

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

**Boxabl Inc.**



**6120 N. Hollywood Blvd. #104  
Las Vegas, NV 89115**

**boxabl.com**

**UP TO \$50,000,000 OF SUBORDINATED CONVERTIBLE PROMISSORY NOTES OF  
THE COMPANY**

Boxabl Inc. (“Boxabl”, “the company”, “we”, or “us”), is offering up to \$50,000,000 worth of its Subordinated Convertible Promissory Notes (the “Notes”). This offering is being conducted on a best-efforts basis. The minimum purchase per investor is \$10,000.

This private placement memorandum amends and restates our private placement memorandums dated November 17, 2020 and December 23, 2020 to provide that Prime Trust will be acting as escrow agent for this offering, increase the per investor minimum, and identify that the Notes will include variable discounts on conversion based on the amount invested.

AN INVESTMENT IN OUR NOTES INVOLVE 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.

## **NOTICE TO INVESTORS**

THE SECURITIES OFFERED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”) OR THE SECURITIES LAWS OF ANY STATE AND ARE BEING OFFERED AND SOLD IN RELIANCE ON EXEMPTIONS FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT SET FORTH IN SECTION 4(a)(2) THEREOF AND RULE 506(c) OF REGULATION D PROMULGATED THEREUNDER. WE HAVE ELECTED TO SELL SECURITIES ONLY TO ACCREDITED INVESTORS AS SUCH TERM IS DEFINED IN RULE 501(a) OF REGULATION D. EACH PROSPECTIVE INVESTOR WILL BE REQUIRED TO MAKE REPRESENTATIONS AS TO THE BASIS UPON WHICH IT QUALIFIES AS AN ACCREDITED INVESTOR. PURSUANT TO RULE 506(c), INDEPENDENT VERIFICATION WILL BE REQUIRED.

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 NOTES SHOULD PURCHASE THE NOTES.

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 NOTES 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 NOTES. **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 NOTES. 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 NOTES.**

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 NOTES 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.

## TABLE OF CONTENTS

<b>SUMMARY .....</b>	<b>8</b>
<b>THE COMPANY AND ITS BUSINESS.....</b>	<b>11</b>
<b>RISK FACTORS.....</b>	<b>21</b>
<b>DIRECTORS, EXECUTIVE OFFICERS, AND EMPLOYEES.....</b>	<b>28</b>
<b>OWNERSHIP AND CAPITAL STRUCTURE .....</b>	<b>30</b>
<b>USE OF PROCEEDS .....</b>	<b>31</b>
<b>MANAGEMENTS DISCUSSION &amp; ANALYSIS .....</b>	<b>32</b>
<b>INDEBTEDNESS.....</b>	<b>35</b>
<b>RELATED PARTY TRANSACTIONS.....</b>	<b>36</b>
<b>RECENT OFFERINGS OF SECURITIES.....</b>	<b>37</b>
<b>SECURITIES BEING OFFERED AND RIGHTS OF THE SECURITIES OF THE COMPANY.....</b>	<b>38</b>
<b>PLAN OF DISTRIBUTION.....</b>	<b>42</b>
<b>INVESTOR SUITABILITY STANDARDS .....</b>	<b>45</b>
<b>EXHIBIT A: SUBORDINATED CONVERTIBLE NOTE PURCHASE AGREEMENT...50</b>	
<b>EXHIBIT B: SUBORDINATED CONVERTIBLE PROMISSORY NOTE.....67</b>	

## 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 Notes 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 Notes 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.  
6120 N. Hollywood Blvd. #104  
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 subordinated convertible promissory note 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.

<b><i>Financing Amount:</i></b>	Up to \$50,000,000 in aggregate principal amount of convertible promissory notes (the " <b><i>Notes</i></b> ").
<b><i>Closings:</i></b>	The company may close the sale of the Notes in one or more closings with one or more purchasers of the Notes acceptable to the company (the " <b><i>Investors</i></b> ").
<b><i>Definitive Agreement:</i></b>	The Notes will be issued and sold pursuant to a subordinated convertible note purchase agreement included as Exhibit A to this PPM (the " <b><i>Note Purchase Agreement</i></b> ").
<b><i>Maturity Date:</i></b>	Principal and unpaid accrued interest on the Notes will be due and payable at March 31, 2023 (the " <b><i>Maturity Date</i></b> ").
<b><i>Interest:</i></b>	Simple interest will accrue on an annual basis at the rate of 10% per annum based on a 365 day year.
<b><i>Conversion to Equity:</i></b>	If the company issues equity securities (" <b><i>Equity Securities</i></b> ") in a registered offering, or offering qualified under Regulation A of the Securities Act of 1933 (a " <b><i>Qualified Financing</i></b> "), then the Notes, and any accrued but unpaid interest thereon, will automatically convert into the equity securities issued pursuant to the Qualified Financing at a conversion price at a discount to the per share price paid by the purchasers of such equity securities in the Qualified Financing. Holders covenant to execute any investments or rights agreements required as part of the Qualified Financing.



***Discount upon Conversion of the Notes***

The Notes will convert at a discount based on the following schedule:

Investors who invest at least \$10,000 will have their Notes convert at 90% of the per share price in the Qualified Financing.

Investors who invest at least \$100,000 will have their Notes convert at 80% of the per share price in the Qualified Financing.

Investors who invest at least \$1,000,000 will have their Notes convert at 70% of the per share price in the Qualified Financing.

***Repayment at Maturity Date or Voluntary Conversion:***

If the Notes have not been previously converted pursuant to a Qualified Financing, then, effective upon the Maturity Date, the Holders will have the right to repayment of any outstanding principal and accrued interest. Alternatively, Holders may elect to convert their Notes into Common Stock of the company at a price announced by the company at least 30 days prior to the Maturity Date.

***Sale of the Company:***

If a Qualified Financing has not occurred and the company elects to consummate a sale of the Company prior to the Maturity Date, then notwithstanding any provision of the Notes to the contrary (i) the company will give the Investors at least five days prior written notice of the anticipated closing date of such sale of the company and (ii) the company will pay the holder of each Note an aggregate amount equal to 1.5 times the aggregate amount of principal and interest then outstanding under such Note in full satisfaction of the company's obligations under such Note.

***Pre-Payment:***

The principal and accrued interest may not be prepaid unless approved in writing by Investors holding Notes whose aggregate principal amount represents a majority of the outstanding principal amount of all then-outstanding Notes (the "***Requisite Holders***").

***Amendment and Waiver:***

The Note Purchase Agreement and the Notes may be amended, or any term thereof waived, upon the written consent of the company and the Requisite Holders.

***No Security Interest:***

The Notes will be a general unsecured obligation 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 acquisition of factory facilities and capital equipment to begin production at scale to meet current demand for the company's products. Additional details are described under "Use of Proceeds" below.

***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 20,000 customers, 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. In order to meet this initial demand, we are undertaking this capital raise from accredited investors to fund the buildout of our factory, described below, and to begin production.

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. Boxabl’s patent pending shipping technology allows us to serve large geographic areas from one Boxabl factory. We believe that our anticipated flagship factory that will be located in North Las Vegas, Nevada will be able to serve the entire US, and even international markets.

