



## Business Plan Summary

Sol Boards, Inc. (“Sol Boards” or “Company”), whose name is an acronym for Surf-On-Land, is based in Bend, Oregon, and has created a revolutionary single rider electric personal mobility vehicle, initially marketed under the GolfBoard® brand. Our product was originally designed for golf course use but has since expanded to a broad range of applications. While golf courses are seeking ways to speed up the game, attract new players, and increase rounds played, resorts and beach communities are looking for exciting new offerings to attract more tourists and guests. Our diversified board offerings are positioned to capitalize on the growing demand for top-quality personal mobility vehicles across multiple industries.

The GolfBoard offers a fun, fast, and exciting means of getting from shot to shot on golf courses worldwide. GolfBoards provide golfers new ways to experience their favorite course and attracts new players to the game. Nearly 40% of first-time users visit GolfBoarding courses specifically for the opportunity to try the GolfBoard. Pace of play is improved by as much as 50%, and clubs are enjoying increasing numbers of rounds played. Golf courses that deploy a fleet of GolfBoards are realizing incremental revenue and improved profitability. Nearly 3,000 GolfBoards have shipped to-date to over 250 courses worldwide, with many making repeat board orders.

Now Sol Boards has expanded beyond the GolfBoard. The Company has developed two new motorized products, the ResortBoard and the BeachBoard, allowing us to expand into new markets. We are currently seeking funding to help us grow our Company-owned fleet of products, increasing our market penetration by offering fleet rental possibilities. These rental boards dramatically improve course and resort adoption, while generating a profitable stream of recurring revenue for the Company.

In addition to its new ResortBoard and BeachBoard offerings, the Company has recently expanded its GolfBoard offerings to include a high performance “GolfBoard Pro,” targeting courses looking to offer boards for use in golf as well as in sightseeing, plus the new “Dual Bag Board,” targeting courses with caddie programs. These new offerings set the stage for greater adoption by both public and private golf courses. Please visit us at [www.golfboard.com](http://www.golfboard.com) for more information on all our products.

## Golf Market Overview

According to the [2018 Golf Industry Report](#) published by the National Golf Foundation (NGF), golf now reaches about 97.6 million people, or about one-third of the US population. That represents a 3% increase since 2016 and is comprised of 32.1M total golf participants plus 65.5M people who watch and/or read about golf, but didn’t play on or off course. Demand by non-golfers expressing that they’re “very interested” in playing golf increased over 16% to 14.9 million people, up from 12.8 million in 2016. The biggest challenge for the golf industry remains two-fold: getting those who express an interest in playing golf to actually give it a try, and converting more beginners into committed participants.

As baby boomers age and exit golf, courses are looking to attract more millennials to the game. To attract new younger golfers and invigorate the sport, the golf industry is aggressively exploring new offerings such as GolfBoard. Often cited challenges to attracting new players to the game include the slow speed of play, inactivity associated with sitting in a golf cart for 4 hours or more, and lack of excitement. GolfBoard offers a highly effective solution to offset golf’s negative perceptions by introducing an entirely new “fun factor” to the game.

There are approximately 15,000 golf courses in the US, and 34,000 globally. The US marketplace comprises nearly 50% of golf courses worldwide, with Canada, Australia, UK, Europe and Japan accounting for another 30%. With nearly 30 Territory Managers representing GolfBoard in North America (including Canada and Mexico), plus international distributors in Spain, France, Australia, the United Arab



Emirates, Panama, Chile, Puerto Rico, the Dominican Republic, Indonesia and several other countries, the Company is well positioned for growth.

## Product History and Description

The original concept for GolfBoard arose when Don Wildman, founder of the company that became Bally Total Fitness, and Laird Hamilton, the world's most famous surfer, were discussing the slow pace of golf, coupled with the inactivity and lack of enjoyment associated with riding a golf cart. They, along with GolfBoard Director, Star Faraon, developed the technology for making a motorized vehicle designed to mirror the experience of riding a surfboard or snowboard, which would offer a more environmentally-friendly, fast and fun way for golfers to get from shot-to-shot, we call it "GolfBoarding".

- GolfBoard is steered by riders shifting their body weight, making it much more physically engaging than a golf cart.
- A 65% reduction in overall weight compared to a standard golf cart substantially reduces turf wear, so players can park much closer to tees and greens, significantly improving pace of play.
- With GolfBoard, each player travels directly to their own ball at speed of up to 10 mph (12.5 mph with speed boost package), making "GolfBoarding" faster than walking or riding in a golf cart.
- GolfBoard makes the entire experience more active and enjoyable, vs. the passive and sedentary activity of using a golf cart.

Following two years of product development, including placement at various courses with different environments, steepness, curb factors, etc., we have seen overwhelming consumer enthusiasm and growing course adoption. We have repeatedly demonstrated that courses see a rise in new players to the course, an increase in the number of rounds played, and an increase in course revenue.

## Typical GolfBoard® User

The Company captures user data on all new first-time riders and has grown its user database to nearly 100,000 registered riders and has surpassed the milestone of 1,000,000 rides. Approximately 40% of registered GolfBoard users report they played the course specifically to ride the GolfBoard and had never played the course previously.

- Median age of 41
- 35% are over 50
- ~70% of first-time players never or seldom played the course prior to the course offering GolfBoard



## Design, Manufacturing, and Service

Product design and development of the GolfBoard is largely conducted by Sol Boards staff and Directors in concert with Microcast Technologies Corp., of Linden, NJ (“MTC”). Extensive user feedback has been gathered and incorporated into new product design and enhancements. Patents have been issued on several key elements of the board design with provisional patents being offered for the thumb throttle and automatic braking system, spring-mounted suspension system, and accessory mounting systems.

Sol Boards has entered into an exclusive long-term agreement with MTC to manufacture and assemble the Company’s boards. MTC is a vertically integrated manufacturer serving the US military, marine, telecom and lighting industries. In addition to its contract manufacturing expertise, MTC incurs all expenses of plant, equipment and manufacturing labor, plus all parts inventory carrying costs. MTC also provides US service and support, handling all incoming replacement part and service requests, allowing the Company to avoid the cost of maintaining parts inventory. The COO of Microcast is also a board member of Sol Boards, and he and members of his family have a substantial ownership position in the Company.

## Revenue

Sol Boards currently generates revenues primarily from sales of its GolfBoard product directly to golf courses. The retail price for a GolfBoard is currently \$6,500, with fleet discounts as low as \$5,495. For international sales, where we largely sell through qualified distributors, the international wholesale price is currently \$4,495. This lower international pricing allows for distributor mark-up and often high import taxes.

- US golf course sales: Senior management and senior sales staff focus on securing sales contracts and/or distribution agreements with the nation’s largest golf management companies, and approximately 30 Territory Managers focus on providing local sales and service support to the golf management companies, as well as public courses and private clubs not managed by management companies.
- International Sales: Sol Boards currently has distribution relationships in Australia, Indonesia, Spain, Mexico, France, Panama, United Arab Emirates, Puerto Rico, the Dominican Republic, Chile and Canada, and is continuing to expand. An International Sales Director coordinates sales into smaller regional markets for which there is no local GolfBoard distributor.
- Managed/Rental Fleet: Sol Boards has started a direct rental program and has grown its Company-owned rental fleet to over 270 boards, many which have been previously used for free trials and are refurbished. Sol Boards retains ownership and maintenance responsibility of its rental boards, plus provides insurance and marketing support through its high-traffic website and social media accounts to its many fans and followers. A direct rental program allows for faster, more efficient course penetration, and is an important use of investment funds. The Company charges \$325 per month per board on a month-to-month basis, plus a \$250 per board up-front delivery fee.
- Non-Golf Sales: The ResortBoard is an all-terrain board primarily used for sightseeing and tours at large resort properties. The ResortBoard is equipped with larger wheels and optional carry basket(s). The 4-wheel platform makes it far more stable than competing 2 and 3 wheel devices such as Segway, and much easier and safer for new users to operate. We feel the ResortBoard is better suited to serve the tourism industry, which is looking for safe, efficient, and fun alternatives to existing electric vehicles that tend to be difficult to operate and maintain, with many breaking down after repeat use.
- The BeachBoard has large, low-pressure wheels for increased traction on sand, and is targeted to



beach communities. After nearly two years of testing and product development, the Company recently opened a BeachBoard Rental Center at Wildwood Beach, New Jersey, with an 18-board rental fleet. Additionally, the Wildwood Beach Patrol is testing the BeachBoard, with highly favorable initial feedback.

