

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549**

**FORM C/A**

**UNDER THE SECURITIES ACT OF 1933**

(Mark one.)

- Form C: Offering Statement
- Form C-U: Progress Update
- Form C/A: Amendment to Offering Statement
  - Check box if Amendment is material and investors must reconfirm within five business days.
- Form C-AR: Annual Report
- Form C-AR/A: Amendment to Annual Report
- Form C-TR: Termination of Reporting

***Name of issuer***

HILOS, INC.

***Legal status of issuer***

***Form***

Corporation

***Jurisdiction of Incorporation/Organization***

Delaware

***Date of organization***

July 17, 2019

***Physical address of issuer***

431 NW Flanders St, Suite 201, Portland, OR 97209

***Website of issuer***

www.hilos.co

***Address of counsel to the issuer for copies of notices***

BEVILACQUA PLLC  
1050 Connecticut Avenue, NW  
Suite 500  
Washington, DC 20036

Attention: Louis A. Bevilacqua, Esq.  
Email: [lou@bevilacquaplbc.com](mailto:lou@bevilacquaplbc.com)

***Name of intermediary through which the Offering will be conducted***

MicroVenture Marketplace Inc.

***CIK number of intermediary***

0001478147

***SEC file number of intermediary***

008-68458

***CRD number, if applicable, of intermediary***

152513

***Amount of compensation to be paid to the intermediary, whether as a dollar amount or a percentage of the Offering amount, or a good faith estimate if the exact amount is not available at the time of the filing, for conducting the Offering, including the amount of referral and any other fees associated with the Offering***

The issuer shall pay to the intermediary a fee consisting of five percent (5%) commission based on the amount raised in the Offering and paid upon disbursement of funds from escrow after the conclusion of the Offering.

***Any other direct or indirect interest in the issuer held by the intermediary, or any arrangement for the intermediary to acquire such an interest***

The intermediary will receive a number of Crowd Notes of the issuer that is equal to two percent (2%) of the total number of Crowd Notes sold by the issuer in the Offering.

***Name of qualified third party "Escrow Agent" which the Offering will utilize***

Evolve Bank & Trust

***Type of security offered***

Crowd Note

***Target number of Securities to be offered***

25,000

*Affiliates of the issuer may invest in the offering, and their investment would be counted toward achieving the target amount.*

***Price (or method for determining price)***

\$1.00

***Target offering amount***

\$25,000.00

***Oversubscriptions accepted:***

Yes

No

***Oversubscriptions will be allocated:***

- Pro-rata basis
- First-come, first-served basis
- Other: At the Company's discretion

***Maximum offering amount (if different from target offering amount)***

\$250,000.00

***Deadline to reach the target offering amount***

December 28, 2020

**NOTE: If the sum of the investment commitments does not equal or exceed the target offering amount at the Offering deadline, no Securities will be sold in the Offering, investment commitments will be cancelled and committed funds will be returned.**

***Current number of employees***

3

*None of the employees have employment agreements with the Company*

	<b>Most recent fiscal year-end (December 31, 2019)</b>
<b>Total Assets</b>	\$51,120.55
<b>Cash &amp; Cash Equivalents</b>	\$49,486.77
<b>Accounts Receivable</b>	\$0.00
<b>Short-term Debt</b>	\$5,000.00
<b>Long-term Debt</b>	\$0.00
<b>Revenues/Sales</b>	\$0.00
<b>Cost of Goods Sold</b>	\$0.00
<b>Taxes Paid</b>	\$0.00
<b>Net Income</b>	\$(55,933.45)

***The jurisdictions in which the issuer intends to offer the Securities:***

Alabama, Alaska, Arizona, Arkansas, California, Colorado, Connecticut, Delaware, District Of Columbia, Florida, Georgia, Guam, Hawaii, Idaho, Illinois, Indiana, Iowa, Kansas, Kentucky, Louisiana, Maine, Maryland, Massachusetts, Michigan, Minnesota, Mississippi, Missouri, Montana, Nebraska, Nevada, New Hampshire, New Jersey, New Mexico, New York, North Carolina, North Dakota, Ohio, Oklahoma, Oregon, Pennsylvania, Puerto Rico, Rhode Island, South Carolina, South Dakota, Tennessee, Texas, Utah, Vermont, Virgin Islands, U.S., Virginia, Washington, West Virginia, Wisconsin, Wyoming, American Samoa, and Northern Mariana Islands

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**September 17, 2020**

**FORM C/A**

**Up to \$250,000.00**

**HILOS, INC.**

**H I L O S**

**Explanatory Note**

HILOS, Inc., (the "Company") is filing an amendment to its Form C, which was initially filed with the Securities and Exchange Commission on August 31, 2020. This amendment is filed to add the Company's unaudited 2019 financial statements, attached hereto as (Exhibit A), to update the Company's business description in the Company summary and pitch deck, attached hereto as (Exhibit B) and (Exhibit E), respectively.