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, trade reduction, 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 December 2019 were a seasonally adjusted annual rate of 1,608,000, 16.9% above that of November 2019, and 40.8% above December 2018. We anticipate the economic turmoil resulting from COVID-19 may result in some decreases in housing construction. For instance, the US Census Bureau reported 1,216,000 seasonally adjusted housing starts in March 2020. However, we believe those decreases may be offset by other factors. 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.

<u>Resilience</u>	<u>Structural</u>
<ul style="list-style-type: none"><li>• Fire resistant</li><li>• Flood resistant</li><li>• Bug resistant</li><li>• Mold resistant</li></ul>	<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>

<p><u>Design and Engineering</u></p> <ul style="list-style-type: none"> <li>• Steel exoskeleton</li> <li>• Connects to any foundation</li> <li>• Packs down for low cost shipping - unfolds to 2.5x volume</li> <li>• Sealing gaskets at joints</li> <li>• Crane pick points for faster setting</li> <li>• MEP network channel - precut chase network for all utilities in walls, roof, and floor for low-cost retrofit of electrical, sprinkler system, HVAC etc.</li> <li>• 20x20 up to 20x80 room modules</li> <li>• Multiple floor plans of room modules for millions of combinations</li> <li>• Reduced components designed for factory automation</li> <li>• Streamlined production process similar to automotive assembly rather than modular</li> <li>• Weatherproof roofing membrane ships with unit</li> <li>• Unpacking system included that does not require heavy equipment for assembly</li> <li>• Simple field assembly does not require skilled labor apart from site work</li> <li>• Pre-plumbed for on-site hook up - does not require crawl space</li> <li>• All finishing work, paint, trim etc. inside and out ships complete</li> </ul>	<p><u>Energy</u></p> <ul style="list-style-type: none"> <li>• Will qualify for top energy rating</li> <li>• Dramatically reduced energy bills</li> <li>• Smaller sized HVAC</li> <li>• Minimal thermal bridging</li> <li>• Perfectly tight envelope</li> <li>• High R values continuous EPS insulation</li> <li>• High efficiency Appliances and LED lights for minimal energy requirement</li> </ul>
---	---

<u>Approval</u> <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>	
--	--

### ***Applicable Regulation***

Our Boxes fall under state modular home building codes. As our Boxes are mass produced, we are able to obtain approvals that will apply to any job site. Builders will still be required to obtain local building permits, but our solution resolves any state code requirements.

### ***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.

### ***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 two US patents and one Canadian patent. In addition, six patent application are pending with the USPTO and five applications pending under the Patent Cooperation Treaty (PCT). In exchange for the rights to use this intellectual property of Build IP LLC, Boxabl will pay a license fee of 1% of the net revenues generated from the sale of its Boxes. As new technology and patentable processes are developed by Boxabl, that intellectual property will be directly held by Boxabl. There is no obligation to assign inventions to Build IP LLC.

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
Canada	Modular Pre-Fabricated House	Patented	2442403	9/24/2003	2442403	12/2/2008
US	Customizable Transportable Structures and Components Therefor	Pending	16/143,598	9/27/2018		
US	Customizable Transportable Structures and Components Therefor	Pending	16/804,473	2/28/2020		
US	Customizable Transportable Structures and Components Therefor	Pending	15/931,768	5/14/2020		
PCT	Customizable Transportable Structures and Components Therefor	Pending	PCT/US18/53006	9/27/2018		
Europe	Customizable Transportable Structures and Components Therefor	Pending	18 864 413.2	4/30/2020		
Canada	Customizable Transportable Structures and Components Therefor	Pending	3,078,484	4/3/2020		

US	Customizable Transportable Structures with Utility Channels and Laminate Enclosures	Pending	62/960,991	1/14/2020		
US	Foldable Building Structures with Utility Channels and Laminate Enclosures	Pending	16/786,130	2/10/2020		
PCT	Foldable Building Structures with Utility Channels and Laminate Enclosures	Pending	PCT/US20/17524	2/10/2020		
US	Enclosure Component Perimeter Structures	Pending	16/786,202	2/10/2020		
PCT	Enclosure Component Perimeter Structures	Pending	PCT/US20/17527	2/10/2020		
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	Pending	PCT/US20/17528	2/10/2020		

### Transport Patents

JURIS.	TITLE	STATUS	APP. NO.	APP. DATE	PAT. NO.	PATENT DATE
US	Wheeled Assembly for Item Transport	Pending	16/143,628	9/27/2018		
PCT	Wheeled Assembly for Item Transport	Pending	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	Pending	3,078,486	4/3/2020		

### 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.

### ***Our Planned Starter Factory***

Our planned starter production facility is expected to produce six Boxes per shift. 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. For this design, we would require 137,000 square feet of factory space, which we would rent. Many spaces are available in the Las Vegas area that meet our criteria, and many more new buildings are under construction. We believe this factory should create approximately 300 new direct jobs. Many more indirect jobs will be created on the building sites by our customers when they are using our modules to build.

We have revised our plans for our starter factory between July and October 2020 based on the increase in interest we have received from potential customers, and the order from the Department of Defense. We had originally intended to have a starter facility occupying 50,000 square feet, that would initially produce one Box per shift. In order to meet our initial demand, we need additional capacity.

In the future, we anticipate increasing the scale of our manufacturing capabilities with additional and larger production facilities. We believe that significant expansion will be necessary in order to meet the demand we believe we will receive based on interest from potential customers.

### **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 the date of this PPM, we have received over 2,000 deposits from potential customers that range from \$100 to \$1,200, and have received interest

from over 20,000 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 will result in actual orders. This represents several years of production before we ever open our planned production facility.

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

In addition to the above interest generated by our appearances at the Builders Show in Las Vegas, we have received a purchase order from the Department of Defense. The purchase order from the Department of Defense covers 156 Casitas, and potential revenue of \$9,268,740. By securing this purchase order, we believe that Boxabl will be able to further prove its unique position in the market, and superior quality to stick built, or other manufactured housing.

### **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, Katerra, 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.

## **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 NOTES. 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 yet to receive any 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 these 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 Subordinated Convertible Promissory Notes to raise up to \$50,000,000 in this offering under Rule 506(c) of Regulation D. 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. If we raise a substantially lesser amount than our \$50,000,000 goal, we will have to find other sources of funding for some of the plans outlined in "Plan of Operations".

***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 facilities space, and skilled labor. To date, we do not have any 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 do not yet have a suitable manufacturing facility to begin production as the scale necessary to make the business viable.*** Proceeds from this offering will be used to secure suitable manufacturing space in the Las Vegas area for our Boxes. Currently, we only have sufficient space to produce demonstration products. Our business relies on being able to produce our Boxes at scale, which can only be done once we have manufacturing space that is large enough for specialization of functions during the manufacturing process. If we are not able to obtain such manufacturing space in a timely manner, or on reasonable terms, 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 PPM, we have accepted deposits ranging from \$100 to \$1,200 from approximately 2,000 prospective customers. 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.

***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 manufacture 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.

## **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 are providing financial statements that have been reviewed by an independent accountant, but have not been audited.*** Should we undertake an audit of our financial statements as part of any future financing effort, it is possible that our reported results may be different than what is included in our financial statements in this offering as a result of re-characterizing items included in those statements. We cannot guarantee that you would not make a different investment decision if you were presented with audited financial statements.