- CaddyBoard: The CaddyBoard is equipped with front and rear bag holders and provides caddies the ability to carry two bags without the fatigue and limitations that come with shoulder-carrying multiple bags. Convenient and efficient, CaddyBoard enables caddies to cover more ground and provide better service, all while saving wear and tear on their bodies and the courses they serve. Many private courses, as well as some of the most popular public courses offer caddies, which can be in short supply. Our CaddyBoard allows caddies to work two 18-hole rounds per day, without increasing the likelihood of injury do to overwork thus helping avoid costly workman's compensation claims and maintenance costs for courses.
- Ecommerce: We are implementing an e-commerce initiative to sell select products to individuals, including an ability to customize the board with decals, fenders wraps, custom painted wheels, optional refreshment cooler and other add-ons. Personal users are more likely to upgrade to the Company's top-of-the-line "SportsBoard" and "GolfBoard Pro" models, increasing margin and profitably.
- Service: A key component to attracting new customers and maintaining customer loyalty via repeat purchases is to provide superior before and after sales support. Sol Boards Territory Mangers are required to provide extensive after sales support, including equipment unpacking, GolfBoard liability waiver system set-up and training of course staff on new-user orientation procedures. The Company currently has a service contract with its manufacturer, MTC, to handle the repair of all client boards, and expects to engage MTC to refurbish and maintain its Company-owned rental boards to increase recurring revenue through our growing rental programs.

## Sales to Golf Courses

GolfBoards are used by individual golfers who ultimately drive product demand. However, the primary sale is to golf courses, which generally build up a fleet of GolfBoards as user demand increases, resulting in follow-on orders.

Not a replacement of golf carts. GolfBoards are not viewed as a replacement for golf carts. Thus, the cost of buying or leasing GolfBoards is an incremental cost. However, increased speed of play, and increased capacity through 5 & 6-somes (5 or 6 GolfBoarders often play faster than 4 players in 2 golf carts), results in a greater number of rounds played, generating an increase in green fees and clubhouse revenues. Additionally, GolfBoards rent at a higher fee than golf carts, and attract new golfers to the course. The combination of more rounds played and the attraction of new players creates enhanced profit opportunities for courses, which justifies the incremental cost.

Many courses seek to lease. Sol Boards has a longstanding relationship with GB Leasing to provide both lease-to-own as well as fair-market-value leases. Courses can also lease through PNC and other financial institutions that provide competitive leasing options.

Insurance and safety. Insurance coverage for GolfBoards is an important prerequisite in buying and deploying the boards and is offered by most all golf industry carriers. The smaller size and weight of a GolfBoard compared to a golf cart has proven to reduce the severity of accidents and number of liability



claims per ride. Numerous injuries occur each year from golf carts running into pedestrians, turning over and landing on passengers, etc., sometimes leading to fatalities. With over 1 million GolfBoard rides and demonstrations to date, **GolfBoard maintains a zero-claim history.**

## Competitive Landscape

There are two electrically powered, single rider board devices that directly compete with our GolfBoards - Golf Skate Caddy (“GSC”) and MK GolfBoard. With far greater penetration in the US (over 95% market share), **GolfBoard is the clear industry leader.** We expect to achieve similar market dominance internationally, as the Company ramps up its worldwide distribution efforts and protects its patent and brands from low-quality imitators.

### Pricing Comparison:

Golf Skate Caddy: \$4,995 - \$5,995, MK GolfBoard: \$5,450-\$5,850, GolfBoard: \$4,495 -\$6,500

We have periodically found ourselves in direct competition with Golf Skate Caddy. Head-to-head comparisons of GolfBoard to Golf Skate Caddy at tradeshow and other golf industry events repeatedly demonstrates the strong consumers preference for GolfBoard. Some of the key product differentiators driving GolfBoards’ greater popularity includes:

- One-touch thumb throttle with automatic braking system
- Rear axle lock parking brake for holding the board firmly in place even on steep hills
- Strong and ergonomically-designed stability bar with dual hand-hold positions
- Lower center of gravity for greater stability
- Durable rhino-liner deck and flexible TPO fenders
- Designed and made in the USA with strict quality controls
- Broad US and international insurance company acceptance and coverage

## Marketing

Sol Boards’ initial marketing efforts are targeted to two audiences: 1) golf courses and management companies, and 2) individual golfers. Sol Boards has successfully raised awareness of the GolfBoard over the past four years through extensive PR and social media marketing efforts, including multiple viral videos resulting in over 70 million views. Extensive local and national news stories (including Forbes, CBS this Morning, CNN, the Golf Channel, and many others) has generated additional interest from golfers who actively seek out courses offering the GolfBoard’s unique ‘Surf-The-Earth’ experience.

The GolfBoard website receives ~4,000 visitors per day generating over 100,000 pageviews per month from golfers interested in ‘GolfBoarding.’ We link these riders directly to our product sales pages as well as the website of the closest courses offering GolfBoards. Courses find this incremental traffic and marketing support to be highly valuable—yet another reason to choose GolfBoard.

As Sol Boards expands its product offering with ResortBoard and BeachBoard, it plans to also expand its marketing efforts to target sales to resorts, beach communities, harbors, corporate campuses, popular sightseeing & tourism destinations, and other recreational applications. We believe revenue opportunities beyond golf are substantial and untapped. We also believe that through an increased focus on rapidly growing our Company-owned fleets, we can build high-margin recurring revenue. The Company projects deploying up to 100 additional rental boards in Q4 2018 and another 100 rental boards in Q1 2019.



## Investment

**Sol Boards is seeking an equity investment of up to \$6M.** We intend to raise these funds through two additional rounds of equity funding: the first equity raise is targeted at \$1M, by reopening our 506C (Regulation D) offering, followed by up to \$5M through a Title IV (Regulation A+) offering. We believe the next capital raise will be over-subscribed, in that Sol Boards already has over 150 investors who have expressed interest in investing nearly \$3M. These funds will be used to help us quickly increase our course and resort penetration through investment in our managed/rental fleet program, build molds and casting to reduce costs of goods sold, engage and train personnel to drive growth of domestic and international sales, and continue new product development.

### Summary of Key Terms of the 506C Offer:

- Class B Non-Voting Common Stock
- Minimum Investment: \$2,500 (2,000 shares)
- Projected Total Investment: \$1M (800,000 shares)
- Post-Money Valuation: \$11.2 M

This funding is intended to help us advance the following key initiatives:

- Support the investment and expansion of our managed/rental fleet program. We believe this will allow us to increase course and resort penetration and provide solid profits under a recurring revenue model.
- Build molds and castings needed to reduce cost of goods sold by reducing the work necessary to build and assemble key components.
- Engage and train additional sales and service personnel to drive growth of rental board deployment, provide on-going client support, and increase sales of all board offerings.
- Continue investment in product development and expansion of Company-owned rental centers for its ResortBoard and BeachBoard offerings, potentially leading to franchise opportunities.

