquidation of the company.

### ***Conversion Rights***

Upon the occurrence of firm underwriting registered offering, the Non-Voting Series A-2, A-1 and Series A Preferred Stock will automatically convert into voting Common Stock of the company.

### ***Rights and Preferences***

Holders of the company's Non-Voting Series A-2, A-1 and Series A Preferred Stock have no preemptive, conversion, or other rights, and there are no redemptive or sinking fund provisions applicable to the company's Non-Voting Series A-1 and Series A Preferred Stock.

## **Common Stock**

### ***Voting Rights***

Holders of Common Stock are entitled to one vote for each share of Common Stock held at all meetings of the Stockholders and written actions in lieu of meetings, including the election of directors.

### ***Right to Receive Liquidation Distributions***

Subject to any rights of the holders of the Non-Voting Preferred Stock, in any event of any voluntary or involuntary liquidation, dissolution or winding up of the company, after payment to all creditors of the company, the remaining assets of the company available for distribution to its stockholders will be distributed among the holders of Common Stock on a pro rata basis by the number of shares held by each holder.

### ***Rights and Preferences***

Holders of the company's Common Stock have no preemptive, conversion, or other rights, and there are no redemptive or sinking fund provisions applicable to the company's Common Stock.

## **Stockholders Agreement**

All holders of the company's Common Stock and Series A-2, A-1 and Series A Preferred Stock will be subject to our Stockholders Agreement. The following summary is qualified in its entirety by the terms and conditions of the Stockholders Agreement itself.

### ***Directors and Management of the Company***



The Stockholders Agreement provides for control of the Board of Directors of the company by Paolo Tiramani and Galiano Tiramani. The Stockholder Agreement further provides for supermajority approval of the voting holders of Common Stock of the company for the company to undertake specified actions.

### ***Restriction on Transfer***

Holders of the Common Stock and Series A-2, A-1 and Series A Preferred Stock are restricted from transferring their shares acquired in this offering, except under limited circumstance following approval of the Board of Directors of the company. The purpose of this provision is to grant a measure of control to the Board of Director to ensure that any transfer does not result in ownership interests by competitors of the company, or would create significant burdens or obligations for the company to comply with federal or state laws. For any transfer approved by the Board of Directors, the transferee will be required to become party to the Stockholders Agreement as well.

### ***Release of Obligations Upon Transfer***

As the Stockholders Agreement applies to senior management of the company as well as investors in this offering, it includes obligations that may not be applicable to all investors because of their circumstances. For instance, the Stockholders Agreement includes a requirement to maintain the confidentiality of non-public information about the company. However, an investor in this offering would likely only have access to public information, and never encounter an instance in which the investor would incur any liability to the company for sharing of such information. Other provisions, like the representation about the capacity or authority to enter into the Stockholders Agreement, if breached by the investor, may require corrective actions to be taken, which create liability to the company by the investor. Further, as noted above, the Stockholders Agreement includes certain restrictions on transfer which must be complied with, otherwise corrective actions would need to be taken, creating a liability to the company by the investor.

That said, investors will only be subject to the provisions of the Stockholders Agreement while holding the shares of the company. Should an investor transfer of all the shares held by the investor, in compliance with the Stockholders Agreement, the investor will have no further obligations under the Stockholders Agreement and not be liable to the company for any action that may be considered a breach of the Stockholders Agreement.

### ***Termination of Stockholders Agreement***

The Stockholders Agreement will terminate upon the earliest of (1) the consummation of an IPO pursuant to an effective registration statement; (2) a merger or business combination resulting in the company being traded on a national securities exchange; (3) the date that there are no holders of the company's equity securities; (4) dissolution or winding up of the company; or (5) by unanimous agreement of the stockholders of the company.

### ***Forum Selection Provision***

The Stockholders Agreement requires that any suit or action based on contract or tort, or otherwise to enforce any provision of the Stockholders Agreement be brought in the Eighth Judicial District Court of Clark County, Nevada. If the Eighth Judicial District Court of Clark County does not have jurisdiction, then the matter may be adjudicated in another state district court in the State of Nevada, or in federal court located within the State of Nevada. Although we believe the provision benefits us by providing increased consistency in the application of Nevada law in the types of lawsuits that may be brought to enforce contractual rights and obligations under the Stockholders Agreement and in limiting our litigation costs, to the extent it is enforceable, the forum selection provision may limit investors' ability to bring claims in judicial forums that they find favorable to such disputes and may discourage lawsuits with respect to such claims. The company has adopted the provision to limit the time and expense incurred by its management to challenge any such claims. As a company with a small management team, this provision allows its officers to not lose a significant amount of time travelling to any particular forum so they may continue to focus on operations of the company. Section 22 of the Securities Act creates concurrent jurisdiction for federal and state courts over all suits brought to enforce any duty or liability created by the Securities Act or the rules and regulations thereunder. We believe that the exclusive forum provision applies to claims arising under the Securities Act, but there is uncertainty as to whether a court would enforce such a provision in this context. Section 27 of the Exchange Act creates exclusive federal jurisdiction over all suits brought to enforce any duty or liability created by the Exchange Act or the rules and regulations thereunder. As a result, the exclusive forum provision may not be used to bring actions in state courts for suits brought to enforce any duty or liability created by the Exchange Act or any other claim for which the federal courts have exclusive jurisdiction. Investors will not be deemed to have waived the company's compliance with the federal securities laws and the rules and regulations thereunder.

### ***Jury Trial Waiver***

The Stockholders Agreement also provides that investors waive the right to a jury trial of any claim they may have against us arising out of or relating to the Stockholders Agreement, including any claim under federal securities laws. By investing in this offering, the investor knowingly and voluntarily waives his or her jury trial rights. If we opposed a jury trial demand based on the waiver, a court would determine whether the waiver was enforceable given the facts and circumstances of that case in accordance with applicable case law. In addition, by agreeing to the provision, investors will not be deemed to have waived the company's compliance with the federal securities laws and the rules and regulations promulgated thereunder.

### ***Spousal Consent***

The company requires that a married investor provide a spousal consent to the Stockholders Agreement. A spousal consent is important to the company because in the event of dissolution of a marriage, or death of the investor with the spouse inheriting the securities in this offering, the spouse taking possession of the shares will be bound by the terms of the Stockholders Agreement, providing certainty to the company for the enforcement of the agreement. The company requires that the spousal consent be provided to the company within 15 days of confirmation of an investment in the company. While, non-receipt of a spousal consent when

necessary may result in equitable remedies pursuant to the Stockholders Agreement, it is not a condition of the investment or being a stockholder of the company.

## PLAN OF DISTRIBUTION

The Shares are being offered directly by the company on a “best efforts” basis, and will be available for purchase through the company’s website. The Shares being offered for sale to a select group of investors who meet the suitability standards set forth under “Investor Suitability Standards.” The company’s officers, directors, employees, and advisors may participate in the offering.

The Shares may only be purchased by purchasers who represent and demonstrate to the company that they qualify as “accredited investor” as that term is defined in Rule 501(a) of Regulation D of the Securities Act. The minimum purchase in this Offering is \$10,000.