***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 assumptions 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 Notes to be sold.*** The Notes 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 deposited in an escrow account and will become immediately available to the company upon acceptance of the investor's Purchase 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 following conversion of the Notes. See "Dilution." Furthermore, if we raise capital through debt, the holders of our debt would have priority over holders of equity, including the Note holders following conversion of the Notes, 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 in this offering may not be entitled to a jury trial with respect to claims arising under the purchase 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 purchase 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 the agreement. By signing the agreement, 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 purchase 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 purchase agreement. You should consult legal counsel regarding the jury waiver provision before entering into the purchase agreement.

If you bring a claim against the company in connection with matters arising under the purchase 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 this agreement, 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 purchase agreement with a jury trial. No condition, stipulation or provision of the purchase agreement serves as a waiver by any holder of securities 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 includes a forum selection provision, which could result in less favorable outcomes to the plaintiff(s) in any action against our company.*** 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. 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.

***The company may undertake an offering under Regulation A in the future.*** If the company undertakes an offering of securities in reliance on Regulation A under the Securities Act, or registers an offering under that Act, it will have to produce audited financial statements and disclose more information than in this PPM. Such information may be significantly different and investors may have made a different investment decision if they had had access to such information.

## DIRECTORS, EXECUTIVE OFFICERS, AND EMPLOYEES

Name	Position	Age	Term in Office	Fulltime with the company?
<b>Executive Officers</b>				
Paolo Tiramani	Founder and CEO	60	Since December 2017	Yes
<b>Directors</b>				
Paolo Tiramani	Director	60	Since June 2020	
Hamid Firooznia	Director	73	Since June 2020	
Galiano Tiramani	Director	33	Since June 2020	
<b>Significant Employees</b>				
Kyle Denman	Senior Engineer	28	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 first 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 current owners of 20% or more equity in a class of securities in the company as of October 23, 2020, are reflected in the below table:

<b>Beneficial owner</b>	<b>Amount and class of securities held</b>	<b>Percent of voting power prior to the Offering</b>
Paolo Tiramani	222,000,000 shares of Common Stock	74%
Galiano Tiramani	78,000,000 shares of Common Stock	26%

## 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 \$50,000,000 which we intend to raise from this and other exempt offerings, see “Financial Discussion—Plan of Operation” below.

Below we present estimates of our uses of proceeds under the assumption that we will raise our full target of \$50,000,000 in the concurrent offerings, along with two lesser raises of \$10,000,000 and \$25,000,000. 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 secure facilities space, capital equipment, and raw materials to deliver on the placed order from the Department of Defense, as well as to meet the demand we anticipate from purchasers that have expressed interest and placed deposits.

<b>Expense Category</b>	<b>\$10 Million Raise</b>	<b>\$25 Million Raise</b>	<b>\$50 Million Raise</b>
Factory Equipment Purchases	\$3,400,000	\$8,330,000	\$8,330,000
Facilities Rent	\$840,000	\$1,600,000	\$1,600,000
Employee Compensation	\$1,250,000	\$7,959,950	\$8,750,000
Testing and Certification	\$1,800,000	\$2,100,000	\$2,100,000
Raw Construction Materials	\$1,910,000	\$3,010,050	\$3,010,050
Research & Development	-	-	\$11,000,000
Working Capital	-	-	\$11,209,050
Offering Commissions	\$800,000	\$2,000,000	\$4,000,000
<b>TOTAL</b>	<b>\$10,000,000</b>	<b>\$25,000,000</b>	<b>\$50,000,000</b>

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

## **MANAGEMENTS DISCUSSION & ANALYSIS**

We have prepared reviewed financial statements for the years-ended December 31, 2019 and 2018 that have been reviewed by Fiona Hamza, CPA. You should read the following discussion and analysis of our financial condition in conjunction with these statements. Please note, we are currently in the process of undertaking an audit of our financial statements for the years-ended December 31, 2019 and 2018. When the audit is completed, we will make these statements available to prospective investors in this offering. The discussion of our results below is qualified by any changes or adjustments that would occur as a result of the audit.

Further, we are preparing interim financial statements covering the periods ended June 30, 2020 and 2019. These statements will not be audited and will not include year-end adjustments necessary to make those financial statements comparable to audited results. Those statements will also be made available to prospective investors when completed.

### **Operating Results**

We have not yet commenced sales of our principal products and our results to date reflect efforts to build our initial business. Our 2019 net revenues were \$110,000 compared with 2018 net revenues of \$40,000. Revenues were generated from one-time sponsorship payments to attend the Builder Shows, and not from our anticipated future business activities. There were no costs of revenue associated with this revenue. When we begin production and sales of our Casita Box, which we intend to begin in 2020, 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 Form C filing.

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.

Our financial statements reflect various expenses we incurred, as opposed to aggregating them into general and administrative expenses. Over 2019, we incurred \$783,671 of operating expenses, compared to \$138,403 in 2018, reflecting a significant increase in operating activity. Our main expense incurred in 2019 was research and development related to our prototype which we demonstrated at the Builders Show. That expense amounted to \$541,798, or 69.1% of our total expenses for 2019. We anticipate that we will continue to incur research and development expenses as we produce our initial line of Casita Boxes for sale. We also expect an increase in rent, shop supplies, equipment, utilities, and payroll expenses as we ramp up operations. To date, in 2020 we our operating expenses have been approximately, \$410,000.

Based on the foregoing, we incurred a net loss of \$673,671 in 2019, compared to a net loss of \$98,403 in 2018.



## **Liquidity and Capital Resources**

As of December 31, 2019, the company held \$115,980 in cash, \$30,000 in trade accounts receivable, and \$500 in prepaid rent as our current assets. At that time, we also had \$115,636 in trade payable current liability.

To date, our operations have been financed by our founder and CEO, Paolo Tiramani, who contributed \$800,005 to the company in 2019, and \$415,247 in 2018. So far in 2020, he has contributed an additional \$410,000 to support the operations of the company. As described in more detail below under “Plan of Operations”, in addition to this offering, we will be seeking to raise additional capital from accredited investors concurrently with this offering under Regulation Crowdfunding as it will take additional funding to reach viability for the company.

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. These offerings 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. In addition, as of October 23, 2020, we have received net proceeds of \$683,457.18 in the offering under Rule 506(c) of Regulation D. We anticipate receiving additional funds from the offering under Rule 506(c) as we close on investors. As a result of these offerings, we have issued 12,524,694 shares of our Non-Voting Series A Preferred Stock. Following this offering of Notes, we are considering undertaking an offering under the exemption from registration of securities provided by Regulation A of the Securities Act of 1933, as amended.<sup>1</sup> This exemption would allow us to raise up to \$50 million from investors. As of the date of this PPM, we have not yet filed with the SEC for such an offering.

## **Plan of Operations**

We are seeking to raise up to \$50,000,000 in this offering utilizing an exemption from registration under Rule 506(c) of Regulation D under the Securities Act of 1933. Now that we have proven our concept to builders at trade shows, and received significant interest in the form of waitlist subscribers, deposits on the purchase of Casita Boxes, and purchase orders from the Department of Defense, we are entering a capital-intensive phase of operations.