Total revenues for Sol Boards was approximately \$3.3M in 2015, \$4.7M in 2016, \$3.7M\* in 2017.

\* The sales contraction in 2017 vs prior year was due largely to a lithium-ion battery supply shortage in Q2 followed by Hurricanes Harvey and Irma in Q3. Fleet rental revenue has grown from \$7.8K in 2015, to \$60K in 2016, and \$136K in 2017.



## Contact Information

Finance - [investors@golfboard.com](mailto:investors@golfboard.com)

Certain statements in this presentation may contain forward-looking information within the meaning of Rule 175 under the Securities Act of 1933 and Rule 3b-6 under the Securities Exchange Act of 1934, and are subject to the safe harbor created by those rules. All statements, other than statements of fact, included in this presentation, including, without limitation, statements regarding potential future plans and objectives of the Company, are forward-looking statements that involve risks and uncertainties. There is no assurance that such statements will prove to be accurate, and actual results and future events could differ materially. The Company undertakes no obligation to publicly update or revise statements in this presentation, whether as a result of new information, future events, or otherwise.

## Related Party Agreements

Company is party to multiple agreements and transactions with various shareholders and directors, or entities controlled by such shareholders and directors. Following are brief summaries of what Company management believes to be the most material of such agreements and transactions:

**Microcast Technologies Corp./Fuschetti.** Company has entered into an exclusive long-term manufacturing agreement with Microcast Technologies Corp. ("MTC"). Company has a long term Note Payable to MTC totaling approximately \$647,000 plus interest, and has entered into a Forbearance Agreement with MTC, including two amendments, for deferral of approximately \$647,000 plus interest (with attached warrants) reflected on the Company's Capitalization table and balance sheet. Additionally, the Company has negotiated a service agreement with MTC, which engages MTC to be the Company's sole service provider for warranty and other service work for the Company's board products. This MTC service agreement which began mid-2018 and allows MTC the option to earn 8,000 shares of Sol Boards stock per month instead of monthly cash compensation of \$10K. A key executive and part owner of MTC is Dean Fuschetti, a member of Company's board of directors.

**Don Wildman.** Don Wildman is a material shareholder of the Company. Company has a long term note payable to Don Wildman with a current outstanding balance of approximately \$410,833 plus interest (with attached warrants).

**John Wildman.** John Wildman, the Company's Chief Executive Officer, is the son of Don Wildman, a material shareholder of, and lender to the Company.

**Laird Hamilton.** Company has entered into an endorsement agreement and stock option agreement with Laird Hamilton and a related limited liability company (together, "Endorsement Agreement") with an initial term expiring May 27, 2020, which requires Hamilton to provide services as a company spokesperson. Compensation to Mr. Hamilton under the Endorsement Agreement includes a grant of stock options for 150,676 shares of Class A Voting common stock in Company and compensation in an amount equal to 10% of Company's gross margin from sales and leases of certain products (including, without limitation, the GolfBoard product). The Hamilton endorsement agreement could have a dilutive effect on shareholders of Company, if the Company chooses to offer Hamilton stock instead of cash compensation.

**GBL.** Company has entered into a leasing and financing agreement ("Leasing Agreement") as well as a "Factoring Agreement" with GB Leasing Capital, LLC, ("GBL") an entity that Company has been advised is substantially owned, directly or indirectly, by Paul Hodge (and his spouse), Star Faraon, and Laird Hamilton. Faraon is currently a Director of Company. The terms of the Leasing Agreement include provisions that limit Company from referring customers who seek to lease GolfBoard products and other board products



to other companies offering lease financing. The terms of the “Factoring Agreement” were to provide capital to finance Demo and Trial board programs. The Company has secured financing from an unrelated third party (Bay Cap Leasing) which was introduced to Company by GBL and for which Company believes that GBL has received or is receiving fees and/or other consideration.

**GBL Purchase Rights.** In negotiating previous investments (or Microcast Technologies Corp.’s investment in the case of Dean Fuschetti), Dean Fuschetti and Don Wildman have negotiated for themselves and Laird Hamilton, the right to purchase from Paul Hodge and Nova Hodge (through their respective trusts), up to fifty percent (50%) of the ownership interests in GB Leasing Capital, LLC (see disclosure below related to GB Leasing Capital, LLC’s business relationship with Company). This option has now expired.

**Ivy Venture Partners.** The Company has engaged Ali Fakhari of Ivy Venture Partners as contractors to act as Chief Financial Officer. Ivy Venture Partners as an entity is partnered with Laird Hamilton in an unrelated business venture, Laird Apparel. Ivy Venture Partners has also previously been a strategic advisor to Laird Hamilton’s and Paul Hodge’s businesses, Laird Superfood. See discussion of Mr. Hamilton above.

**Additional Shareholder Loans.** In addition to the transactions disclosed above, several directors and shareholders of the Company have loaned funds to the Company and hold notes payable from the Company, which are disclosed on the Company’s balance sheet.



## Intended Use of Proceeds

### Estimated Use of Funds - \$1M Investment

Personnel and Working Capital	\$400,000	40%
Rental Fleet	\$300,000	30%
Product Development & Upgrades	\$150,000	15%
Transaction Cost	\$50,000	5%
Product Molds	\$50,000	5%
Debt Reduction	\$50,000	5%

### Use of Working Capital

Additional Regional Sales Managers	\$166,000	40%
Senior Management	\$144,000	36%
Vendors & Contractors	\$100,000	25%

## Ownership and Capital Structure



**Sol Boards Inc.**  
**Capitalization Table**  
**As of 9.10.2018**

	October 31, 2016				Upon Close of Title III & 506C (Class B offerings)			
	# of Shares	Outstanding %	Fully Diluted		# of Shares	Outstanding %	Fully Diluted	
			# of Shares	Ownership %			# of Shares	Ownership %
<b>Management &amp; Directors (*)</b>								
John Wildman, <i>Chairman &amp; CEO</i>	-	0.0%	246,048	3.9%	-	0.0%	246,048	3.0%
Jeff Dowell, <i>President &amp; COO</i>	-	0.0%	54,086	0.8%	-	0.0%	54,086	0.7%
Ali Fakhari, <i>CFO</i>	-	-	302,236	4.7%	-	-	302,236	3.7%
James Williams, <i>Chief Strategy Officer</i>	-	-	6,570	0.1%	-	-	6,570	0.1%
Luan Phem, <i>Sales and Marketing Advisor - Unvested</i>	-	-	6,570	0.1%	-	-	6,570	0.1%
Dean Fuschetti, <i>Board Member, and Family</i>	7,000	0.3%	29,368	0.5%	7,000	0.3%	29,368	0.4%
Paul Hodge, <i>Board Member</i>	413,584	19.0%	2,251,904	35.3%	413,584	14.9%	2,251,904	27.6%
Star Faraon, <i>Board Member</i>	355,193	16.3%	355,193	5.6%	355,193	12.8%	355,193	4.3%
Laird Hamilton, <i>Board Member</i>	494,993	22.7%	494,993	7.8%	494,993	17.8%	494,993	6.1%
Mike Radenbaugh, <i>Director Product Develop</i>	27,401	1.3%	150,676	2.4%	27,401	1.0%	150,676	1.8%
Don Wildman, <i>Founder Investor</i>	243,588	11.2%	243,588	3.8%	243,588	8.8%	243,588	3.0%
Jeff Harbertson, <i>National Director of Sales</i>	532,347	24.4%	858,970	13.4%	532,347	19.1%	858,970	10.5%
Todd Lyon, <i>International Director of Sales</i>	-	-	-	-	-	-	14,470	0.2%
Chris Rife, <i>Regional Sales Director</i>	-	-	-	-	-	-	15,000	0.2%
James Rummmonds, <i>Reginal Sales Director</i>	-	-	-	-	-	-	4,470	0.1%
<b>Management &amp; Directors/Founders</b>	<b>2,074,106</b>	<b>95.1%</b>	<b>5,266,381</b>	<b>82.5%</b>	<b>2,074,106</b>	<b>74.5%</b>	<b>5,330,321</b>	<b>65.3%</b>
All Other Shareholders/Note Holders	106,853	100.0%	842,474	13.2%	709,384	25.5%	842,474	10.3%
ExWorks Warrants	-	0.0%	277,922	4.4%	-	0.0%	277,922	3.4%
Microcast Technologies Corporation - <i>Earned but not issued</i>	-	-	-	-	-	-	190,000	2.3%
<b>Total Class A Shares</b>	<b>2,180,959</b>	<b>195.1%</b>	<b>6,386,777</b>	<b>100.0%</b>	<b>2,783,490</b>	<b>100.0%</b>	<b>6,640,717</b>	<b>81.3%</b>
Class B Shareholders Title III	-	-	-	-	799,000	52.3%	799,000	9.8%
Class B Shareholders 506C	-	-	-	-	729,100	47.7%	729,100	8.9%
<b>Total Class B Shares</b>	-	-	-	-	<b>1,528,100</b>	<b>100.0%</b>	<b>1,528,100</b>	<b>18.7%</b>
<b>Total Outstanding Shares</b>	-	-	-	-	<b>3,582,490</b>	-	<b>8,168,817</b>	<b>100.0%</b>