All purchases must be made by the execution and delivery of a Subscription Agreement. By executing the Subscription Agreement, each investor will represent, among other things, that (a) he or she is acquiring the Shares being purchased by him or her for his or her own account, for investment purposes and not with a view towards resale or distribution and (b) immediately prior to his or her purchase, such purchaser satisfies the eligibility requirements set forth in the PPM. Notwithstanding the foregoing representations, the company has the right to revoke the offer made herein and to refuse to sell Shares to a particular purchaser for any reason. Inasmuch as this offering is being made pursuant to the provisions of Rule 506(c) of Regulation D, prospective investors will be required to provide sufficient information to enable us to verify that each investor is an accredited investor. The company may engage a third party to perform verification for the company.

**A purchaser must be prepared to bear the economic risk of an investment in the Shares for an indefinite period of time. An investor in the Shares, pursuant to the Subscription Agreement and applicable law, will be subject to transfer restrictions based on the Shares being considered “restricted securities”.**

### **Procedure for Subscribing**

All purchases of the Shares must be made by the execution and delivery of the Subscription Agreement. Investments are not binding on us until accepted by us. The company has the right to refuse to sell the Shares to any prospective investor or any reason in its sole discretion, including, without limitation, if such prospective investor does not promptly supply all information requested by the company in connection with such prospective investor purchase. In addition, in the company’s sole discretion, it may establish a limit on the purchase of Shares by particular prospective investors.

To subscribe for the Shares, each prospective investor must:

1. Go to [www.boxabl.com](http://www.boxabl.com), and click on the “Invest” link and follow the instructions to complete the investment.

OR

2. Sign and return the Subscription Agreement and remit payment to the company by check or wire:
  - a. Checks should be made out to Boxabl Inc. and mailed to 5345 E. N. Belt Road, North Las Vegas, NV 89115.
  - b. Wires should be sent to the following account:

Routing #: 122401778  
Account #: 8726313670  
Bank Of Nevada  
2700 West Sahara Avenue, Las Vegas, NV 89102  
(702) 248-4200

Based on your status as an accredited investor, the company may ask an investor to provide identification or accreditation proof documents before accepting the purchase.

Any potential investor will have ample time to review Offering Materials and is advised to review the Subscription Agreement, along with their counsel, prior to making any final investment decision.

Funds tendered through option #1 above will be deposited in an escrow account with Prime Trust LLC (the “Escrow Agent”). Investor funds will be held by the Escrow Agent pending acceptance of the Subscription Agreement. Prime Trust is not participating as an underwriter or placement agent or sales agent of this offering and will not solicit any investment in the company, recommend the company’s securities or provide investment advice to any prospective investor, and no communication through any medium, including any website, should be construed as such. The use of Prime Trust’s technology should not be interpreted and is not intended as an endorsement or recommendation by it of the company or this offering. All inquiries regarding this offering or escrow should be made directly to the company.

All investors will be instructed by the company or its agents to transfer funds by wire, credit or debit card, or ACH transfer directly to the company to the escrow account established for this offering. The company may terminate the offering at any time for any reason at its sole discretion. Investors should understand that acceptance of their funds into escrow does not necessarily result in their receiving Shares; escrowed funds may be returned.

### **Suitability Requirements**

Shares are being offered hereby only to persons who meet certain suitability requirements set forth herein. The fact that a prospective investor meets the suitability requirements established by us for this offering does not necessarily mean that an investment in us is a suitable investment for

that investor. Each prospective investor should consult with his own professional advisers before investing in the Shares.

**Investors are not to construe this PPM as constituting legal or tax advice. Before making any decision to invest in us, investors should read all of this PPM, including all of its exhibits, and consult with their own investment, legal, tax and other professional advisors.**

**An investor should be aware that we will assert that the investor consented to the risks described or inherent in this PPM if the investor brings a claim against us or any of our directors, officers, managers, employees, advisors, agents, or representatives.**

## INVESTOR SUITABILITY STANDARDS

### General

An investment in our Shares involves a high degree of risk and is suitable only for persons of substantial financial means who have no need for liquidity in their investment. Our Shares are only suitable for those who desire a relatively long-term investment for which they do not need liquidity until the anticipated return on investment as set forth in this PPM.

The offer, offer for sale, and sale of our Shares is intended to be exempt from the registration requirements of the Securities Act pursuant to Rule 506(c) of Regulation D promulgated thereunder and is intended to be exempt from the registration requirements of applicable state securities laws as a federally covered security. This offering is directed to “accredited investors,” as that term is defined in Rule 501(a) of Regulation D as promulgated by the SEC.

A subscriber must meet one (or more) of the investor suitability standards below to purchase Shares. Fiduciaries must also meet one of these conditions. If the investment is a gift to a minor, the custodian or the donor must meet these conditions. For purposes of the net worth calculations below, net worth is the amount by which assets exceed liabilities, but excluding your house, home furnishings or automobile(s) among your assets. In the purchase agreement, a subscriber will have to confirm satisfaction of these minimum standards:

- Each investor must have the ability to bear the economic risks of investing in the Shares.
- Each investor must have sufficient knowledge and experience in financial, business or investment matters to evaluate the merits and risks of the investment.
- Each investor must represent and warrant that the Shares to be purchased are being acquired for investment and not with a view to distribution.
- Each investor will make other representations to us in connection with purchase of the Shares, including representations concerning the investor’s degree of sophistication, access to information concerning the company, and ability to bear the economic risk of the investment.

### Suitability Requirements

Rule 501(a) of Regulation D defines an “accredited investor” as any person who comes within any of the following categories, or whom the issuer reasonably believes comes within any of the following categories, at the time of the sale of the securities to that person:

(1) Any bank as defined in section 3(a)(2) of the Act, or any savings and loan association or other institution as defined in section 3(a)(5)(A) of the Act whether acting in its individual or fiduciary capacity; any broker or dealer registered pursuant to section 15 of the Securities Exchange Act of 1934; any investment adviser registered pursuant to section 203 of the Investment Advisers Act of 1940 or registered pursuant to the laws of a state; any investment adviser relying on the exemption from registering with the Commission under section 203(l) or (m) of the Investment Advisers Act of 1940; any insurance company as defined in section 2(a)(13) of the Act; any investment company registered under the Investment Company Act of 1940 or a business development company as defined in section 2(a)(48) of that Act; any Small

Business Investment Company licensed by the U.S. Small Business Administration under section 301(c) or (d) of the Small Business Investment Act of 1958; any Rural Business Investment Company as defined in section 384A of the Consolidated Farm and Rural Development Act; any plan established and maintained by a state, its political subdivisions, or any agency or instrumentality of a state or its political subdivisions, for the benefit of its employees, if such plan has total assets in excess of \$5,000,000; any employee benefit plan within the meaning of the Employee Retirement Income Security Act of 1974 if the investment decision is made by a plan fiduciary, as defined in section 3(21) of such act, which is either a bank, savings and loan association, insurance company, or registered investment adviser, or if the employee benefit plan has total assets in excess of \$5,000,000 or, if a self-directed plan, with investment decisions made solely by persons that are accredited investors;

(2) Any private business development company as defined in section 202(a)(22) of the Investment Advisers Act of 1940;

(3) Any organization described in section 501(c)(3) of the Internal Revenue Code, corporation, Massachusetts or similar business trust, or partnership, or limited liability company, not formed for the specific purpose of acquiring the securities offered, with total assets in excess of \$5,000,000;

(4) Any director, executive officer, or general partner of the issuer of the securities being offered or sold, or any director, executive officer, or general partner of a general partner of that issuer;

(5) Any natural person whose individual net worth, or joint net worth with that person's spouse or spousal equivalent, exceeds \$1,000,000.