Since the offering under Regulation Crowdfunding, we have revised our anticipated expenses over the next year to reflect increased production capacity to meet our anticipated demand. These anticipated expenses include approximately \$3.01 million for the acquisition of raw materials for construction of 150 Casita Boxes, approximately \$1.575 million for warehouse space, and \$8.75 million for labor (representing 1 shift of 125 employees). In all, we expect labor, management, professional fees, and other general and administrative expenses to be approximately \$17.499

---

<sup>1</sup> With regard to the anticipated offering under Regulation A, no money or other considerations is being solicited, and if sent in response, will not be accepted. No offer to buy the securities can be accepted and no part of the purchase price can be received until the offering statement to be filed by the company with the SEC has been qualified by the SEC. Any such offer may be withdrawn or revoked, without obligation or commitment of any kind, at any time before notice of acceptance given after the date of qualification. An indication of interest involves no obligation or commitment of any kind.

million. We also intend to acquire capital assets and equipment, such as trucks and lifts, which we anticipate to cost approximately \$7.38 million.

If we are not able to raise the full amount of capital to cover these initial expenses prior to generating revenue, we will scale our operations accordingly as we believe to be in the best interests of the company.

### ***Planned Timeline***

The following timeline is based on raising at least \$25,000,000 we are seeking to raise from this offering. Months follow the close of this offering:

Month 1-2:	Identify warehouse space; order equipment and tools; continue third party testing, working towards approval from CA and NV; order molds for PVC extrusions; hire additional staff
Month 2-4:	Move to warehouse; begin slow production 1 Casita Box per week; steel is outsourced for our specifications; expand staff
Month 4-6:	Setup assembly line style production for output of 1 Casita Box per day; increase staff; bring steel production in house and order more specific equipment to increase efficiency
Month 6-9:	Begin rolling out other floor plans for the Casita Box.
Month 12+:	Ready with repeatable factory plans and suppliers begin seeking franchise/partner factories for expansion; new capital raise for automation enhancements in our factory; development of additional sizes and Box models.

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.

## **INDEBTEDNESS**

The company does not have any outstanding loans.

## **RELATED PARTY TRANSACTIONS**

### **Intellectual Property License**

On June 16, 2020, the company entered into an exclusive license agreement with Build IP LLC, a company controlled by Boxabl's founder and CEO, Paolo Tiramani. The license agreement provides that the company will pay Build IP LLC a license fee of 1% of the net selling price of any of the company's products.

## **RECENT OFFERINGS OF SECURITIES**

The company recently undertaken concurrent offerings under Regulation Crowdfunding and Rule 506(c) of Regulation D. Pursuant to these offerings, as of October 23, 2020, the company sold 12,524,694 shares of its Non-Voting Series A Preferred Stock, and received an aggregate of \$1,753,457.16 in gross proceeds. The company has also initiated a second offering under Regulation Crowdfunding as of May 3, 2021. These proceeds will be combined with the proceeds in this offering to meet the company's immediate capital needs.

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

### General

We are offering Subordinated Convertible Promissory Notes to investors in this offering. The Notes will convert into equity securities of the company automatically upon the occurrence of certain events, such as an underwritten initial public offering, or qualification of an offering under Regulation A of the Securities Act. We are offering up to \$50,000,000 worth of Notes.

### Terms of the Notes

The following is a summary of the basic terms and conditions of the Notes. The following summary is qualified in its entirety by the terms included in the Subordinated Convertible Promissory Note and Subordinated Convertible Promissory Note Purchase Agreement of the Company. Any defined terms below are included in the Subordinated Convertible Promissory Note.

<b><i>Maturity Date:</i></b>	Principal and unpaid accrued interest on the Notes will be due and payable at March 31, 2023 (the “ <b><i>Maturity Date</i></b> ”).
<b><i>Interest:</i></b>	Simple interest will accrue on an annual basis at the rate of 10% per annum based on a 365 day year.
<b><i>Conversion to Equity:</i></b>	If the company issues equity securities (“ <b><i>Equity Securities</i></b> ”) in a registered offering, or offering qualified under Regulation A of the Securities Act of 1933 (a “ <b><i>Qualified Financing</i></b> ”), then the Notes, and any accrued but unpaid interest thereon, will automatically convert into the equity securities issued pursuant to the Qualified Financing at a conversion price at a discount to the per share price paid by the purchasers of such equity securities in the Qualified Financing. Holders covenant to execute any investments or rights agreements required as part of the Qualified Financing.

***Discount upon Conversion of the Notes***

The Notes will convert at a discount based on the following schedule:

Investors who invest at least \$10,000 will have their Notes convert at 90% of the per share price in the Qualified Financing.

Investors who invest at least \$100,000 will have their Notes convert at 80% of the per share price in the Qualified Financing.

Investors who invest at least \$1,000,000 will have their Notes convert at 70% of the per share price in the Qualified Financing.

***Repayment at Maturity Date or Voluntary Conversion:***

If the Notes have not been previously converted pursuant to a Qualified Financing, then, effective upon the Maturity Date, the Holders will have the right to repayment of any outstanding principal and accrued interest. Alternatively, Holders may elect to convert their Notes into Common Stock of the company at a price announced by the company at least 30 days prior to the Maturity Date.

***Sale of the Company:***

If a Qualified Financing has not occurred and the company elects to consummate a sale of the company prior to the Maturity Date, then (i) the company will give the Investors at least five days prior written notice of the anticipated closing date of such sale of the company and (ii) the company will pay the holder of each Note an aggregate amount equal to 1.5 times the aggregate amount of principal and interest then outstanding under such Note.

***Pre-Payment:***

The principal and accrued interest may not be prepaid unless approved in writing by Investors holding Notes whose aggregate principal amount represents a majority of the outstanding principal amount of all then-outstanding Notes (the “***Requisite Holders***”).

***Amendment and Waiver:***

The Note Purchase Agreement and the Notes may be amended, or any term thereof waived, upon the written consent of the Company and the Requisite Holders.

***No Security Interest:***

The Notes will be a general unsecured obligation of the company, subordinated to any current or future debts of the company.

## **Description of Outstanding Capital Stock of the Company**

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 Amended and Restated Articles of Incorporation, and our Bylaws, and applicable provisions of the Nevada corporation law.

Our authorized capital stock consists of 425,000,000 shares of Common Stock, with 300,000,000 outstanding as of April 30, 2021, and 120,000,000 authorized shares of Preferred Stock, with 18,646,773 shares outstanding as of April 30, 2021. Of the 120,000,000 authorized shares of Preferred Stock, 20,251,698 are designated as Non-Voting Series A Preferred Stock and 99,748,302 are designated as Non-Voting Series A-1 Preferred Stock.

### **Non-Voting Series A Preferred Stock**

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

Holders of Non-Voting 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 among the holders of Non-Voting Series A Preferred Stock in an amount equal to their respective liquidation preference, \$0.17 for the Non-Voting Series A Preferred Stock (the “Preferred Payment”), and then to the holders Common Stock. This Preferred Payment represents a bonus to purchasers of the Non-Voting Series A Preferred Stock, as they paid \$0.14 per share and will receive a Preferred Payment of \$0.17 per share. If there are insufficient assets for the Preferred Payment, then the holders of the Non-Voting Series A Preferred Stock will receive their pro rata share of available assets upon liquidation of the company.