(\*) Shares listed as "unvested" were awarded pursuant to a Stock Option plan.

(\*\*) Upon the closing of at least \$3min of Class B common, warrants attached to Shareholder Notes Payable must be exercised, resulting in an increase in paid-in capital and reduction of outstanding Notes by approx **\$904,000**

## Material Terms of Indebtedness

### Existing Debt

- The Company finances approximately 270 GolfBoards and ResortBoards for use in the current managed/rental



fleet program under 2-year and 3-year leases classified as capital leases. The current least obligations as of 9/1/18 is approx. \$480,000.

- The Company has a Working Capital line of credit to finance inventory and receivables. Interest accrues at the rate of 15% per annum, and the outstanding balance under the Working Capital Line as of September 1, 2018 is approximately \$180,000. \$50K is due on this facility by December 31<sup>st</sup> 2018, and is included in the use of funds as debt repayment.
- In February, and as amended in June, 2016, the Company entered into a Forbearance Agreement with MTC to defer payment of approximately \$647,000 of payables due by the Company under the exclusive manufacturing agreement. The current terms call for interest to accrue at 12% per annum, through October 31<sup>st</sup> 2018. The Company may extend Forbearance agreement at rate of an additional 1.5% interest per month. The Company intends to offer MTC additional warrants to secure a lower interest rate. The Forbearance agreement also requires that upon close of a \$3M equity raise a \$500,000 payment against the outstanding principal balance of the debt will be made. Payment of this obligation is an intended use of funds in the Subsequent Title IV (Regulation A+) Offering.
- In capitalizing and funding the early operations of the Company, the Company entered into long term notes, as amended, with various individuals and related parties (the “Investor Notes Payable”) which have an outstanding balance of approx. \$1,611,000. The notes accrued interest at the rate of 8% per annum, compounded quarterly. The maturity date of the notes is \$1,371,000 in 2019 and \$240,000 in 2020. Interest is payable at maturity. As part of the inducement to secure and sustain the investment, warrants for the issuance of Class A common stock have been awarded to the Investor Note holders at varying strike prices. If the Company raises at least \$3mln of new capital (which will be achieved at the close of 100% of this offering), the Warrants are required to be exercised, with acceptable (and expected) consideration to be a reduction in the outstanding balance of the note of approximately \$904,000. The financial projections assume and reflect this conversion.
- In October 2016, the Company issued approximately \$138,000 of 2-year, unsecured debt to certain key shareholders. The notes accrue interest at a 12% simple interest rate and are due in full on October 3<sup>rd</sup>, 2018. However, the Company has the right to extend until October 2<sup>nd</sup>, 2019 for nominal extension fee.

#### **Deferred Sr. Management Compensation and Royalties**

- In order to reduce cash expenses, some members of the Sr. Management Team have agreed to defer base compensation, and only receive a portion of their monthly base compensation due. This partial payment of compensation has resulted in deferred compensate through 8.31.18 of \$227,500 for the Company’s President Jeff Dowell, \$108,500 for CEO John Wildman, and \$35,000 for the CFO Ali Fakhari. Jeff Dowell has agreed to forgo up to \$157,500 of his deferred compensation in exchange for 126,000 shares of the company’s stock. After the completion of the Title IV equity capital raise, the remaining balance of deferred compensation due to Jeff Dowell (currently \$70K) and the other Sr. Management will be paid.



- Laird Hamilton receives quarterly royalty payment based on the company's total margin from new GolfBoard sales which have not been paid for Q2 and Q3 of 2016, 2017 or YTD 2018. Laird Hamilton is now due approximately \$125,000. The company intends to offer Hamilton stock at \$1.25 per share to reduce or eliminate this deferred royalty payment.

## Financial Condition Report

Sol Boards, Inc. (distributors of GolfBoard) is now completing its 5th season of marketing and selling its products into the golf marketplace. The Company's historical sales results have proven the primary client for GolfBoards are course owners and operators, who purchase small fleets of GolfBoards (typically 4 to 12 boards to start), which they rent to their members and guests. Typically, these clients first request a free 1-day demo, followed by a trial / rental of 30 to 60 days prior to making their initial GolfBoard purchase (some requesting longer trials / rentals).

Now with roughly only 270+ trial / rental boards in inventory, the Company has been able to begin to expand the number of trials / rentals to a larger number of courses. As of September 1<sup>st</sup>, 2018, the company had 50+ boards rented to 9 properties with 2018 rental income to date of approximately \$107,000. While the availability of fleets of rental boards decreases near term sales revenue, as courses choose to rent vs buy, there is a potential long-term revenue benefit to the company by deploying a large number of rental boards which will lead to growth of high margin recurring revenue. The Company is in the process of refurbishing more of its trial board fleet to in order to deploy more rental boards.

Previously, the Company secured approximately \$500K of debt from Bay Cap Leasing and Golf Capital Group to finance the purchase of additional company owed boards. In order to further increase in the Company's trial board fleet, it will first be necessary for the company to raise additional capital through a series of equity capital raises, which will in part be used for the purchase of trial / rental boards.

The following Financial Conditions Report summarizes the Company's results of operations, financial milestones, and the liquidity challenges of the Company that equity investors and creditors should consider when investing in Sol Boards. To date, the Company's growth has been primarily financed through debt and deferred payables, which is now approaching \$5mln, with capital stock and paid in capital of approximately \$3 mln. The anticipated successful completion of up to \$6 mln equity capital raise (\$1mln 506C raise, and \$5mln Title IV Reg A+ follow-on raise), will allow the company to pay off its deferred payables, retire high interest early-stage debt, as well as finance the much-needed growth in trial / rental boards.