(i) Except as provided in paragraph (5)(ii) of this section, for purposes of calculating net worth under this paragraph (5):

(A) The person's primary residence shall not be included as an asset;

(B) Indebtedness that is secured by the person's primary residence, up to the estimated fair market value of the primary residence at the time of the sale of securities, shall not be included as a liability (except that if the amount of such indebtedness outstanding at the time of sale of securities exceeds the amount outstanding 60 days before such time, other than as a result of the acquisition of the primary residence, the amount of such excess shall be included as a liability); and

(C) Indebtedness that is secured by the person's primary residence in excess of the estimated fair market value of the primary residence at the time of the sale of securities shall be included as a liability;

(ii) Paragraph (5)(i) of this section will not apply to any calculation of a person's net worth made in connection with a purchase of securities in accordance with a right to purchase such securities, provided that:



- (A) Such right was held by the person on July 20, 2010;
- (B) The person qualified as an accredited investor on the basis of net worth at the time the person acquired such right; and
- (C) The person held securities of the same issuer, other than such right, on July 20, 2010.

(6) Any natural person who had an individual income in excess of \$200,000 in each of the two most recent years or joint income with that person's spouse or spousal equivalent in excess of \$300,000 in each of those years and has a reasonable expectation of reaching the same income level in the current year;

(7) Any trust, with total assets in excess of \$5,000,000, not formed for the specific purpose of acquiring the securities offered, whose purchase is directed by a sophisticated person as described in §230.506(b)(2)(ii); and

(8) Any entity in which all of the equity owners are accredited investors;

(9) Any entity, of a type of not listed in paragraphs (1), (2), (3), (7), or (8), not formed for the specific purpose of acquiring the securities offered, owning investments in excess of \$5,000,000;

(10) Any natural person holding in good standing one or more professional certifications or designations or credentials from an accredited educational institution that the Commission has designated as qualifying an individual for accredited investor status.

(11) Any natural person who is a “knowledgeable employee,” as defined in rule 3c-5(a)(4) under the Investment Company Act of 1940 (17 CFR 270.3c-5(a)(4)), of the issuer of the securities being offered or sold where the issuer would be an investment company, as defined in section 3 of such act, but for the exclusion provided by either section 3(c)(1) or section 3(c)(7) of such act;

(12) Any “family office,” as defined in rule 202(a)(11)(G)-1 under the Investment Advisers Act of 1940 (17 CFR 275.202(a)(11)(G)-1):

- (i) With assets under management in excess of \$5,000,000,
- (ii) That is not formed for the specific purpose of acquiring the securities offered, and
- (iii) Whose prospective investment is directed by a person who has such knowledge and experience in financial and business matters that such family office is capable of evaluating the merits and risks of the prospective investment; and

(13) Any “family client,” as defined in rule 202(a)(11)(G)-1 under the Investment Advisers Act of 1940 (17 CFR 275.202(a)(11)(G)-1)), of a family office meeting the requirements in paragraph (12) of this section and whose prospective investment in the issuer is directed by such family office pursuant to paragraph (12)(iii).

For purposes of calculating net worth:

(A) The person’s primary residence shall not be included as an asset;

(B) Indebtedness that is secured by the person’s primary residence, up to the estimated fair market value of the primary residence at the time of the sale of securities, shall not be included as a liability (except that if the amount of such indebtedness outstanding at the time of sale of

securities exceeds the amount outstanding 60 days before such time, other than as a result of the acquisition of the primary residence, the amount of such excess shall be included as a liability); and

(C) Indebtedness that is secured by the person's primary residence in excess of the estimated fair market value of the primary residence at the time of the sale of securities shall be included as a liability.

In determining income, a subscriber should add to the subscriber's adjusted gross income any amounts attributable to tax exempt income received, losses claimed as a limited partner in any limited partnership, deduction claimed for depletion, contribution to an IRA or Keogh plan, alimony payments, and any amount by which income for long-term capital gains has been reduced in arriving at adjusted gross income.

In addition to the foregoing suitability standards, we cannot accept purchases from anyone if the representations required are either not provided or are provided but are inconsistent with our determination that the investment is suitable for the subscriber. In addition to the financial information we require, the representations we require of you state that you:

- Have received this PPM, together with the Exhibits attached hereto;
- Understand that no federal or state agency has made any finding or determination as to the fairness for investment in, nor made any recommendation or endorsement of, the Shares; and
- Understand that an investment in the company will not, in itself, create a qualified retirement plan as described in the Internal Revenue Code and that you must comply with all applicable provisions of the Internal Revenue Code in order to create a qualified retirement plan.

You will also represent that you are familiar with the risk factors we describe, and that this investment matches your investment objectives. Specifically, you will represent to us that you:

- Understand that there will be no public market for the Shares, that there are substantial restrictions on repurchase, sale, assignment or transfer of the Shares and that it may not be possible to readily liquidate an investment in the Shares; and
- Have investment objectives that correspond to those described elsewhere in this PPM.

You will also represent to us that you have the capacity to invest in our Shares by confirming that:

- You are legally able to enter into a contractual relationship with us, and, if you are an individual, have attained the age of majority in the state in which you live; and
- If you are a manager, that you are the manager for the trust on behalf of which you are purchasing the Shares and have due authority to purchase Shares on behalf of the trust.

If you are purchasing as a fiduciary, you will also represent that the above representations and warranties are accurate for the person(s) for whom you are purchasing Shares. We have the right to refuse a purchase of Shares if in our sole discretion if we believe that the prospective investor does not meet the suitability requirements. It is anticipated that comparable suitability standards

(including state law standards applicable in particular circumstances) may be imposed by us in various jurisdictions in connection with any resale of the Shares.

## **EXHIBIT A: SERIES A-2 PREFERRED STOCK SUBSCRIPTION AGREEMENT**

**THIS INVESTMENT INVOLVES A HIGH DEGREE OF RISK. THIS INVESTMENT IS SUITABLE ONLY FOR PERSONS WHO CAN BEAR THE ECONOMIC RISK FOR AN INDEFINITE PERIOD OF TIME AND WHO CAN AFFORD TO LOSE THEIR ENTIRE INVESTMENT. FURTHERMORE, INVESTORS MUST UNDERSTAND THAT SUCH INVESTMENT IS ILLIQUID AND IS EXPECTED TO CONTINUE TO BE ILLIQUID FOR AN INDEFINITE PERIOD OF TIME. NO PUBLIC MARKET EXISTS FOR THE SECURITIES, AND NO PUBLIC MARKET IS EXPECTED TO DEVELOP FOLLOWING THIS OFFERING.**

**THE SECURITIES OFFERED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE “ACT”), OR ANY STATE SECURITIES OR BLUE SKY LAWS AND ARE BEING OFFERED AND SOLD IN RELIANCE ON EXEMPTIONS FROM THE REGISTRATION REQUIREMENTS OF THE ACT AND STATE SECURITIES OR BLUE SKY LAWS. ACCORDINGLY, THE SECURITIES CANNOT BE SOLD OR OTHERWISE TRANSFERRED EXCEPT IN COMPLIANCE WITH THE ACT. IN ADDITION, THE SECURITIES CANNOT BE SOLD OR OTHERWISE TRANSFERRED EXCEPT IN COMPLIANCE WITH THE APPLICABLE STATE SECURITIES OR BLUE SKY LAWS. THE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SEC, ANY STATE SECURITIES COMMISSION OR OTHER REGULATORY AUTHORITY, NOR HAVE ANY OF THE FOREGOING AUTHORITIES PASSED UPON THE MERITS OF THIS OFFERING OR THE ADEQUACY OR ACCURACY OF THE PURCHASE AGREEMENT OR ANY OTHER MATERIALS OR INFORMATION MADE AVAILABLE TO PURCHASER IN CONNECTION WITH THIS OFFERING. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL.**