#### ***Conversion Rights***

Upon the occurrence of an IPO, the Non-Voting 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 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 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.

## PLAN OF DISTRIBUTION

The Notes are being offered directly by the company on a “best efforts” basis, and will be available for purchase through the company’s website. The Notes 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 Notes 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 \$2,500.

All purchases must be made by the execution and delivery of a Purchase Agreement. By executing the Purchase Agreement, each purchaser will represent, among other things, that (a) he or she is acquiring the Notes 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 Notes 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 Notes for an indefinite period of time. An investor in the Notes, pursuant to the Purchase Agreement and applicable law, will not be permitted to transfer or dispose of the Notes will be subject to transfer restrictions for one year from the Expiration Date of this Offering.**

### **Procedure for Subscribing**

All purchases of the Notes must be made by the execution and delivery of the Purchase Agreement. Purchases are not binding on us until accepted by us. The company has the right to refuse to sell the Notes 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 Notes by particular prospective investors.

To subscribe for the Notes, 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 purchase agreement and remit payment to the company by check or wire:
  - a. Checks should be made out to Boxabl Inc. and mailed to 6120 N. Hollywood Blvd., Suite 104, Las Vegas, NV 89115.
  - b. Wires should be sent to the following account:  
Domestic wire  
Routing #: 122400779  
Account #: 981582026  
Nevada State Bank  
3688 S Jones Blvd | Las Vegas, NV 89103  
(702) 706-9060 [Andy.Nguyen@nsbank.com](mailto:Andy.Nguyen@nsbank.com)  
  
International Wire  
Swift Code: ZFNBUSS55  
Account #: 981582026  
Nevada State Bank  
3688 S Jones Blvd | Las Vegas, NV 89103  
(702) 706-9060 [Andy.Nguyen@nsbank.com](mailto:Andy.Nguyen@nsbank.com)

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 Purchase 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 Purchase 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 Notes; escrowed funds may be returned.

## **Suitability Requirements**

Notes 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 Notes.

**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 Notes 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 Notes 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 Notes 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 Notes. 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 Notes.
- 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 Notes 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 Notes, 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 Notes; 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 Notes, that there are substantial restrictions on repurchase, sale, assignment or transfer of the Notes and that it may not be possible to readily liquidate an investment in the Notes; 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 Notes 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 Notes and have due authority to purchase Notes 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 Notes. We have the right to refuse a purchase of Notes 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 Notes.

**EXHIBIT A**  
**SUBORDINATED CONVERTIBLE NOTE PURCHASE AGREEMENT**

**Boxabl Inc.**

**SUBORDINATED CONVERTIBLE PROMISSORY NOTE PURCHASE 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 COMPANT (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 COMP**

**ANY 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.**

**THIS SUBORDINATED CONVERTIBLE PROMISSORY NOTE PURCHASE AGREEMENT** (the “*Agreement*”) is made as of [REDACTED], 2020 (the “*Effective Date*”) by and among Boxabl Inc., a Nevada corporation (the “*Company*”), and the persons and entities named on the Schedule of Purchasers attached hereto (individually, a “*Purchaser*” and collectively, the “*Purchasers*”).

#### **RECITAL**

To provide the Company with additional resources to conduct its business, the Purchasers are willing to loan to the Company in one or more disbursements up to an aggregate amount of \$50,000,000, subject to the conditions specified herein.

#### **AGREEMENT**

**NOW, THEREFORE**, in consideration of the foregoing, and the representations, warranties, covenants and conditions set forth below, the Company and each Purchaser, intending to be legally bound, hereby agree as follows:

### **1. AMOUNT AND TERMS OF THE LOAN**

**1.1 The Loan.** Subject to the terms of this Agreement, each Purchaser agrees to lend to the Company at the Closing (as hereinafter defined) the amount set forth opposite such Purchaser’s name on the Schedule of Purchasers attached to this Agreement (each, a “*Loan Amount*”) against the issuance and delivery by the Company of a convertible promissory note for such amount, in substantially the form attached hereto as **EXHIBIT A** (each, a “*Note*” and collectively, the “*Notes*”).

### **2. CLOSING AND DELIVERY**

**2.1 Closing.** The closing of the sale and purchase of the Notes (the “*Closing*”) shall be held on the Effective Date, or at such other time as the Company and Purchasers may mutually agree (such date is hereinafter referred to as the “*Closing Date*”).

**2.2 Subsequent Sales of Notes.** At any time on or before the 180th day following the Closing, the Company may sell Notes representing up to the balance of the authorized principal amount not sold at the Closing (the “*Additional Purchasers*”). All such sales made at any

additional closings (each an “**Additional Closing**”) shall be made on the terms and conditions set forth in this Agreement and (i) the representations and warranties of the Company set forth in Section 3 hereof shall speak as of the Closing and the Company shall have no obligation to update any disclosure related thereto, and (ii) the representations and warranties of the Additional Purchasers in Section 4 hereof shall speak as of such Additional Closing. This Agreement, including without limitation, the Schedule of Purchasers, may be amended by the Company without the consent of Purchasers to include any Additional Purchasers upon the execution by such Additional Purchasers of a counterpart signature page hereto. Any Notes sold pursuant to this Section 2.2 shall be deemed to be “Notes,” for all purposes under this Agreement and any Additional Purchasers thereof shall be deemed to be “Purchasers” for all purposes under this Agreement.

**2.3 Delivery.** At the Closing and each Additional Closing (i) each Purchaser shall deliver funds to the Company by check, wire transfer, or credit or debit card payment directly or through the Company’s online payment system funds in the amount of such Purchaser’s Loan Amount; and (ii) the Company shall issue and deliver to each Purchaser a Note in favor of such Purchaser payable in the principal amount of such Purchaser’s Loan Amount. Funds delivered through the online payment system will be held in an escrow account established with Prime Trust, LLC.

### **3. REPRESENTATIONS, WARRANTIES THE COMPANY**

The Company hereby represents and warrants to each Purchaser as of the Closing as follows:

**3.1 Organization, Good Standing and Qualification.** The Company is a corporation duly organized, validly existing and in good standing under the laws of the State of Nevada. The Company has the requisite corporate power to own and operate its properties and assets and to carry on its business as now conducted and as proposed to be conducted. 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.

**3.2 Corporate Power.** The Company has all requisite corporate power to execute and deliver this Agreement, to issue each Note (collectively, the “**Loan Documents**”) and to carry out and perform its obligations under the terms of the Loan Documents.

**3.3 Authorization.** All corporate action on the part of the Company, its directors and its stockholders necessary for the authorization of the Loan Documents and the execution, delivery and performance of all obligations of the Company under the Loan Documents, including the issuance and delivery of the Notes and the reservation of the equity securities issuable upon conversion of the Notes (collectively, the “**Conversion Securities**”) has been taken or will be taken prior to the issuance of such Conversion Securities. The Loan Documents, when executed and delivered by the Company, shall constitute valid and binding obligations of the Company enforceable in accordance with their terms, subject to laws of general application relating to bankruptcy, insolvency, the relief of debtors and, with respect to rights to indemnity, subject to federal and state securities laws. The Conversion Securities, when issued in compliance with the

provisions of the Loan Documents will be validly issued, fully paid and nonassessable and free of any liens or encumbrances and issued in compliance with all applicable federal and securities laws.