### Results of Operations & Financial Milestones

During its first 5 years of operations, Sol Boards, Inc. has demonstrated substantial proof of concept, selling approximately 3,000 GolfBoards deployed on approximately 300 golf courses worldwide. During this time, the company received significant favorable news media and social media support, including millions of dollars of local, regional, national, and international news media attention, as well as more than 40mln social media impressions and 17.5mln viral video views. The popularity of GolfBoard is further evidenced by GolfBoard winning the PGA Best New Product award in 2014, and in 2016 being selected as the Golf Digest Editor's Choice for Best Club Transport.

The Company has now grown its US GolfBoard sales and service representative network to approximately 30 Territory Managers (and is targeting 50), with international distributors in Australia, Mexico, Dominican Republic, Spain, France, Indonesia and others. Inquiries to buy and / or ride GolfBoards at [golfboard.com](http://golfboard.com) have grown to an average of approximately 1,500 per day, periodically increasing to up to 4,000 a day during the summer peak golf season. In 2016, the Company sold and delivered a high of approximately 750 GolfBoards.



In 2016, the Company started testing a managed fleet rental program, which allowed course owners and operators to trial GolfBoards on a month to month as well as seasonal basis and has now grown its managed fleet rental program to approximately 270 boards, of which roughly 50 are deployed as rental boards as of 9/1/18. In that much of the of the Company owned boards have been used extensively for 1-day demos and free trials, they need extensive service repairs and upgrades, including new motors, bushings and springs. This service work has started and will be on-going through at least through Q1 2019 (possibly longer). As this service work is completed, the repaired and upgraded boards will be deployed for rent. The Company's managed fleet rental program allows GolfBoard clients to "try before they buy," increasing course penetration, as well as generating on-going high-margin recurring revenue.

The company has reduced its operating losses from a negative net income after taxes of approximately -\$1.5mln in 2015 to -\$1.1mln in 2016, and in 2017 had a loss -\$977K. As of 9.1.18 the Company net income is -\$800K. The negative EBITDA in 2017 was largely due to an 8-week (Q2) battery shortage during the Company's peak season during which it could not sell or deliver boards. While this battery supply issue has been resolved, sales were further disrupted by hurricanes in Texas and Florida negatively impacting Q3 2017. In 2018, the increased access to free trial and rental boards has made it easier to stimulate client interest but also resulted in lower sales volume as many clients delayed their buying decision to next season, as they were satisfied to simply test near term. However, the company believes it will maximize revenue and earnings in the long run by its continued focus on deploying a larger number of rental boards.

In response to growing demand for a next generation multi-purpose board suitable for use off of golf courses, in the fall of 2016 the company brought to market its new ResortBoard offering. The ResortBoard is a multipurpose all-terrain board that can go on pavement, as well as be used off-road on back country trails. This new ResortBoard offering leverages existing technology to cater to adjacent markets such as vacation properties and residential communities. ResortBoard / non-golf sales are currently only a small portion of revenue but represent a significant upside potential to plan.

There has been strong progress with respect to new product development. In Q3 of 2018 the Company brought to market new GolfBoard Pro and CaddyBoard offerings (<http://www.golfboard.com/the-board-room/>). The GolfBoard Pro allows courses to rent their board for sightseeing as well as golf, greatly expanding the user audience. The Company has also recently delivered the first 5 CaddyBoards to Pebble Beach Resorts, and they began beta testing in mid-September 2018. These new offerings set the stage for greater adoption by both public and private golf courses.

After over a year of testing and development, the Company opened its first BeachBoard rental center in New Jersey in mid-August 2018 (<http://www.golfboard.com/beachboard/>). With 18 BeachBoards in the fleet, the rental center is experiencing usage as high as 40 rentals per hour, at a cost of \$10 for 10 minutes in a designated terrain park. The BeachBoard offering will be expanded to include 30-minute beach tours for \$30 to \$50 per ride. Based on the early success of the BeachBoard rental center, the Company plans to open additional locations, as well as eventually offer franchise opportunities.

#### Liquidity and Capital Resources

The company currently has \$3.6M of debt, plus approximately \$100k in accrued expenses, and \$390K in deferred executive management compensation, of which is 40% is being converted to the Company's stock at \$1.25 per share. In Q4 2016, the Company completed an initial Title III equity capital raise of \$998,750, followed-up in Q1 2017 with a 506(c) raise of an additional \$911,250. After the additional \$1M 506C equity capital raise targeted Q4 2018, the Company intends to execute a Title IV equity capital raise of up to \$5mln in mid-2019. The proceeds from the Title IV equity capital raises will be used in part to retire debt, including as a priority its Forbearance Agreement from Microcast for \$725K (the Company's exclusive manufacturing partner).



The Company's asset largely consists of "Managed Fleet" and "Trial" boards, which are rotated to golf courses in 4, 8, & 12 board trial fleets in order to expose courses to our GolfBoard offering and generate rental revenue. Roughly 50% of the 270+ managed fleet rental boards are still on various long-term multi-year financing agreements.

After the successful completion of the recent Title III equity capital raise of 799,000 shares at a price of \$1.25 per share, and 506(c) raise of \$911K / 729,100 shares at \$1.25 per share, the Company will offer another 800K shares via a 506C raise at \$1.25 per share, as well as a subsequent Title IV equity capital raise of up to 4,000,000 shares at a price of \$2.05 per share.

The Company will use much of the funds raised through these offering to increase its managed fleet rental boards. Since the Company expects to deploy these managed fleet rental boards at golf courses and resorts at rental rates of \$325 to \$525 per month, the growth of the Company's managed fleet program is expected to drive a steady stream of high margin recurring revenue. Sol Boards is targeting to have 250 rental boards deployed by mid-2019 (a deployment rate of 100 per quarter), and then continue to expand thereafter.

## Management

**John Wildman, Chairman & CEO.** Prior to joining the GolfBoard team, John was with Bally Total Fitness for over 25 years in various sales and marketing positions, including Chief Marketing Officer and Chief Operating Officer. John helped grow the company to over 400 locations with over 20,000 employees, generating annual revenue of over \$1B. John attended DePauw University, the Anderson School of Management at UCLA, and the Executive Education Program at the Kellogg School of Management at Northwestern University.

**Jeff Dowell, President.** Jeff has spent 35 years in start-ups and early stage business development ventures in the Golf, Technology and Digital Media industries. Jeff has held Sr. Executive roles in Sales, Operations, and Product Development during his tenures at Oak Hill Country Club, Inter-ad Inc, Clarity Visual Systems, LG Electronics and 3M Corporation, prior to coming to GolfBoard. Jeff graduated from Indiana State University.

**Ali Fakhari, Chief Financial Officer.** With over 15 years of management consulting experience, Ali combines financial expertise with tactical operating capabilities to businesses ranging from start-ups to Fortune 100 companies. Before co-founding his advisory firm, Ivy Venture Partners, Ali was a consultant at Bain & Company and held senior positions at Caesars Entertainment during its merger with Harrah's and reported to the CFO of Burger King during its IPO. Ali has an MBA from Harvard Business School.

## Directors, Key Investors, and Advisors

**Dean Fuschetti, Director.** A major investor in Sol Board, Dean is COO of Microcast Technologies Corporation, the exclusive manufacturing partner with Sol Board. MTC has greatly assisted with product design and development of the GolfBoard and its adjacent offerings. MTC is also engaged by Sol Boards Inc to provide service and replacement part support. Dean is a graduate of Florida State University.

**Star Faraon, Director.** Sol Boards Co-Founder and one of its largest shareholders, Star spent 6 years as a product rep for Quanta, an electric motorcycle company based in Switzerland. Star continues innovation efforts for clean and quiet electric vehicles. Star was the behind the original development of the high performance 4-wheel drive skateboard which led to the development of the GolfBoard.