**THE SECURITIES MAY ONLY BE PURCHASED BY PERSONS WHO ARE “ACCREDITED INVESTORS” (AS THAT TERM IS DEFINED IN SECTION 501 OF REGULATION D PROMULGATED UNDER THE ACT). THE COMPANY IS RELYING ON THE REPRESENTATIONS AND WARRANTIES SET FORTH BY EACH PURCHASER IN THIS PURCHASE AGREEMENT AND THE OTHER INFORMATION PROVIDED BY PURCHASER IN CONNECTION WITH THIS OFFERING TO DETERMINE THE APPLICABILITY TO THIS OFFERING OF EXEMPTIONS FROM THE REGISTRATION REQUIREMENTS OF THE ACT.**

**PROSPECTIVE INVESTORS MAY NOT TREAT THE CONTENTS OF THE PURCHASE AGREEMENT, ANY PRIVATE PLACEMENT MEMORANDUM OR ANY OF THE OTHER MATERIALS PROVIDED BY THE COMPANY (COLLECTIVELY, THE “OFFERING MATERIALS”) OR ANY PRIOR OR SUBSEQUENT COMMUNICATIONS FROM THE COMPANY OR ANY OF ITS OFFICERS, EMPLOYEES OR AGENTS AS INVESTMENT, LEGAL OR TAX ADVICE. IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE COMPANY AND THE TERMS OF THIS OFFERING, INCLUDING THE MERITS AND THE RISKS INVOLVED. EACH PROSPECTIVE INVESTOR SHOULD CONSULT THE INVESTOR’S OWN COUNSEL, ACCOUNTANT**

AND OTHER PROFESSIONAL ADVISOR AS TO INVESTMENT, LEGAL, TAX AND OTHER RELATED MATTERS CONCERNING THE INVESTOR'S PROPOSED INVESTMENT.

**THE OFFERING MATERIALS MAY CONTAIN FORWARD-LOOKING STATEMENTS AND INFORMATION RELATING TO, AMONG OTHER THINGS, THE COMPANY, ITS BUSINESS PLAN AND STRATEGY, AND ITS INDUSTRY.** THESE FORWARD-LOOKING STATEMENTS ARE BASED ON THE BELIEFS OF, ASSUMPTIONS MADE BY, AND INFORMATION CURRENTLY AVAILABLE TO THE COMPANY'S MANAGEMENT. WHEN USED IN THE OFFERING MATERIALS, THE WORDS "ESTIMATE," "PROJECT," "BELIEVE," "ANTICIPATE," "INTEND," "EXPECT" AND SIMILAR EXPRESSIONS ARE INTENDED TO IDENTIFY FORWARD-LOOKING STATEMENTS, WHICH CONSTITUTE FORWARD LOOKING STATEMENTS. THESE STATEMENTS REFLECT MANAGEMENT'S CURRENT VIEWS WITH RESPECT TO FUTURE EVENTS AND ARE SUBJECT TO RISKS AND UNCERTAINTIES THAT COULD CAUSE THE COMPANY'S ACTUAL RESULTS TO DIFFER MATERIALLY FROM THOSE CONTAINED IN THE FORWARD-LOOKING STATEMENTS. INVESTORS ARE CAUTIONED NOT TO PLACE UNDUE RELIANCE ON THESE FORWARD-LOOKING STATEMENTS, WHICH SPEAK ONLY AS OF THE DATE ON WHICH THEY ARE MADE. THE COMPANY DOES NOT UNDERTAKE ANY OBLIGATION TO REVISE OR UPDATE THESE FORWARD-LOOKING STATEMENTS TO REFLECT EVENTS OR CIRCUMSTANCES AFTER SUCH DATE OR TO REFLECT THE OCCURRENCE OF UNANTICIPATED EVENTS.

**THE INFORMATION CONTAINED IN THE OFFERING MATERIALS MAY CHANGE OR VARY AFTER THE LAUNCH DATE.** THE COMPANY UNDERTAKES TO MAKE AVAILABLE TO EVERY INVESTOR DURING THE COURSE OF THIS TRANSACTION AND PRIOR TO SALE OF SECURITIES THE OPPORTUNITY TO ASK QUESTIONS OF AND RECEIVE ANSWERS FROM THE COMPANY CONCERNING THE TERMS AND CONDITIONS OF THE OFFERING AND TO OBTAIN ANY APPROPRIATE ADDITIONAL INFORMATION NECESSARY TO VERIFY THE ACCURACY OF THE INFORMATION CONTAINED IN THE OFFERING MATERIALS.

**THE COMPANY MAY NOT BE OFFERING THE SECURITIES IN EVERY STATE.** THE OFFERING MATERIALS DO NOT CONSTITUTE AN OFFER OR SOLICITATION IN ANY STATE OR JURISDICTION IN WHICH THE SECURITIES ARE NOT BEING OFFERED.

**THE INFORMATION PRESENTED IN THE OFFERING MATERIALS WAS PREPARED BY THE COMPANY SOLELY FOR THE USE BY PROSPECTIVE INVESTORS IN CONNECTION WITH THIS OFFERING.** NO REPRESENTATIONS OR WARRANTIES ARE MADE AS TO THE ACCURACY OR COMPLETENESS OF THE INFORMATION CONTAINED IN ANY OFFERING MATERIALS, AND NOTHING CONTAINED IN THE OFFERING MATERIALS IS OR SHOULD BE RELIED UPON AS A PROMISE OR REPRESENTATION AS TO THE FUTURE PERFORMANCE OF THE COMPANY.

**THE COMPANY RESERVES THE RIGHT IN ITS SOLE DISCRETION AND FOR ANY REASON WHATSOEVER TO MODIFY, AMEND AND/OR WITHDRAW ALL OR A PORTION OF THE OFFERING AND/OR ACCEPT OR REJECT IN WHOLE OR IN PART ANY PROSPECTIVE INVESTMENT IN THE SECURITIES OR TO ALLOT TO ANY PROSPECTIVE INVESTOR LESS THAN THE AMOUNT OF SECURITIES SUCH INVESTOR DESIRES TO PURCHASE. EXCEPT AS OTHERWISE INDICATED, THE OFFERING MATERIALS SPEAK AS OF THEIR DATE. NEITHER THE DELIVERY NOR THE PURCHASE OF THE SECURITIES SHALL, UNDER ANY CIRCUMSTANCES, CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE COMPANY SINCE THAT DATE.**

TO: Boxabl Inc.  
5345 E. N. Belt Road  
North Las Vegas, NV 89115

Ladies and Gentlemen:

**1. Subscription.**

(a) The undersigned (“**Subscriber**”) hereby irrevocably subscribes for and agrees to purchase Series A-2 Preferred Stock (the “**Securities**”), of Boxabl Inc., a Nevada corporation (the “**Company**” or “**Boxabl**”), upon the terms and conditions set forth herein, including such modifications in the price identified in Section 1(b) below (the “**Per Share Purchase Price**”). The rights and preferences of the Series A-2 Preferred Stock are as set forth in the Company’s Fourth Amended and Restated Articles of Incorporation.