**Crowd Note**

This Form C/A (including the cover page and all exhibits attached hereto, the "Form C/A") is being furnished by HILOS, INC., a Delaware Corporation (the "Company," as well as references to "we," "us," or "our"), to prospective investors for the sole purpose of providing certain information about a potential investment in Crowd Note Convertible Notes of the Company (the "Securities"). Investors in Securities are sometimes referred to herein as "Purchasers." The Company intends to raise at least \$25,000.00 and up to \$250,000.00 from Investors in the offering of Securities described in this Form C/A (this "Offering"). The minimum amount of Securities that can be purchased is \$100.00 per Investor (which may be waived by the Company, in its sole and absolute discretion). The offer made hereby is subject to modification, prior sale and withdrawal at any time.

The rights and obligations of the holders of Securities of the Company are set forth below in the section entitled "*The Offering and the Securities--The Securities*". In order to purchase Securities, a prospective investor must complete the subscription process through the Intermediary's platform, which may be accepted or rejected by the Company, in its sole and absolute discretion. The Company has the right to cancel or rescind its offer to sell the Securities at any time and for any reason.

The Offering is being made through MicroVenture Marketplace Inc. (the "Intermediary"). The Intermediary will be entitled to receive related to the purchase and sale of the Securities. At

the conclusion of the Offering, the Issuer shall pay to the Intermediary a fee consisting of five percent (5%) commission based on the amount of investments raised in the Offering and paid upon distribution of funds from escrow at the time of closing. The Intermediary will receive a number of Crowd Notes of the Issuer equal to two percent (2%) of the total number of Securities sold by the Issuer in the Offering.

	Price to Investors	Service Fees and Commissions <sup>(1)(2)</sup>	Net Proceeds
<b>Minimum Individual Purchase Amount</b>	\$100.00	\$5.00	\$95.00
<b>Aggregate Minimum Offering Amount</b>	\$25,000.00	\$1,250.00	\$23,750.00
<b>Aggregate Maximum Offering Amount</b>	\$250,000.00	\$12,500.00	\$237,500.00

(1) This excludes fees to Company’s advisors, such as attorneys and accountants.

(2) The issuer will owe five percent (5%) of the amount raised in the Offering to the intermediary at the conclusion of the Offering.

**A crowdfunding investment involves risk. You should not invest any funds in this Offering unless you can afford to lose your entire investment. In making an investment decision, investors must rely on their own examination of the issuer and the terms of the Offering, including the merits and risks involved. These Securities have not been recommended or approved by any federal or state securities commission or regulatory authority. Furthermore, these authorities have not passed upon the accuracy or adequacy of this document. The U.S. Securities and Exchange Commission does not pass upon the merits of any Securities offered or the terms of the Offering, nor does it pass upon the accuracy or completeness of any Offering document or other materials. These Securities are offered under an exemption from registration; however, neither the U.S. Securities and Exchange Commission nor any state securities authority has made an independent determination that these Securities are exempt from registration. The Company filing this Form C/A for an offering in reliance on Section 4(a)(6) of the Securities Act and pursuant to Regulation CF (§ 227.100 et seq.) must file a report with the Commission annually and post the report on its website at [www.hilos.co](http://www.hilos.co) no later than 120 days after the end of the company’s fiscal year. The Company may terminate its reporting obligations in the future in accordance with Rule 202(b) of Regulation CF (§ 227.202(b)) by 1) being required to file reports under Section 13(a) or Section 15(d) of the Exchange Act of 1934, as amended, 2) filing at least one annual report pursuant to Regulation CF and having fewer than 300 holders of record, 3) filing annual reports for three years pursuant to Regulation CF and having assets equal to or less than \$10,000,000, 4) the repurchase of all the Securities sold in this Offering by the Company or another party, or 5) the liquidation or dissolution of the Company.**

The date of this Form C/A is September 17, 2020.