**Don Wildman, Investor.** Largely credited for building the \$15 billion+ health club market through innovative service offerings and celebrity-based marketing, Don was founder and owner of Health & Tennis Corporation of America, which he sold to Bally Entertainment, where it was rebranded to Bally Total Fitness. The originator of idea of the GolfBoard, Don is Co-Founder of Sol Boards Inc., and is currently one of the Company's largest shareholders.

**Laird Hamilton, Advisor.** Famous for being the world's premier big wave surfer and renowned waterman, Laird Hamilton is largely considered the primary influence behind many surfing innovations, including tow-in surfing, stand-up paddle boarding, and hydrofoil boarding. Laird is involved with various entrepreneurial companies and is the co-



inventor of the GolfBoard. Laird is well known for unique fitness and underwater resistance training workout he has developed branded XPT, as well as his highly successful Laird Superfood company.

**Paul Hodge, Advisor.** Co-Founder of GolfBoard, Paul is responsible for the early formation and initial early stage development of Golfboard. Paul is the Founder and Managing Member of GB Leasing, the preferred leasing partner to GolfBoard, which was made out of necessity as a way to finance GolfBoards to potential customers during the company's early development. Paul is also the co-founder and current CEO of Laird Superfood a natural food company partnered with Laird Hamilton. Paul is a serial entrepreneur who has spent the last 26 years founding and taking on early stage development of a variety of businesses in multiple categories and industries.

**Luan Pham Advisor.** Luan brings over 20 years of marketing industry experience to GolfBoard, with recent in-depth experience in sports marketing. He is the previous Head of Marketing for Condé Nast|Golf Digest, and prior to that was Senior Director of Marketing, Golf & Tennis for Polo Ralph Lauren, and Marketing Services Director for Kiplinger Washington. He has a Bachelors' in Communication, Emphasis in Advertising, from California State University - Fullerton.

## RISK FACTORS

**DISCLAIMER.** Except as may be specifically stated otherwise herein, the risk factors set forth herein speak only as of the date listed above ("Disclosure Date"). Neither the subsequent delivery of this document nor any sale of shares of stock shall be deemed a representation that there has been no change in the affairs, prospects or attributes of Sol Boards, Inc. ("Company") since the Disclosure Date. This disclosure statement supersedes all prior versions. From and after the Disclosure Date, prior versions of this disclosure statement may not be relied on.

**BACKGROUND.** Company is an early stage company that, among other planned activities, sells a four-wheel drive electric powered single rider board under the trade name **GolfBoard®**, **ResortBoard** and **BeachBoard**, and may develop and sell other products and services, including, without limitation, other electric board products.

**GENERAL STATEMENT OF RISK.** Company has limited financial and operating history. Any investment in the Company's Class B Non-Voting Common Stock ("Class B Stock" or "Shares" or "Class B Shares") involves a high degree of risk of loss, and possibly total loss of that investment. The value of the Shares is volatile and there can be no assurance that Company will be profitable. The likelihood of success of Company must be considered in light of the problems, expenses, difficulties, complications and delays encountered in connection with expanding and growing the business enterprise, as well as the specific risks Company faces. Realization of the objectives of Company is subject to significant economic and business risks. AN INVESTMENT IN THE SHARES IS HIGHLY SPECULATIVE. THUS, PROSPECTIVE INVESTORS SHOULD CAREFULLY REVIEW AND CONSIDER THE MATTERS DESCRIBED BELOW.

**\*\*\*RISK OF UNDERSUBSCRIPTION\*\*\*.** The Company is attempting to raise up to \$1,000,000 through this 506C offering ("Offering"), and plans to attempt to raise up to an additional \$5,000,000 through a subsequent Title IV offering of Class B Stock (the "Subsequent Offer"). If either the Offering or Subsequent Offer, or both of them, are not fully subscribed, meaning that less than \$6,000,000 is raised between the two offerings, the Company may be at material risk of being unable to meet its financial obligations or to continue its operations (the greater the shortfall, the greater such risk), and, would be unlikely to be able to implement its business plan or achieve its financial projections. There can be no guaranty that the Company will succeed in raising \$6,000,000 through the offerings or that the proceeds will be enough for Company's capital needs. Further, if the Company does succeed in raising \$6,000,000 through the offerings, there can be no guaranty that the Company will successfully implement its business plan or achieve its financial projections, or that such proceeds will be sufficient for Company's capital needs.

The minimum raise for this Offering is 25,000 ("Minimum Raise"). If the Minimum Raise is not achieved, the



Company does not intend to accept any subscriptions. If the Minimum Raise is achieved, the Company intends to close escrow on such funds and then continue seeking and accepting further investments, and closing escrow on any such further investments, as funds are received, with total accepted investments in the Offering to be capped at an amount not to exceed \$1,000,000. Investment funds are expected to be spent and otherwise used by the Company for its business purposes as they are released from escrow. As a result, there can be no assurance that the Company will raise sufficient funds in either the Offering or Subsequent Offer to carry out its business plan as currently proposed, or that the net proceeds from either the Offering or the Subsequent Offer will be in an amount sufficient to meet its financial obligations, continue its operations, implement its business plan or achieve its financial projections. Additionally, the Company may choose to (or need to) sell one or more of its brands to provide working capital and / or pay debt, and may not be able to do so. A particular investor's investment funds will likely be spent before the Company knows whether either the Offering or Subsequent Offer will be fully subscribed. Company may not have funds available to pay any refund to which an investor may be entitled under applicable law.



**RESTRICTIONS ON TRANSFER.** The Shares have not been registered under the Securities Act of 1933 or any state securities laws, and Company is not obligated to register the Shares. A purchaser of the Shares may not offer, sell, transfer, pledge, or otherwise dispose of the Shares unless pursuant to an effective registration statement filed under the Securities Act of 1933 and any other applicable securities laws, or unless Company receives an opinion of counsel, in form and from counsel acceptable to Company, that the offer, sale, transfer, pledge, or other disposition is exempt from the registration requirements of the Securities Act of 1933 and any other applicable securities laws, including, without limitation, any state securities laws.

Additionally, Shares purchased cannot be resold for a period of one year, unless the Shares are transferred:

- To the Company;
- To an accredited investor;
- As part of an offering registered with the Securities and Exchange Commission; or
- To a member of the family of the purchaser or the equivalent, to a trust controlled by the purchaser, to a trust created for the benefit of a member of the family of the purchaser or the equivalent, or in connection with the death or divorce of the purchaser or other similar circumstance.

Due to the above restrictions, it is unlikely that a purchaser may readily liquidate the purchaser's investment in the Shares. The certificates for all Shares shall contain a legend referencing these and other applicable restrictions on transfer.

**GENERAL RISK FACTORS.** Risk factors faced by Company include, but are not limited to:

(i) Potential competition from competitors (who may be well established in the golf industry and/or have significant financial resources) who develop a similar or superior competing product; (ii) in the event of insufficient sales to cover operating costs, Company may be unable to raise sufficient capital; (iii) regulatory risk from existing, new and increasing regulations and laws that could delay, prevent or restrict the sale of Company's products; (iv) Company's success is highly dependent on its intellectual property – Company's products may be alleged to infringe the intellectual property of others, or others may infringe Company's intellectual property; (v) mechanical or other failure of Company's products or its components, such as the products' battery or loss of power, broken stability bar or suspension plates, or undetected board damage resulting from product misuse or abuse, could, among other potential consequences, cause fire, loss of brakes and/or other damage or injury to persons or property; (vi) claims related to personal injury, including, without limitation, loss of life, and other damages resulting from use of Company's products (vii) development risks; (viii) lack of diversification of Company's products; (ix) disruptions in sales and production cycles due to changes in market demand, manufacturing or parts inventory problems, or other factors; (x) uninsured loss; (xi) Company relies on its key personnel, the loss of any of whom could have significant repercussions on Company; (xii) general economic conditions and volatile market conditions that are beyond Company's control; (xiii) sales and marketing risk and development of distribution channels; (xiv) Company generally faces a long sales cycle to golf courses; (xv) low profit margins and continued pressure on profit margins; (xvi) difficulty in forecasting sales volume, including for new non-golf uses and international markets; (xvii) potential conflicts of interest; (xviii) Company is party to contracts that commit Company to long-term obligations and may not reflect current market conditions or terms that Company could secure on the open market; (xix) Company may face significant retrofit and redesign costs which could exceed established reserves or exceed contractual obligations of Microcast Technologies Corp, the Company's contract manufacturer, to remediate such costs, or both; (xx) increased labor costs and the ability of Company to attract and retain qualified personnel; and (xxi) warranty claims.