(b) Tiered Pricing. Subscriber acknowledges that the purchase price per share of the Series A-2 Preferred Stock will be adjusted based on the aggregate purchase price of the Subscriber. The purchase price per share shall be as follows:

<b>Aggregate Purchase Price</b>	<b>Price Per Share</b>
\$10,000	\$0.76
\$100,000	\$0.72
\$1,000,000	\$0.68
\$10,000,000	\$0.64
\$100,000,000	\$0.60

(c) By executing this Subscription Agreement, Subscriber acknowledges that Subscriber has received this Subscription Agreement, the Second Amended and Restated Stockholders Agreement, a copy of the PPM and any other information required by the Subscriber to make an investment decision.

(d) This Subscription may be accepted or rejected in whole or in part, at any time prior to a Closing Date (as hereinafter defined), by the Company at its sole discretion. In addition, the Company, at its sole discretion, may allocate to Subscriber only a portion of the number of Securities Subscriber has subscribed for. The Company will notify Subscriber whether this

subscription is accepted (whether in whole or in part) or rejected. If Subscriber's subscription is rejected, Subscriber's payment (or portion thereof if partially rejected) will be returned to Subscriber without interest and all of Subscriber's obligations hereunder shall terminate.

(e) In the event of rejection of this subscription in its entirety, or in the event the sale of the Securities (or any portion thereof) is not consummated for any reason, this Subscription Agreement shall have no force or effect, except for Section 7 hereof, which shall remain in force and effect.

**2. Joinder to Second Amended and Restated Stockholders Agreement.** By subscribing to the offering and executing this Subscription Agreement, Subscriber (and, if Subscriber is purchasing the Securities subscribed for hereby in a fiduciary capacity, the person or persons for whom Subscriber is so purchasing) hereby joins as a party that is designated as an "Stockholder" under the Second Amended and Restated Stockholders Agreement to be dated as of the initial Closing, in substantially the form attached as Exhibit B to the PPM (the "**Stockholders Agreement**"). Any notice required or permitted to be given to Subscriber under the Stockholders Agreement shall be given to Subscriber at the address provided with Subscriber's subscription. Subscriber confirms that Subscriber has reviewed the Stockholders Agreement and will be bound by the terms thereof as a party who is designated as an "Stockholder" under the Stockholders Agreement.

### **3. Purchase Procedure.**

(a) Payment. The purchase price for the Securities shall be paid simultaneously with the execution and delivery to the Company of the signature page of this Subscription Agreement. Subscriber shall deliver a signed copy of this Subscription Agreement (which may be executed and delivered electronically), along with payment for the aggregate purchase price of the Securities by a check for available funds made payable to "Boxabl Inc.", by wire transfer to an account designated by the Company, or by any combination of such methods.

(b) Escrow arrangements. Payment for the Securities shall be received by the Company or by Prime Trust, LLC (the "Escrow Agent"). The undersigned shall receive notice and evidence of the digital entry of the number of the Securities owned by undersigned reflected on the books and records of the Company and verified by Colonial Stock Transfer, (the "Transfer Agent"), which books and records shall bear a notation that the Securities were sold in reliance upon Regulation D.

**4. Representations and Warranties of the Company.** The Company represents and warrants to Subscriber that the following representations and warranties are true and complete in all material respects as of the date of each Closing Date, except as otherwise indicated. For purposes of this Agreement, an individual shall be deemed to have "knowledge" of a particular fact or other matter if such individual is actually aware of such fact. The Company will be deemed to have "knowledge" of a particular fact or other matter if one of the Company's current officers has, or at any time had, actual knowledge of such fact or other matter.

(a) Organization and Standing. The Company is a corporation duly formed, validly existing and in good standing under the laws of the State of Nevada. The Company has all requisite power

and authority to own and operate its properties and assets, to execute and deliver this Subscription Agreement and any other agreements or instruments required hereunder. The Company is duly qualified and is authorized to do business and is in good standing as a foreign corporation in all jurisdictions in which the nature of its activities and of its properties (both owned and leased) makes such qualification necessary, except for those jurisdictions in which failure to do so would not have a material adverse effect on the Company or its business.

(b) Issuance of the Securities. The issuance, sale and delivery of the Securities in accordance with this Subscription Agreement has been duly authorized by all necessary corporate action on the part of the Company. The Securities, when so issued, sold and delivered against payment therefor in accordance with the provisions of this Subscription Agreement, will be duly and validly issued, fully paid and non-assessable.

(c) Authority for Agreement. The execution and delivery by the Company of this Subscription Agreement and the consummation of the transactions contemplated hereby (including the issuance, sale and delivery of the Securities) are within the Company's powers and have been duly authorized by all necessary corporate action on the part of the Company. Upon full execution hereof, this Subscription Agreement shall constitute a valid and binding agreement of the Company, enforceable against the Company in accordance with its terms, except (i) as limited by applicable bankruptcy, insolvency, reorganization, moratorium, and other laws of general application affecting enforcement of creditors' rights generally, (ii) as limited by laws relating to the availability of specific performance, injunctive relief, or other equitable remedies and (iii) with respect to provisions relating to indemnification and contribution, as limited by considerations of public policy and by federal or state securities laws.

(d) No filings. Assuming the accuracy of the Subscriber's representations and warranties set forth in Section 4 hereof, no order, license, consent, authorization or approval of, or exemption by, or action by or in respect of, or notice to, or filing or registration with, any governmental body, agency or official is required by or with respect to the Company in connection with the execution, delivery and performance by the Company of this Subscription Agreement except (i) for such filings as may be required under Regulation D or under any applicable state securities laws, (ii) for such other filings and approvals as have been made or obtained, or (iii) where the failure to obtain any such order, license, consent, authorization, approval or exemption or give any such notice or make any filing or registration would not have a material adverse effect on the ability of the Company to perform its obligations hereunder.

(e) Capitalization. The authorized and outstanding securities of the Company immediately prior to the initial investment in the Securities is as set forth "Securities Being Offered and Rights of the Securities of the Company" in the PPM. Except as set forth in the Offering Circular, there are no outstanding options, warrants, rights (including conversion or preemptive rights and rights of first refusal), or agreements of any kind (oral or written) for the purchase or acquisition from the Company of any of its securities.

(f) Financial statements. Complete copies of the Company's financial statements consisting of the balance sheets of the Company as at December 31, 2020 and 2019 and the related statements of income, stockholders' equity and cash flows for the fiscal years then ended have been made



available to the Subscriber and appear in the Offering Circular (the “Financial Statements”). The Financial Statements are based on the books and records of the Company and fairly present in all material respects the financial condition of the Company as of the respective dates they were prepared and the results of the operations and cash flows of the Company for the periods indicated. Dbmckennon, which has audited the Financial Statements, is an independent accounting firm within the rules and regulations adopted by the SEC.

(g) Proceeds. The Company shall use the proceeds from the issuance and sale of the Securities as set forth in “Use of Proceeds” in the PPM.