The Company has certified that all of the following statements are TRUE for the Company in connection with this Offering:

- (1) Is organized under, and subject to, the laws of a State or territory of the United States or the District of Columbia;
- (2) Is not subject to the requirement to file reports pursuant to section 13 or section 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d));
- (3) Is not an investment company, as defined in section 3 of the Investment Company Act of 1940 (15 U.S.C. 80a-3), or excluded from the definition of investment company by section 3(b) or section 3(c) of that Act (15 U.S.C. 80a-3(b) or 80a-3(c));
- (4) Is not ineligible to offer or sell securities in reliance on section 4(a)(6) of the Securities Act (15 U.S.C. 77d(a)(6)) as a result of a disqualification as specified in § 227.503(a);
- (5) Has filed with the Commission and provided to investors, to the extent required, any ongoing annual reports required by law during the two years immediately preceding the filing of this Form C/A; and
- (6) Has a specific business plan, which is not to engage in a merger or acquisition with an unidentified company or companies.

THERE ARE SIGNIFICANT RISKS AND UNCERTAINTIES ASSOCIATED WITH AN INVESTMENT IN THE COMPANY AND THE SECURITIES. THE SECURITIES OFFERED HEREBY ARE NOT PUBLICLY-TRADED AND ARE SUBJECT TO TRANSFER RESTRICTIONS. THERE IS NO PUBLIC MARKET FOR THE SECURITIES AND ONE MAY NEVER DEVELOP. AN INVESTMENT IN THE COMPANY IS HIGHLY SPECULATIVE. THE SECURITIES SHOULD NOT BE PURCHASED BY ANYONE WHO CANNOT BEAR THE FINANCIAL RISK OF THIS INVESTMENT FOR AN INDEFINITE PERIOD OF TIME AND WHO CANNOT AFFORD THE LOSS OF THEIR ENTIRE INVESTMENT. SEE THE SECTION OF THIS FORM C/A ENTITLED "RISK FACTORS."

THESE SECURITIES INVOLVE A HIGH DEGREE OF RISK THAT MAY NOT BE APPROPRIATE FOR ALL INVESTORS.

THIS FORM C/A DOES NOT CONSTITUTE AN OFFER IN ANY JURISDICTION IN WHICH AN OFFER IS NOT PERMITTED.

PRIOR TO CONSUMMATION OF THE PURCHASE AND SALE OF ANY SECURITY THE COMPANY WILL AFFORD PROSPECTIVE INVESTORS AN OPPORTUNITY TO ASK QUESTIONS OF AND RECEIVE ANSWERS FROM THE COMPANY AND ITS MANAGEMENT CONCERNING THE TERMS AND CONDITIONS OF THIS OFFERING AND THE COMPANY. NO SOURCE OTHER THAN THE INTERMEDIARY HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR MAKE ANY REPRESENTATIONS OTHER THAN THOSE CONTAINED IN THIS FORM C/A, AND IF GIVEN OR MADE BY ANY OTHER SUCH PERSON OR ENTITY, SUCH INFORMATION MUST NOT BE RELIED ON AS HAVING BEEN AUTHORIZED BY THE COMPANY.

PROSPECTIVE INVESTORS ARE NOT TO CONSTRUE THE CONTENTS OF THIS FORM C/A AS LEGAL, ACCOUNTING OR TAX ADVICE OR AS INFORMATION NECESSARILY APPLICABLE TO EACH PROSPECTIVE INVESTOR'S PARTICULAR FINANCIAL SITUATION. EACH INVESTOR SHOULD CONSULT HIS OR HER OWN

FINANCIAL ADVISER, COUNSEL AND ACCOUNTANT AS TO LEGAL, TAX AND RELATED MATTERS CONCERNING HIS OR HER INVESTMENT.

THE SECURITIES OFFERED HEREBY WILL HAVE TRANSFER RESTRICTIONS. NO SECURITIES MAY BE PLEDGED, TRANSFERRED, RESOLD OR OTHERWISE DISPOSED OF BY ANY INVESTOR EXCEPT PURSUANT TO RULE 501 OF REGULATION CF. INVESTORS SHOULD BE AWARE THAT THEY WILL BE REQUIRED TO BEAR THE FINANCIAL RISKS OF THIS INVESTMENT FOR AN INDEFINITE PERIOD OF TIME.