**3.4 Governmental Consents.** All consents, approvals, orders, or authorizations of, or registrations, qualifications, designations, declarations, or filings with, any governmental authority, required on the part of the Company in connection with the valid execution and delivery of this Agreement, the offer, sale or issuance of the Notes and the Conversion Securities issuable upon conversion of the Notes or the consummation of any other transaction contemplated hereby shall have been obtained and will be effective at such time as required by such governmental authority.

**3.5 Compliance with Laws.** To its knowledge, the Company is not in violation of any applicable statute, rule, regulation, order or restriction of any domestic or foreign government or any instrumentality or agency thereof in respect of the conduct of its business or the ownership of its properties, which violation would materially and adversely affect the business, assets, liabilities, financial condition or operations of the Company.

**3.6 Compliance with Other Instruments.** The Company is not in violation or default of any term of its certificate of incorporation or bylaws, or of any provision of any mortgage, indenture or contract to which it is a party and by which it is bound or of any judgment, decree, order or writ, other than such violations that would not individually or in the aggregate have a material adverse effect on the Company. The execution, delivery and performance of the Loan Documents, and the consummation of the transactions contemplated by the Loan Documents will not result in any such violation or be in conflict with, or constitute, with or without the passage of time and giving of notice, either a default under any such provision, instrument, judgment, decree, order or writ or an event that results in the creation of any lien, charge or encumbrance upon any assets of the Company or the suspension, revocation, impairment, forfeiture, or nonrenewal of any material permit, license, authorization or approval applicable to the Company, its business or operations or any of its assets or properties. The sale of the Notes and the subsequent issuance of the Conversion Securities are not and will not be subject to any preemptive rights or rights of first refusal that have not been properly waived or complied with.

**3.7 Offering.** Assuming the accuracy of the representations and warranties of the Purchasers contained in Section 4 hereof, the offer, issue, and sale of the Notes and the Conversion Securities (collectively, the “*Securities*”) are and will be exempt from the registration and prospectus delivery requirements of the Securities Act of 1933, as amended (the “*Act*”), and have been registered or qualified (or are exempt from registration and qualification) under the registration, permit, or qualification requirements of all applicable state securities laws.

**3.8 Use of Proceeds.** The Company shall use the proceeds of sale and issuance of the Notes for the operations of its business, and not for any personal, family or household purpose.

**4. REPRESENTATIONS AND WARRANTIES OF THE PURCHASERS.** By executing this Purchaser Agreement, Purchaser (and, if Purchaser is purchasing the Securities subscribed for hereby in a fiduciary capacity, the person or persons for whom Purchaser is so purchasing) represents and warrants, which representations and warranties are true and complete in all material respects as of the date of the Purchaser’s respective Closing Date(s):

**4.1 Requisite Power and Authority.** Such Purchaser has all necessary power and authority under all applicable provisions of law to execute and deliver this Purchase Agreement, the Operating Agreement and other agreements required hereunder and to carry out their provisions. All action on Purchaser's part required for the lawful execution and delivery of this Purchase 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 Purchase Agreement and other agreements required hereunder will be valid and binding obligations of Purchaser, 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.

**4.2 Information and Sophistication.** Without lessening or obviating the representations and warranties of the Company set forth in Section 3, each Purchaser hereby: (i) acknowledges that it has received all the information it has requested from the Company and it considers necessary or appropriate for deciding whether to acquire the Securities, (ii) represents that it has had an opportunity to ask questions and receive answers from the Company regarding the terms and conditions of the offering of the Securities and to obtain any additional information necessary to verify the accuracy of the information given the Purchaser, and (iii) further represents that it has such knowledge and experience in financial and business matters that it is capable of evaluating the merits and risk of this investment.

**4.3 Ability to Bear Economic Risk.** Each Purchaser acknowledges that investment in the Securities involves a high degree of risk, and represents that it is able, without materially impairing its financial condition, to hold the Securities for an indefinite period of time and to suffer a complete loss of its investment.

**4.4 Further Limitations on Disposition.** Without in any way limiting the representations set forth above, each Purchaser further agrees not to make any disposition of all or any portion of the Securities unless and until:

(a) There is then in effect a Registration Statement under the Act covering such proposed disposition and such disposition is made in accordance with such Registration Statement; or

(b) The Purchaser shall have notified the Company of the proposed disposition and shall have furnished the Company with a detailed statement of the circumstances surrounding the proposed disposition, and if reasonably requested by the Company, such Purchaser shall have furnished the Company with an opinion of counsel, reasonably satisfactory to the Company, that such disposition will not require registration under the Act or any applicable state securities laws, provided that no such opinion shall be required for dispositions in compliance with Rule 144, except in unusual circumstances.

(c) Notwithstanding the provisions of paragraphs (a) and (b) above, no such registration statement or opinion of counsel shall be necessary for a transfer by such Purchaser to a partner (or retired partner) or member (or retired member) of such Purchaser in accordance with partnership or limited liability company interests, or transfers by gift, will or intestate succession

to any spouse or lineal descendants or ancestors, if all transferees agree in writing to be subject to the terms hereof to the same extent as if they were Purchasers hereunder.

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

**4.6 Domicile.** Purchaser maintains Purchaser’s domicile (and is not a transient or temporary resident) at the address shown on the signature page.

**4.7 Foreign Investors.** If Purchaser is not a United States person (as defined by Section 7701(a)(30) of the Internal Revenue Code of 1986, as amended), Purchaser 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 Purchase 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. Purchaser’s purchase and payment for and continued beneficial ownership of the Securities will not violate any applicable securities or other laws of the Purchaser’s jurisdiction.

## **5. FURTHER AGREEMENTS**

**5.1 “Market Stand-Off” Agreement.** Each Purchaser agrees that such Purchaser 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 Purchaser (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. Each Purchaser agrees to execute and deliver such other agreements as may be reasonably requested by the Company or the underwriters that are consistent with the Purchaser’s obligations under Section 5.1 or that are necessary to give further effect to this Section 5.1. In addition, if requested by the Company or the representative of the underwriters of Common Stock (or other securities) of the Company, each Purchaser 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 5.1 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.

**5.2 Further Assurances.** Each Purchaser agrees and covenants that at any time and from time to time it will promptly execute and deliver to the Company such further instruments and documents and take such further action as the Company may reasonably require in order to carry out the full intent and purpose of this Agreement and to comply with state or federal securities laws or other regulatory approvals.

## **6. INDEMNITY AND GOVERNING LAW; JURISDICTION.**

**6.1 Indemnity.** The representations, warranties and covenants made by the Purchaser herein shall survive the closing of this Agreement. The Purchaser 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 Purchaser to comply with any covenant or agreement made by the Purchaser herein or in any other document furnished by the Purchaser to any of the foregoing in connection with this transaction.

**6.2 Governing Law; Jurisdiction.** This 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 AGREEMENT MAY BE LITIGATED IN SUCH COURTS. EACH OF PURCHASERS 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 AGREEMENT. EACH OF PURCHASERS 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 THE SIGNATURE PAGE OF THIS 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 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 AGREEMENT. IN THE EVENT OF LITIGATION, THIS AGREEMENT MAY BE FILED AS A WRITTEN CONSENT TO A TRIAL BY THE COURT.