(h) Litigation. There is no pending action, suit, proceeding, arbitration, mediation, complaint, claim, charge or investigation before any court, arbitrator, mediator or governmental body, or to the Company’s knowledge, currently threatened in writing (a) against the Company or (b) against any consultant, officer, manager, director or key employee of the Company arising out of his or her consulting, employment or board relationship with the Company or that could otherwise materially impact the Company.

**5. Representations and Warranties of Subscriber**. By executing this Subscription Agreement, Subscriber (and, if Subscriber is purchasing the Securities subscribed for hereby in a fiduciary capacity, the person or persons for whom Subscriber is so purchasing) represents and warrants, which representations and warranties are true and complete in all material respects as of the date of the Subscriber’s respective Closing Date(s):

(a) Requisite Power and Authority. Such Subscriber has all necessary power and authority under all applicable provisions of law to execute and deliver this Subscription Agreement, and other agreements required hereunder and to carry out their provisions. All action on Subscriber’s part required for the lawful execution and delivery of this Subscription Agreement and other agreements required hereunder (including internal authorizations) have been or will be effectively taken prior to the Closing. Upon their execution and delivery, this Subscription Agreement and other agreements required hereunder will be valid and binding obligations of Subscriber, enforceable in accordance with their terms, except (a) as limited by applicable bankruptcy, insolvency, reorganization, moratorium or other laws of general application affecting enforcement of creditors’ rights and (b) as limited by general principles of equity that restrict the availability of equitable remedies.

(b) Investment Representations. Subscriber understands that the offering of the Securities has not been registered under the Act. Subscriber also understands that the Securities are being offered and sold pursuant to an exemption from registration contained in the Act based in part upon Subscriber’s representations contained in this Subscription Agreement. Subscriber understands that the Securities are “restricted securities” as that term is defined by Rule 144 under the Act, and that Subscriber may only resell such Securities in a transaction registered under the Act or subject to an available exemption therefrom, and in accordance with any applicable state securities laws. In the event of any such resale, Sagoon may require an opinion of counsel satisfactory to Sagoon. Subscriber acknowledges that any physical certificate representing the Securities may bear a legend to this effect.

(c) Illiquidity and Continued Economic Risk. Subscriber acknowledges and agrees that there is no ready public market for the Securities and that there is no guarantee that a market for their resale will ever exist. Subscriber must bear the economic risk of this investment indefinitely and the Company has no obligation to list the Securities on any market or take any steps (including registration under the Securities Act or the Securities Exchange Act of 1934, as amended) with respect to facilitating trading or resale of the Securities. Subscriber acknowledges that Subscriber is able to bear the economic risk of losing Subscriber's entire investment in the Securities. Subscriber also understands that an investment in the Company involves significant risks and has taken full cognizance of and understands all of the risk factors relating to the purchase of Securities.

(d) Accredited Investor Status and non-accredited investor status. Subscriber represents that Subscriber is an "accredited investor" or a non-accredited investor meeting sophistication requirements within the meaning of Rule 501 of Regulation D under the Securities Act. Subscriber represents and warrants that the information set forth in response to question (c) on the signature page hereto concerning Subscriber is true and correct. Subscriber represents that to the extent it has any questions with respect to its status as an accredited investor, its status as a non-accredited investor meeting sophistication requirements or the application of the investment limits, it has sought professional advice. Subscriber has the requisite knowledge and experience in financial and business matters to be capable of evaluating the merits and risks of an investment in Sagoon.

(e) Shareholder information. Within five days after receipt of a request from the Company, the Subscriber hereby agrees to provide such information with respect to its status as a shareholder (or potential shareholder) and to execute and deliver such documents as may reasonably be necessary to comply with any and all laws and regulations to which the Company is or may become subject. **Subscriber further agrees that in the event it transfers any Securities, it will require the transferee of such Securities to agree to provide such information to the Company as a condition of such transfer.**

(f) Company Information. The Subscriber has read the PPM and any other materials provided to them by the company (the "*Offering Materials*"), including the section titled "Risk Factors." Subscriber understands that the Company is subject to all the risks that apply to early-stage companies, whether or not those risks are explicitly set out in the Offering Materials. Subscriber has had an opportunity to discuss the Company's business, management and financial affairs with managers, officers and management of the Company and has had the opportunity to review the Company's operations and facilities. Subscriber has also had the opportunity to ask questions of and receive answers from the Company and its management regarding the terms and conditions of this investment. Subscriber acknowledges that except as set forth herein, no representations or warranties have been made to Subscriber, or to Subscriber's advisors or representative, by the Company or others with respect to the business or prospects of the Company or its financial condition.

(g) Valuation. The Subscriber acknowledges that the price of the Securities was set by the Company on the basis of the Company's internal valuation and no warranties are made as to

value. The Subscriber further acknowledges that future offerings of Securities may be made at lower valuations, with the result that the Subscriber's investment will bear a lower valuation.

(h) Domicile. Subscriber maintains Subscriber's domicile (and is not a transient or temporary resident) at the address shown on the signature page.

(i) No Brokerage Fees. There are no claims for brokerage commission, finders' fees or similar compensation in connection with the transactions contemplated by this Subscription Agreement or related documents based on any arrangement or agreement binding upon Subscriber. The undersigned will indemnify and hold the Company harmless against any liability, loss or expense (including, without limitation, reasonable attorneys' fees and out-of-pocket expenses) arising in connection with any such claim.

(j) Foreign Investors. If Subscriber is not a United States person (as defined by Section 7701(a)(30) of the Internal Revenue Code of 1986, as amended), Subscriber hereby represents that it has satisfied itself as to the full observance of the laws of its jurisdiction in connection with any invitation to subscribe for the Securities or any use of this Subscription Agreement, including (i) the legal requirements within its jurisdiction for the purchase of the Securities, (ii) any foreign exchange restrictions applicable to such purchase, (iii) any governmental or other consents that may need to be obtained, and (iv) the income tax and other tax consequences, if any, that may be relevant to the purchase, holding, redemption, sale, or transfer of the Securities. Subscriber's subscription and payment for and continued beneficial ownership of the Securities will not violate any applicable securities or other laws of the Subscriber's jurisdiction.

**6. Market Stand-Off Agreement**. Subscriber agrees that Subscriber shall not sell, transfer, make any short sale of, grant any option for the purchase of, or enter into any hedging or similar transaction with the same economic effect as a sale, any Common Stock (or other securities) of the Company held by such Subscriber (other than those included in the registration) during the 180-day period following the effective date of the Company's first firm commitment underwritten public offering of its Common Stock registered under the Securities Act (or such longer period as the underwriters or the Company shall request in order to facilitate compliance with FINRA Rule 2711 or NYSE Member Rule 472 or any successor or similar rule or regulation), provided that all officers and directors of the Company are bound by and have entered into similar agreements. Subscriber agrees to execute and deliver such other agreements as may be reasonably requested by the Company or the underwriters that are consistent with the Subscriber's obligations under this Section 6 or that are necessary to give further effect to this Section 6. In addition, if requested by the Company or the representative of the underwriters of Common Stock (or other securities) of the Company, the Subscriber shall provide, within 10 days of such request, such information as may be required by the Company or such representative in connection with the completion of any public offering of the Company's securities pursuant to a registration statement filed under the Act. The obligations described in this Section 6 shall not apply to a registration relating solely to employee benefit plans on Form S-1 or Form S-8 or similar forms that may be promulgated in the future, or a registration relating solely to a transaction on Form S-4 or similar forms that may be promulgated in the future.