### **NASAA UNIFORM LEGEND**

IN MAKING AN INVESTMENT DECISION INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE PERSON OR ENTITY ISSUING THE SECURITIES AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED.

THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

### **SPECIAL NOTICE TO FOREIGN INVESTORS**

IF THE INVESTOR LIVES OUTSIDE THE UNITED STATES, IT IS THE INVESTOR'S RESPONSIBILITY TO FULLY OBSERVE THE LAWS OF ANY RELEVANT TERRITORY OR JURISDICTION OUTSIDE THE UNITED STATES IN CONNECTION WITH ANY PURCHASE OF THE SECURITIES, INCLUDING OBTAINING REQUIRED GOVERNMENTAL OR OTHER CONSENTS OR OBSERVING ANY OTHER REQUIRED LEGAL OR OTHER FORMALITIES. THE COMPANY RESERVES THE RIGHT TO DENY THE PURCHASE OF THE SECURITIES BY ANY FOREIGN INVESTOR.

### **SPECIAL NOTICE TO CANADIAN INVESTORS**

IF THE INVESTOR LIVES WITHIN CANADA, IT IS THE INVESTOR'S RESPONSIBILITY TO FULLY OBSERVE THE LAWS OF A CANADA, SPECIFICALLY WITH REGARD TO THE TRANSFER AND RESALE OF ANY SECURITIES ACQUIRED IN THIS OFFERING.

### **NOTICE REGARDING ESCROW AGENT**

EVOLVE BANK & TRUST, THE ESCROW AGENT SERVICING THE OFFERING, HAS NOT INVESTIGATED THE DESIRABILITY OR ADVISABILITY OF AN INVESTMENT IN THIS OFFERING OR THE SECURITIES OFFERED HEREIN. THE ESCROW AGENT MAKES NO REPRESENTATIONS, WARRANTIES, ENDORSEMENTS, OR JUDGEMENT ON THE MERITS OF THE OFFERING OR THE SECURITIES OFFERED

HEREIN. THE ESCROW AGENT'S CONNECTION TO THE OFFERING IS SOLELY FOR THE LIMITED PURPOSES OF ACTING AS A SERVICE PROVIDER.

### ***Forward Looking Statement Disclosure***

*This Form C/A and any documents incorporated by reference herein or therein contain forward-looking statements and are subject to risks and uncertainties. All statements other than statements of historical fact or relating to present facts or current conditions included in this Form C/A are forward-looking statements. Forward-looking statements give the Company's current reasonable expectations and projections relating to its financial condition, results of operations, plans, objectives, future performance and business. You can identify forward-looking statements by the fact that they do not relate strictly to historical or current facts. These statements may include words such as "anticipate," "estimate," "expect," "project," "plan," "intend," "believe," "may," "should," "can have," "likely" and other words and terms of similar meaning in connection with any discussion of the timing or nature of future operating or financial performance or other events.*

*The forward-looking statements contained in this Form C/A and any documents incorporated by reference herein or therein are based on reasonable assumptions the Company has made in light of its industry experience, perceptions of historical trends, current conditions, expected future developments and other factors it believes are appropriate under the circumstances. As you read and consider this Form C/A, you should understand that these statements are not guarantees of performance or results. They involve risks, uncertainties (many of which are beyond the Company's control) and assumptions. Although the Company believes that these forward-looking statements are based on reasonable assumptions, you should be aware that many factors could affect its actual operating and financial performance and cause its performance to differ materially from the performance anticipated in the forward-looking statements. Should one or more of these risks or uncertainties materialize, or should any of these assumptions prove incorrect or change, the Company's actual operating and financial performance may vary in material respects from the performance projected in these forward-looking statements.*

*Any forward-looking statement made by the Company in this Form C/A or any documents incorporated by reference herein or therein speaks only as of the date of this Form C/A. Factors or events that could cause our actual operating and financial performance to differ may emerge from time to time, and it is not possible for the Company to predict all of them. The Company undertakes no obligation to update any forward-looking statement, whether as a result of new information, future developments or otherwise, except as may be required by law.*

### **ONGOING REPORTING**

The Company will file a report electronically with the Securities & Exchange Commission annually and post the report on its website, no later than 120 days after the end of the Company's fiscal year.