## **7. MISCELLANEOUS**

**7.1 Binding Agreement.** The terms and conditions of this Agreement shall inure to the benefit of and be binding upon the respective successors and assigns of the parties. Nothing in this Agreement, expressed or implied, is intended to confer upon any third party any rights, remedies, obligations, or liabilities under or by reason of this Agreement, except as expressly provided in this Agreement.

**7.2 Counterparts.** This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

**7.3 Titles and Subtitles.** The titles and subtitles used in this Agreement are used for convenience only and are not to be considered in construing or interpreting this Agreement.

**7.4 Notices.** All notices required or permitted hereunder shall be in writing and shall be deemed effectively given: (a) upon personal delivery to the party to be notified, (b) when sent by confirmed electronic mail or facsimile if sent during normal business hours of the recipient, if not, then on the next business day, (c) five days after having been sent by registered or certified mail, return receipt requested, postage prepaid, or (d) one day after deposit with a nationally recognized overnight courier, specifying next day delivery, with written verification of receipt. All communications shall be sent to the Company at the address on the signature page below, and to Purchaser at the addresses set forth on the Schedule of Purchasers attached hereto or at such other addresses as the Company or Purchaser may designate by 10 days advance written notice to the other parties hereto.

**7.5 Modification; Waiver.** No modification or waiver of any provision of this Agreement or consent to departure therefrom shall be effective only upon the written consent of the Company and the holders of the Notes representing a majority of the aggregate principal amount of all Notes then outstanding (the “*Requisite Holders*”). Any provision of the Notes may be amended or waived by the written consent of the Company and the Requisite Holders.

**7.6 Expenses.** The Company and each Purchaser shall each bear its respective expenses and legal fees incurred with respect to this Agreement and the transactions contemplated herein.

**7.7 Delays or Omissions.** It is agreed that no delay or omission to exercise any right, power or remedy accruing to each Purchaser, upon any breach or default of the Company under

the Loan Documents shall impair any such right, power or remedy, nor shall it be construed to be a waiver of any such breach or default, or any acquiescence therein, or of or in any similar breach or default thereafter occurring; nor shall any waiver of any single breach or default be deemed a waiver of any other breach or default theretofore or thereafter occurring. It is further agreed that any waiver, permit, consent or approval of any kind or character by Purchaser of any breach or default under this Agreement, or any waiver by any Purchaser of any provisions or conditions of this Agreement must be in writing and shall be effective only to the extent specifically set forth in writing and that all remedies, either under this Agreement, or by law or otherwise afforded to the Purchaser, shall be cumulative and not alternative.

**7.8 Entire Agreement.** This Agreement and the Exhibits hereto constitute the full and entire understanding and agreement between the parties with regard to the subjects hereof and no party shall be liable or bound to any other party in any manner by any representations, warranties, covenants and agreements except as specifically set forth herein.

[signature page follows]

**IN WITNESS WHEREOF**, the parties have executed this **CONVERTIBLE PROMISSORY NOTE PURCHASE AGREEMENT** as of the date first written above.

**COMPANY:**

**BOXABL INC.**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Address:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**IN WITNESS WHEREOF**, the parties have executed this **SUBORDINATED CONVERTIBLE PROMISSORY NOTE PURCHASE AGREEMENT** as of the date first written above.

The undersigned, by executing this signature page, hereby executes, adopts and agrees to all terms, conditions and representations of the Purchase Agreement.

(a) The aggregate purchase price for the Subordinated Convertible Promissory Notes the undersigned hereby irrevocably subscribes for is: \$\_\_\_\_\_ (print aggregate purchase price)

(b) The undersigned has reviewed Appendix A attached hereto and is an accredited investor (as that term is defined in Regulation D under the Securities Act): \_\_\_\_\_

(c) 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 Purchasers must sign:

\_\_\_\_\_  
Signature

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

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

\_\_\_\_\_  
Address

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

\_\_\_\_\_  
Date

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

\_\_\_\_\_  
Date

\* \* \* \* \*

## **SCHEDULE OF PURCHASERS**

<b>Name and Address</b>	<b>Loan Amount</b>
-------------------------	--------------------

**EXHIBIT A**

**FORM OF CONVERTIBLE PROMISSORY NOTE**

[See Exhibit B below.]



## 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); 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).

**EXHIBIT B**  
**SUBORDINATED CONVERTIBLE PROMISSORY NOTE**

**THIS SUBORDINATED CONVERTIBLE PROMISSORY NOTE HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED. NO SALE OR DISPOSITION MAY BE EFFECTED EXCEPT IN COMPLIANCE WITH RULE 144 UNDER SAID ACT OR AN EFFECTIVE REGISTRATION STATEMENT RELATED THERETO OR AN OPINION OF COUNSEL FOR THE HOLDER SATISFACTORY TO THE COMPANY THAT SUCH REGISTRATION IS NOT REQUIRED UNDER THE ACT OR RECEIPT OF A NO-ACTION LETTER FROM THE SECURITIES AND EXCHANGE COMMISSION.**

**SUBORDINATED CONVERTIBLE PROMISSORY NOTE**

\$ \_\_\_\_\_, 2021  
Las Vegas, Nevada

For value received **Boxabl Inc.**, a Nevada corporation (the “*Company*”), promises to pay to \_\_\_\_\_ or its assigns (“*Holder*”) the principal sum of \$ \_\_\_\_\_ together with accrued and unpaid interest thereon, each due and payable on the date and in the manner set forth below.

This subordinated convertible promissory note (the “*Note*”) is issued as part of a series of similar subordinated convertible promissory notes (collectively, the “*Notes*”) pursuant to the terms of that certain Subordinated Convertible Promissory Note Purchase Agreement (as amended, the “*Agreement*”) dated as of \_\_\_\_\_, 2021 to the persons and entities listed on the Schedule of Purchasers attached to the Agreement (collectively, the “*Holders*”). Capitalized terms used herein without definition shall have the meanings given to such terms in the Agreement.

**1. Repayment.** All payments of interest and principal shall be in lawful money of the United States of America and shall be made pro rata among all Holders. All payments shall be applied first to accrued interest, and thereafter to principal. The outstanding principal amount of the Loan shall be due and payable on March 31, 2023 (the “*Maturity Date*”).

**2. Interest Rate.** The Company promises to pay simple interest on the outstanding principal amount hereof from the date hereof until payment in full, which interest shall be payable at the rate of 10.0% per annum or the maximum rate permissible by law, whichever is less. Interest shall be due and payable on the Maturity Date and shall be calculated on the basis of a 365-day year for the actual number of days elapsed.