**7. Indemnity.** The representations, warranties and covenants made by the Subscriber herein shall survive the closing of this Agreement. The Subscriber agrees to indemnify and hold harmless the Company and its respective officers, directors and affiliates, and each other person, if any, who controls the Company within the meaning of Section 15 of the Securities Act against any and all loss, liability, claim, damage and expense whatsoever (including, but not limited to, any and all reasonable attorneys' fees, including attorneys' fees on appeal) and expenses reasonably incurred in investigating, preparing or defending against any false representation or warranty or breach of failure by the Subscriber to comply with any covenant or agreement made by the Subscriber herein or in any other document furnished by the Subscriber to any of the foregoing in connection with this transaction.

**8. Governing Law; Jurisdiction.** This Subscription Agreement shall be governed and construed in accordance with the laws of the State of Nevada.

EACH OF THE SUBSCRIBERS AND THE COMPANY CONSENTS TO THE JURISDICTION OF ANY STATE OR FEDERAL COURT OF COMPETENT JURISDICTION LOCATED WITHIN THE STATE OF NEVADA AND NO OTHER PLACE AND IRREVOCABLY AGREES THAT ALL ACTIONS OR PROCEEDINGS RELATING TO THIS SUBSCRIPTION AGREEMENT MAY BE LITIGATED IN SUCH COURTS. EACH OF SUBSCRIBERS AND THE COMPANY ACCEPTS FOR ITSELF AND HIMSELF AND IN CONNECTION WITH ITS AND HIS RESPECTIVE PROPERTIES, GENERALLY AND UNCONDITIONALLY, THE EXCLUSIVE JURISDICTION OF THE AFORESAID COURTS AND WAIVES ANY DEFENSE OF FORUM NON CONVENIENS, AND IRREVOCABLY AGREES TO BE BOUND BY ANY JUDGMENT RENDERED THEREBY IN CONNECTION WITH THIS SUBSCRIPTION AGREEMENT. EACH OF SUBSCRIBERS AND THE COMPANY FURTHER IRREVOCABLY CONSENTS TO THE SERVICE OF PROCESS OUT OF ANY OF THE AFOREMENTIONED COURTS IN THE MANNER AND IN THE ADDRESS SPECIFIED IN SECTION 9 AND THE SIGNATURE PAGE OF THIS SUBSCRIPTION AGREEMENT.

EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES ALL RIGHT TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM (WHETHER BASED IN CONTRACT, TORT OR OTHERWISE) ARISING OUT OF OR RELATING TO THIS SUBSCRIPTION AGREEMENT OR THE ACTIONS OF EITHER PARTY IN THE NEGOTIATION, ADMINISTRATION, PERFORMANCE AND ENFORCEMENT THEREOF, EACH OF THE PARTIES HERETO ALSO WAIVES ANY BOND OR SURETY OR SECURITY UPON SUCH BOND WHICH MIGHT, BUT FOR THIS WAIVER, BE REQUIRED OF SUCH PARTY. EACH OF THE PARTIES HERETO FURTHER WARRANTS AND REPRESENTS THAT IT HAS REVIEWED THIS WAIVER WITH ITS LEGAL COUNSEL, AND THAT IT KNOWINGLY AND VOLUNTARILY WAIVES ITS JURY TRIAL RIGHTS FOLLOWING CONSULTATION WITH LEGAL COUNSEL. THIS WAIVER IS IRREVOCABLE, MEANING THAT IT MAY NOT BE MODIFIED EITHER ORALLY OR IN WRITING, AND THIS WAIVER SHALL APPLY TO ANY SUBSEQUENT AMENDMENTS, RENEWALS, SUPPLEMENTS OR MODIFICATIONS TO THIS SUBSCRIPTION AGREEMENT. IN THE EVENT OF LITIGATION, THIS SUBSCRIPTION AGREEMENT MAY BE FILED AS A WRITTEN CONSENT TO A TRIAL BY THE COURT.

**9. Notices.** Notice, requests, demands and other communications relating to this Subscription Agreement and the transactions contemplated herein shall be in writing and shall be deemed to have been duly given if and when (a) delivered personally, on the date of such delivery; or (b) mailed by registered or certified mail, postage prepaid, return receipt requested, in the third day after the posting thereof; or (c) emailed, telecopied or cabled, on the date of such delivery to the address of the respective parties as follows:

If to the Company, to:	with a required copy to:
Boxabl Inc.	
5345 E. N. Belt Road	
North Las Vegas, NV 89115	

If to a Subscriber, to Subscriber's address as provided with the execution of this Agreement

or to such other address as may be specified by written notice from time to time by the party entitled to receive such notice. Any notices, requests, demands or other communications by telecopy or cable shall be confirmed by letter given in accordance with (a) or (b) above.

**10. Miscellaneous.**

(a) All pronouns and any variations thereof shall be deemed to refer to the masculine, feminine, neuter, singular or plural, as the identity of the person or persons or entity or entities may require.

(b) This Subscription Agreement is not transferable or assignable by Subscriber.

(c) The representations, warranties and agreements contained herein shall be deemed to be made by and be binding upon Subscriber and its heirs, executors, administrators and successors and shall inure to the benefit of the Company and its successors and assigns.

(d) None of the provisions of this Subscription Agreement may be waived, changed or terminated orally or otherwise, except as specifically set forth herein or except by a writing signed by the Company and Subscriber.

(e) In the event any part of this Subscription Agreement is found to be void or unenforceable, the remaining provisions are intended to be separable and binding with the same effect as if the void or unenforceable part were never the subject of agreement.

(f) The invalidity, illegality or unenforceability of one or more of the provisions of this Subscription Agreement in any jurisdiction shall not affect the validity, legality or enforceability of the remainder of this Subscription Agreement in such jurisdiction or the validity, legality or enforceability of this Subscription Agreement, including any such provision, in any other jurisdiction, it being intended that all rights and obligations of the parties hereunder shall be enforceable to the fullest extent permitted by law.

(g) This Subscription Agreement supersedes all prior discussions and agreements between the parties with respect to the subject matter hereof and contains the sole and entire agreement between the parties hereto with respect to the subject matter hereof.

(h) The terms and provisions of this Subscription Agreement are intended solely for the benefit of each party hereto and their respective successors and assigns, and it is not the intention of the parties to confer, and no provision hereof shall confer, third-party beneficiary rights upon any other person.

(i) The headings used in this Subscription Agreement have been inserted for convenience of reference only and do not define or limit the provisions hereof.

(j) This Subscription Agreement may be executed in any number of counterparts, each of which will be deemed an original, but all of which together will constitute one and the same instrument.

(k) If any recapitalization or other transaction affecting the stock of the Company is effected, then any new, substituted or additional securities or other property which is distributed with respect to the Securities shall be immediately subject to this Subscription Agreement, to the same extent that the Securities, immediately prior thereto, shall have been covered by this Subscription Agreement.

(l) No failure or delay by any party in exercising any right, power or privilege under this Subscription Agreement shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The rights and remedies herein provided shall be cumulative and not exclusive of any rights or remedies provided by law.