**PROJECTIONS AND ESTIMATED COSTS:** All projections and forecasts provided by Company must be viewed only as estimates, and Company makes no warranty or guaranty that any projections, predictions or expectations will be realized. Company's business plan is based on a number of assumptions relating to costs, sales revenues and other matters. Among the assumptions are that Company will enter into a services agreement with MTC by which Company's monthly service expenses will be significantly reduced. Company is confident it will be able to reach such an agreement with MTC, but if it is unable to do so, there could be a material adverse impact on Company's financial results and projections, and there is no guaranty that any savings will actually be realized if such agreement is reached. In reviewing those estimates and projections, investors need to be aware that such assumptions include that at least \$1,000,000 will be raised in this Offering and that \$5,000,000 will be raised in a Subsequent Offer, that a customer base will be grown at a certain rate, and that sales and rental of products will increase significantly over time. Therefore, although estimated costs and projections have been made in good faith, there is no assurance that all factors influencing such costs and assumptions have been fully reflected due to variability in such factors, among others. Further, Company may be unable to raise sufficient funds, and there are a number of conditions beyond Company's control which could materially impact costs, fund raising success and projected operating results, including among others, changes in government regulation, the effect of ongoing terrorism, changes in general economic conditions, and the amount and time frame within which capital funding for Company is raised.

**RISK OF MANAGING GROWTH.** Company expects to expand its operations by increasing its focus on deployment of rental boards, expanding its sales and marketing efforts, and continuing its research and development activities to improve its product and offerings. The anticipated growth could place a significant strain on Company's management, and operational and financial resources. Effective management of the anticipated growth shall require expanding Company's management and financial controls, hiring additional appropriate personnel as required, and developing additional expertise by existing management personnel. There can be no assurances that these or other measures implemented by Company shall effectively increase Company's capabilities to manage such anticipated growth or to do so in a timely and cost-effective manner. Moreover, management of growth is especially challenging for a company with a short operating history and limited financial resources. The failure to effectively manage growth could have a material adverse effect on Company's operations.

**OFFERING PRICE.** The offering price for the Shares was established by the board of directors and management of Company and is not based on any independent evaluation of Company nor any correlation to Company's book value or any historic earnings per share. Among the factors utilized by management and the board of directors in establishing the share price for the Shares were potential future revenue and earnings of Company projected by management based on the assumptions that both the current Offering and the Subsequent Offer are successful, and that the objectives in the business plan are fully achieved. There can be no assurance that Company will raise sufficient capital, will successfully execute on its business plan or that the Shares could ever be resold at or above the offering price or for any price.

**TAX CONSEQUENCES.** The tax consequences of investing in the Shares will depend on the purchaser's particular circumstances. Neither Company, nor any of its directors, officers, shareholders, agents, employees, affiliates, consultants or representatives are responsible or liable for the tax consequences of an investment in the Shares. Purchasers must look solely to, and rely on, their own advisors with respect to the tax consequences of any investment in the Shares, and should consult with their own attorney regarding all legal and tax matters concerning making an investment in the Shares and the resulting tax consequences. Neither Company nor any representative of Company has made any promise or any guaranty that any income, gain or tax benefits will be realized from investing in any of the Shares.

**SPECULATIVE INVESTMENT.** There is no guaranteed return on any investment in the Shares. The Shares are a speculative investment and involve a high degree of risk of loss of any purchaser's investment. A purchaser may be unable to liquidate the purchaser's investment in the Shares because the Shares are subject to substantial transfer restrictions and because no public market exists for the Shares. No federal or state agency has made any recommendation or endorsement of any of the Shares or any finding or determination as to the fairness or quality of the Shares as an investment.



#### LEGAL CLAIMS:

**Altered Electric Skateboards.** Altered Electric Skateboards/Chase Boards, LLC sent Company a demand letter dated January 17, 2014, alleging certain claims of patent infringement against Company.

Company and its patent counsel reviewed the claims and responded in writing, explaining Company's and its patent counsel's position and belief that its product(s) is not covered by the claims of Altered Electric Skateboards'/Chase Boards, LLC's patents. Company's position continues to be that its product(s) is not covered by the patent claims and Company is not aware of any related legal action having been initiated.

**"Surf The Earth" Trademark.** Counsel for Scott Benston *dba* Surf The Earth sent Company a cease and desist letter dated November 13, 2015, alleging that Company was infringing on Mr. Benston's rights to the SURF THE EARTH trademark. Company and its trademark counsel reviewed the demand and responded by letter dated December 17, 2015 summarizing Company's position that the goods and/or services each party offers under the SURF THE EARTH mark are distinguishable and that no infringement exists. Mr. Benston's counsel responded by letter dated January 15, 2016 further alleging infringement and related claims. **The parties have now reached a settlement that will allow Company to continue use of the SURF THE EARTH mark under license.**

#### GOVERNANCE:

**Super Majority.** The bylaws of Company, include, and the articles of incorporation of Company allow, without limitation, certain super-majority voting standards for actions by Company's board of directors and Class A Voting Common Stock.

**Voting Agreement.** Company has been advised that a group of shareholders and anticipated future shareholders that currently own, and may continue to own, a majority of the shares of common stock in Company, currently anticipated to include Dean Fuschetti, Michael Fuschetti, Steven Fuschetti, Richard J. Fuschetti, Jr., Don Wildman, John Wildman, Laird Hamilton, Paul Hodge and Starling Faraon, entered into a voting agreement related to how they will vote their shares for directors of Company (and potentially how they will vote for other matters), the substance of which is anticipated to be that they will vote for John Wildman, Dean Fuschetti, and Starling Faraon to serve as directors and that they are likely to serve as Company's directors for the foreseeable future. This voting agreement also applied to both Hodge and Hamilton, who were previously Board Members of Sol Boards, who have since resigned from the Board due to potential conflicts with their duties to other companies, but who continue to be advisors to Sol Boards.