**3. Conversion; Repayment Upon Maturity; Repayment Premium Upon Sale of the Company.**

(a) In the event that the Company issues and sells shares of its Equity Securities to investors (the “*Investors*”) on or before the date of the repayment in full of this Note in an equity financing that either (i) is a registered offering under the Securities Act of 1933, or (ii) is qualified by the Securities and Exchange Commission pursuant to Regulation A of the Securities Act of 1933 (a “*Qualified Financing*”), then the outstanding principal balance of this Note shall

automatically convert in whole without any further action by the Holder into such Equity Securities at a discounted conversion price to the per share price paid by the Investors based on the value of the Notes held by the Holder, and otherwise on the same terms and conditions as given to the Investors. Any unpaid accrued interest on this Note shall be converted into Equity Securities on the same terms as the principal of the Notes. The Notes will convert at a discount based on the following schedule: (i) Holders who acquired at least \$10,000 will have their Notes convert at 90% of the per share price in the Qualified Financing; (ii) Holders who acquired at least \$100,000 will have their Notes convert at 80% of the per share price in the Qualified Financing; (iii) Holders who acquired at least \$1,000,000 will have their Notes convert at 70% of the per share price in the Qualified Financing.

(b) Holder covenants to execute any agreements as may be required of each Investors as part of the Qualified Financing, which may include, without limitation, any investors' rights agreement, voting agreement, or right of first refusal agreement of the Company.

(c) If, after aggregation, the conversion of this Note would result in the issuance of a fractional share, the Company shall, in lieu of issuance of any fractional share, pay the Holder otherwise entitled to such fraction a sum in cash equal to the product resulting from multiplying the then current fair market value of one share of the class and series of capital stock into which this Note has converted by such fraction.

(d) In the event that a Qualified Financing is not consummated prior to the Maturity Date, then Holder may elect to voluntarily convert the outstanding principal balance and any unpaid accrued interest under this Note into shares of Common Stock of the Company at a conversion price to be declared by the Company at least 30 days prior to the Maturity Date. Holder's election to convert the Notes under this Section 3(d) must be made at least five days prior to the Maturity Date, and will be effective upon the Maturity Date. If no election is made by the Holder, then the outstanding principal balance and any unpaid accrued interest shall be paid in lawful money of the United States of America.

(e) Notwithstanding any provision of this Note to the contrary, in the event that the Company consummates a Sale of the Company (as defined below) prior to the conversion or repayment in full of this Note, (i) the Company will give the Holder at least five days prior written notice of the anticipated closing date of such Sale of the Company and (ii) at the closing of such Sale of the Company, in lieu of the principal and interest that would otherwise be payable on the Maturity Date, the Company will pay the Holder an aggregate amount equal to 1.5 times the aggregate amount of principal and interest then outstanding under this Note in full satisfaction of the Company's obligations under this Note.

(f) For purposes of this Note:

(i) ***"Sale of the Company"*** shall mean (i) any consolidation or merger of the Company with or into any other corporation or other entity or person, or any other corporate reorganization, other than any such consolidation, merger or reorganization in which the stockholders of the Company immediately prior to such consolidation, merger or reorganization, continue to hold at least a majority of the voting power of the surviving entity in substantially the same proportions (or, if the surviving entity is a wholly owned subsidiary, its parent) immediately

after such consolidation, merger or reorganization; (ii) any transaction or series of related transactions to which the Company is a party in which in excess of 50% of the Company's voting power is transferred; *provided, however*, that a Sale of the Company shall not include any transaction or series of transactions principally for bona fide equity financing purposes in which cash is received by the Company or any successor or indebtedness of the Company is cancelled or converted or a combination thereof; or (iii) a sale, lease, exclusive license or other disposition of all or substantially all of the assets of the Company.

(ii) “**Equity Securities**” shall mean the Company's capital stock or any securities conferring the right to purchase the Company's capital stock or securities convertible into, or exchangeable for (with or without additional consideration), the Company's capital stock, except that such defined term shall not include any security (x) granted, issued and/or sold by the Company to any employee, director or consultant in such capacity or (y) issued upon the conversion or exercise of any option or warrant outstanding as of the date of this Note.

**4. Maturity.** Unless this Note has been previously converted in accordance with the terms of Sections 3(a) through (c) above or satisfied in accordance with the terms of Section 3(d) above, the entire outstanding principal balance and all unpaid accrued interest shall become fully due and payable on the Maturity Date.

**5. Expenses.** In the event of any default hereunder, the Company shall pay all reasonable attorneys' fees and court costs incurred by Holder in enforcing and collecting this Note.

**6. Prepayment.** The Company may not prepay this Note prior to the Maturity Date without the consent of the Requisite Holders.

**7. Default.** If there shall be any Event of Default hereunder, at the option and upon the declaration of the Requisite Holders and upon written notice to the Company (which election and notice shall not be required in the case of an Event of Default under Section 7(c) or 7(d)), this Note shall accelerate and all principal and unpaid accrued interest shall become due and payable. The occurrence of any one or more of the following shall constitute an Event of Default:

(a) The Company fails to pay timely any of the principal amount due under this Note on the date the same becomes due and payable or any accrued interest or other amounts due under this Note on the date the same becomes due and payable;

(b) The Company shall default in its performance of any covenant under the Agreement or any Note;

(c) The Company files any petition or action for relief under any bankruptcy, reorganization, insolvency or moratorium law or any other law for the relief of, or relating to, debtors, now or hereafter in effect, or makes any assignment for the benefit of creditors or takes any corporate action in furtherance of any of the foregoing; or

(d) An involuntary petition is filed against the Company (unless such petition is dismissed or discharged within 60 days under any bankruptcy statute now or hereafter in effect, or a custodian, receiver, trustee, assignee for the benefit of creditors (or other similar official) is appointed to take possession, custody or control of any property of the Company.

**8. Waiver.** The Company hereby waives demand, notice, presentment, protest and notice of dishonor.

**9. Governing Law.** This Note shall be governed by and construed under the laws of the State of Nevada, as applied to agreements among Nevada residents, made and to be performed entirely within the State of Nevada, without giving effect to conflicts of laws principles.

**10. Parity with Other Notes.** The Company's repayment obligation to the Holder under this Note shall be on parity with the Company's obligation to repay all Notes issued pursuant to the Agreement. In the event that the Company is obligated to repay the Notes and does not have sufficient funds to repay all the Notes in full, payment shall be made to the Holders of the Notes on a *pro rata* basis. The preceding sentence shall not, however, relieve the Company of its obligations to the Holder hereunder.

**11. Subordinated Status.** Notwithstanding anything in this Note to the contrary, the obligations of the Company on or in respect of this Note (including, without limitation, the principal and interest on this Note) shall be subordinate and junior in right of payment to all other debts of the Company.

**12. Modification; Waiver.** Any term of this Note may be amended or waived with the written consent of the Company and the Requisite Holders.

**13. Assignment.** This Note may be transferred only upon its surrender to the Company for registration of transfer, duly endorsed, or accompanied by a duly executed written instrument of transfer in form satisfactory to the Company. Thereupon, this Note shall be reissued to, and registered in the name of, the transferee, or a new Note for like principal amount and interest shall be issued to, and registered in the name of, the transferee. Interest and principal shall be paid solely to the registered holder of this Note. Such payment shall constitute full discharge of the Company's obligation to pay such interest and principal.

[signature page follows]

**BOXABL INC.**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Holder: \_\_\_\_\_

Principal Amount of Note: \_\_\_\_\_

Date of Note: \_\_\_\_\_

SIGNATURE PAGE TO CONVERTIBLE PROMISSORY NOTE OF BOXABL INC.