*[SIGNATURE PAGE FOLLOWS]*

**BOXABL INC.**

**SUBSCRIPTION AGREEMENT SIGNATURE PAGE**

The undersigned, desiring to purchase Series A-2 Preferred Stock of Boxabl Inc., by executing this signature page, hereby executes, adopts and agrees to all terms, conditions and representations of the Subscription Agreement.

(a) The number of shares of Series A-2 Preferred Stock the undersigned hereby irrevocably subscribes for is: \_\_\_\_\_  
(print number of shares)

(b) The aggregate purchase price (based on a purchase price established in Section 1(b) above) for the Series A-2 Preferred Stock the undersigned hereby irrevocably subscribes for is: \$ \_\_\_\_\_  
(print aggregate purchase price)

(c) The undersigned is an accredited investor (as that term is defined in Regulation D under the Securities Act) or a non-accredited investor meeting sophistication requirements because the undersigned meets the criteria set forth in the following paragraph(s) of Appendix A attached hereto: \_\_\_\_\_  
(applicable number from Appendix A)

(d) The Securities being subscribed for will be owned by, and should be recorded on the Company's books as held in the name of:

\_\_\_\_\_  
(print name of owner or joint owners)

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Name (Please Print)

\_\_\_\_\_  
Email address

\_\_\_\_\_  
Address

If the Securities are to be purchased in joint names, both Subscribers must sign:	
_____	_____
Signature	Signature
_____	_____
Name (Please Print)	Name (Please Print)
_____	_____
Email address	Email address
_____	_____
Address	Address

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_  
Telephone Number

\_\_\_\_\_

\_\_\_\_\_  
Social Security Number/EIN

\_\_\_\_\_

\_\_\_\_\_  
Date

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_  
Telephone Number

\_\_\_\_\_

\_\_\_\_\_  
Social Security Number/EIN

\_\_\_\_\_

\_\_\_\_\_  
Date

\* \* \* \* \*

This Subscription is accepted  
on \_\_\_\_\_, 2021

BOXABL INC.

By: \_\_\_\_\_  
Name: Paolo Tiramani  
Title: Chief Executive Officer



## APPENDIX A

*An accredited investor includes the following categories of investor:*

- (1) Any bank as defined in section 3(a)(2) of the Act, or any savings and loan association or other institution as defined in section 3(a)(5)(A) of the Act whether acting in its individual or fiduciary capacity; any broker or dealer registered pursuant to section 15 of the Securities Exchange Act of 1934; any investment adviser registered pursuant to section 203 of the Investment Advisers Act of 1940 or registered pursuant to the laws of a state; any investment adviser relying on the exemption from registering with the Commission under section 203(l) or (m) of the Investment Advisers Act of 1940; any insurance company as defined in section 2(a)(13) of the Act; any investment company registered under the Investment Company Act of 1940 or a business development company as defined in section 2(a)(48) of that Act; any Small Business Investment Company licensed by the U.S. Small Business Administration under section 301(c) or (d) of the Small Business Investment Act of 1958; any Rural Business Investment Company as defined in section 384A of the Consolidated Farm and Rural Development Act; any plan established and maintained by a state, its political subdivisions, or any agency or instrumentality of a state or its political subdivisions, for the benefit of its employees, if such plan has total assets in excess of \$5,000,000; any employee benefit plan within the meaning of the Employee Retirement Income Security Act of 1974 if the investment decision is made by a plan fiduciary, as defined in section 3(21) of such act, which is either a bank, savings and loan association, insurance company, or registered investment adviser, or if the employee benefit plan has total assets in excess of \$5,000,000 or, if a self-directed plan, with investment decisions made solely by persons that are accredited investors;
- (2) Any private business development company as defined in section 202(a)(22) of the Investment Advisers Act of 1940;
- (3) Any organization described in section 501(c)(3) of the Internal Revenue Code, corporation, Massachusetts or similar business trust, or partnership, or limited liability company, not formed for the specific purpose of acquiring the securities offered, with total assets in excess of \$5,000,000;
- (4) Any director, executive officer, or general partner of the issuer of the securities being offered or sold, or any director, executive officer, or general partner of a general partner of that issuer;
- (5) Any natural person whose individual net worth, or joint net worth with that person's spouse or spousal equivalent, exceeds \$1,000,000.
  - (i) Except as provided in paragraph (5)(ii) of this section, for purposes of calculating net worth under this paragraph (5):
    - (A) The person's primary residence shall not be included as an asset;
    - (B) Indebtedness that is secured by the person's primary residence, up to the estimated fair market value of the primary residence at the time of the sale of securities, shall not be included as a liability (except that if the amount of such indebtedness outstanding at the time of sale of securities exceeds the amount outstanding 60 days before such time, other than as a result of

the acquisition of the primary residence, the amount of such excess shall be included as a liability); and

(C) Indebtedness that is secured by the person's primary residence in excess of the estimated fair market value of the primary residence at the time of the sale of securities shall be included as a liability;

(ii) Paragraph (5)(i) of this section will not apply to any calculation of a person's net worth made in connection with a purchase of securities in accordance with a right to purchase such securities, provided that:

(A) Such right was held by the person on July 20, 2010;

(B) The person qualified as an accredited investor on the basis of net worth at the time the person acquired such right; and

(C) The person held securities of the same issuer, other than such right, on July 20, 2010.

(6) Any natural person who had an individual income in excess of \$200,000 in each of the two most recent years or joint income with that person's spouse or spousal equivalent in excess of \$300,000 in each of those years and has a reasonable expectation of reaching the same income level in the current year;

(7) Any trust, with total assets in excess of \$5,000,000, not formed for the specific purpose of acquiring the securities offered, whose purchase is directed by a sophisticated person as described in §230.506(b)(2)(ii);

(8) Any entity in which all of the equity owners are accredited investors;

(9) Any entity, of a type of not listed in paragraphs (1), (2), (3), (7), or (8), not formed for the specific purpose of acquiring the securities offered, owning investments in excess of \$5,000,000;

(10) Any natural person holding in good standing one or more professional certifications or designations or credentials from an accredited educational institution that the Commission has designated as qualifying an individual for accredited investor status.

(11) Any natural person who is a "knowledgeable employee," as defined in rule 3c-5(a)(4) under the Investment Company Act of 1940 (17 CFR 270.3c-5(a)(4)), of the issuer of the securities being offered or sold where the issuer would be an investment company, as defined in section 3 of such act, but for the exclusion provided by either section 3(c)(1) or section 3(c)(7) of such act;

(12) Any "family office," as defined in rule 202(a)(11)(G)-1 under the Investment Advisers Act of 1940 (17 CFR 275.202(a)(11)(G)-1):

(i) With assets under management in excess of \$5,000,000,

(ii) That is not formed for the specific purpose of acquiring the securities offered, and

(iii) Whose prospective investment is directed by a person who has such knowledge and experience in financial and business matters that such family office is capable of evaluating the merits and risks of the prospective investment; and

(13) Any “family client,” as defined in rule 202(a)(11)(G)-1 under the Investment Advisers Act of 1940 (17 CFR 275.202(a)(11)(G)-1), of a family office meeting the requirements in paragraph (12) of this section and whose prospective investment in the issuer is directed by such family office pursuant to paragraph (12)(iii).

**EXHIBIT B: SECOND AMENDED AND RESTATED STOCKHOLDERS AGREEMENT**

**EXHIBIT C: FOURTH AMENDED AND RESTATED ARTICLES OF  
INCORPORATION**