**SECURITIES OFFERINGS.** Company has not caused the Class B Stock offered in this Offering, or any securities in any of its previous offerings, to be registered with the Securities and Exchange Commission under the Securities Act of 1933, as amended. Company is offering the Class B Stock for sale pursuant to the exemption found in Section 4(a)(6) of the Securities Act of 1933, as amended. In addition, Company intends to rely on Regulation Crowdfunding for the Offering. The Company has relied on Section 4(a)(2) of the Securities Act of 1933, as amended, and the safe harbor rule contained in Rule 506(b) for prior offerings. There are a number of technical requirements that must be satisfied for an issuer to rely on Regulation D or Regulation Crowdfunding. Company believes that this Offering and its other securities offerings have been made in material compliance with all applicable laws and regulations, but there is, however, the possibility that Company has not satisfied or may not satisfy all the technical requirements of Regulation D or Regulation Crowdfunding, thereby losing its right to rely on the safe harbor contained in those regulations, or Company may conduct the Offering, or have conducted prior offerings, in a way that does not otherwise qualify for exemption under Section 4(a)(2) or Section 4(a)(6) or in a way that did not or does not materially comply with all applicable laws and regulations. If Company offers the Shares, or previously offered any securities, in a way not exempt from the registration requirements under Securities Act of 1933, as amended, or similar exemptions under applicable Blue Sky (state securities) laws, or not in compliance with applicable laws, purchasers may have claims against Company for a total refund of their subscription amounts, together with interest at statutory rates and claims for attorneys' fees. Such claims, if brought, would be disruptive to Company's business, cause Company to incur significant expenses and could force a sale of Company assets to satisfy the economic demands of the claimant or leave the Company unable to satisfy such demands. Company may also accept investments from foreign investors as part of the offering or in subsequent offerings. There is a risk that any such transaction could be found to violate the laws of the applicable foreign jurisdiction, which could result in fines, restrictions or other consequences to the Company.

**INSIDER INTENT TO SELL:** Paul Hodge previously disclosed that he anticipates selling a significant portion of his shares of common stock in Company or options to acquire such stock, to help fund other business ventures (including GB Leasing) but that Mr. Hodge intended to maintain at least 55,920 shares of stock in Company immediately after any such sale.

**ABSENCE OF DIVIDENDS.** Company does not anticipate paying cash dividends in the near future, and does not guaranty any dividend payments, however, Company is not precluded from paying dividends to the extent it has cash available to do so, and may pay dividends in the future if it has cash available to do so.

**NO PREEMPTIVE RIGHTS.** Company has waived preemptive rights. No shareholders in Company have any preemptive rights.

**NON-VOTING SHARES.** The rights of holders of Class B Shares and of Class A Voting Common Stock of Company (both classes of stock may be referred to together as "Common Stock"), such as to dividends or liquidation proceeds, are identical (on a share for share basis), except that the Class B Shares are non-voting. The Class B Shares have no voting rights except as may otherwise be required by applicable law, and are therefore not entitled to vote for the election of directors or on other matters coming before the shareholders for a vote. Company may issue other classes of common stock or preferred stock that have rights, preferences or dividends or other matters that are senior or preferential to the existing rights of the Class B Shares. In the event of a liquidation, dissolution or winding up of Company, holders of Common Stock are entitled to share equally and ratably in Company's assets, if any, remaining after payment of all liabilities of Company and the liquidation preference of any outstanding class or series of preferred stock. There is no assurance that Company in the future will not issue preferred stock with rights, privileges and preferences different than those granted to the Common Stock, that may affect, without limitation, the Common Stock's rights to Company assets in the event of a liquidation, dissolution or winding up of Company and priority and rights with respect to any dividends.

**INDEMNITY OBLIGATIONS.** Company's articles of incorporation provide that Company is required to indemnify current and former directors and officers of Company to the fullest extent permitted by the laws of the State of Oregon. These rights of indemnification are not exclusive of any other rights of indemnification to which the persons indemnified may be entitled under any bylaw, agreement, and vote of shareholders or directors or otherwise. Company's board of directors may cause Company to indemnify employees and agents of Company. Company has also assumed other indemnity obligations by contract, which could obligate Company to assume significant liabilities



and expend significant sums.

**DILUTION.** In the event Company requires additional financing at any time, including without limitation, after either or both of the Offering and the Subsequent Offer, it may sell additional preferred or common stock, convertible promissory notes, warrants, options or other equity interests or interests convertible to equity, and may grant stock options, phantom equity, preferred or common stock or other form of incentive compensation to employees or others, all of which will cause the purchaser of the Class B Shares to suffer dilution. Purchasers of the Class B Shares may experience further dilution, especially to the extent that such additional shares or other equity may be issued at a price less than the price paid for the Class B Shares in this offering.

#### **EMPLOYEES & CONTRACTORS.**

**Employment Laws.** Employment laws are complex, technical and evolving. The Company uses contractors. It is possible that a federal or state agency or court could challenge these characterizations or attempt to reclassify any of such contractors, or any other contractors of the Company, as employees. It is also possible that Company may be found or alleged to be in violation of, or having violated, one or more of such laws or regulations, including, without limitation, laws and regulations related to the classification of workers, which could result in legal action, fines or other actions against or related to Company, any of which could be disruptive to Company and cause it to incur significant expense.

**No Restrictive Covenants.** Company's ability to restrict its employees and contractors from competing against Company or soliciting Company's clients or employees is limited under applicable law. Company does not or may not have enforceable noncompetition or non-solicitation agreements with any or all of its senior management and other employees and contractors. It is possible that one or more of Company's employees or contractors (or former employees or contractors) will or could, directly or indirectly, compete against Company or solicit Company's clients or employees. Any such actions could be damaging to Company and its business.

**CAUTIONARY STATEMENTS.** PROSPECTIVE INVESTORS MUST CONDUCT AND RELY ON THEIR OWN EVALUATIONS OF THE SHARES, COMPANY AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED IN MAKING AN INVESTMENT DECISION WITH RESPECT TO THE SHARES. READ ALL DOCUMENTS PROVIDED BY THE COMPANY CAREFULLY, INCLUDING, WITHOUT LIMITATION, THESE "RISK FACTORS".

## **ANY EVENTS TRIGGERING DISQUALIFICATION**

#### **Bad Actor Disclosure**

After due and reasonable inquiry, the Company represents that, to its best information, knowledge, and belief, neither the Company, any member of the Company, any promoter connected with this Offering, any person that has been or will be paid remuneration for solicitation of purchases in connection with this Offering, nor any other person listed in connection with this Offering has been subjected to or the recipient of any conviction, order, judgment, decree, suspension, expulsion, bar, or other event that is a disqualifying event.



CERTAIN STATEMENTS HEREIN OR IN OTHER INFORMATION PROVIDED BY COMPANY TO INVESTORS, OR OTHERWISE MADE AVAILABLE TO INVESTORS, CONSTITUTE “FORWARD LOOKING STATEMENTS”. SUCH FORWARD LOOKING STATEMENTS ARE BASED ON ASSUMPTIONS AS TO FUTURE EVENTS THAT ARE INHERENTLY UNCERTAIN AND SUBJECTIVE. COMPANY MAKES NO REPRESENTATION OR WARRANTY AS TO THE ATTAINABILITY OF SUCH ASSUMPTIONS OR AS TO WHETHER FUTURE RESULTS WILL OCCUR AS PROJECTED. THE PROJECTIONS OF COMPANY’S FUTURE PERFORMANCE ARE NECESSARILY SUBJECT TO A HIGH DEGREE OF UNCERTAINTY. ACTUAL RESULTS CAN BE EXPECTED TO VARY FROM THE RESULTS PROJECTED. SUCH VARIANCES MAY BE MATERIAL AND ADVERSE. PROSPECTIVE INVESTORS ARE EXPECTED TO CONDUCT THEIR OWN INVESTIGATIONS WITH REGARD TO COMPANY AND ITS PROSPECTS.

CERTAIN PROVISIONS OF VARIOUS AGREEMENTS, TRANSACTIONS AND RELATIONSHIPS ARE SUMMARIZED HEREIN, BUT PROSPECTIVE INVESTORS SHOULD NOT ASSUME THAT THE SUMMARIES ARE A COMPLETE STATEMENT OF THOSE PROVISIONS OR OF ALL OF THE TERMS OR PROVISIONS OF SUCH AGREEMENTS, TRANSACTIONS OR RELATIONSHIPS.