Once posted, the annual report may be found on the Company's website at <https://hilos.co/>.

The Company must continue to comply with the ongoing reporting requirements until:

- (1) the Company is required to file reports under Section 13(a) or Section 15(d) of the Exchange Act;
- (2) the Company has filed at least three annual reports pursuant to Regulation CF and has total assets that do not exceed \$10,000,000;
- (3) the Company has filed at least one annual report pursuant to Regulation CF and has fewer than 300 holders of record;
- (4) the Company or another party repurchases all of the Securities issued in reliance on Section 4(a)(6) of the Securities Act, including any payment in full of debt securities or any complete redemption of redeemable securities; or
- (5) the Company liquidates or dissolves its business in accordance with state law.

### **About this Form C/A**

You should rely only on the information contained in this Form C/A. We have not authorized anyone to provide you with information different from that contained in this Form C/A. We are offering to sell, and seeking offers to buy the Securities only in jurisdictions where offers and sales are permitted. You should assume that the information contained in this Form C/A is accurate only as of the date of this Form C/A, regardless of the time of delivery of this Form C/A or of any sale of Securities. Our business, financial condition, results of operations, and prospects may have changed since that date.

Statements contained herein as to the content of any agreements or other document are summaries and, therefore, are necessarily selective and incomplete and are qualified in their entirety by the actual agreements or other documents. The Company will provide the opportunity to ask questions of and receive answers from the Company's management concerning terms and conditions of the Offering, the Company or any other relevant matters and any additional reasonable information to any prospective Investor prior to the consummation of the sale of the Securities.

This Form C/A does not purport to contain all of the information that may be required to evaluate the Offering and any recipient hereof should conduct its own independent analysis. The statements of the Company contained herein are based on information believed to be reliable. No warranty can be made as to the accuracy of such information or that circumstances have not changed since the date of this Form C/A. The Company does not expect to update or otherwise revise this Form C/A or other materials supplied herewith. The delivery of this Form C/A at any time does not imply that the information contained herein is correct as of any time subsequent to the date of this Form C/A. This Form C/A is submitted in connection with the Offering described herein and may not be reproduced or used for any other purpose.

### **SUMMARY**

The following summary is qualified in its entirety by more detailed information that may appear elsewhere in this Form C/A and the Exhibits hereto. Each prospective Investor is urged to read this Form C/A and the Exhibits hereto in their entirety.

HILOS, Inc. (the "Company") is a Delaware Corporation, formed on July 17, 2019.

The Company is located at 431 NW Flanders St, Suite 201, Portland, OR 97209.

The Company's website is <https://hilos.co/>.

The information available on or through our website is not a part of this Form C/A. In making an investment decision with respect to our Securities, you should only consider the information contained in this Form C/A.

## The Business

HILOS' mission is to put each of us at the center of what we wear, pioneering on-demand, custom manufacturing in footwear and apparel. HILOS has developed its own manufacturing process to design, manufacture, market, and sell its own branded products. In addition, HILOS intends to market, sell and deliver manufacturing solutions and services to third-party brands.

**Exhibit B** to this Form C/A contains a detailed description of the Company's business and the industry within which it operates. Such description is incorporated herein by reference. Purchasers are encouraged to carefully review **Exhibit B** to this Form C/A.

## The Offering

<b>Minimum amount of Crowd Note Convertible Notes being offered</b>	\$25,000.00 Principal Amount
<b>Total Crowd Note Convertible Notes outstanding after Offering (if minimum amount reached)</b>	\$25,000.00 Principal Amount
<b>Maximum amount of Crowd Note Convertible Notes</b>	\$250,000.00 Principal Amount
<b>Total Crowd Note Convertible Notes outstanding after Offering (if maximum amount reached)</b>	\$250,000.00 Principal Amount
<b>Purchase price per Security</b>	\$1.00
<b>Minimum investment amount per investor</b>	\$100.00
<b>Offering deadline</b>	December 28, 2020
<b>Use of proceeds</b>	See the description of the use of proceeds on page 33 hereof.
<b>Voting Rights</b>	See the description of the voting rights on page 44 hereof.

The price of the Securities has been determined by the Company and does not necessarily bear any relationship to the assets, book value, or potential earnings of the Company or any other recognized criteria or value.

## **RISK FACTORS**

### **Risks Related to the Company's Business and Industry**

***We have a limited operating history upon which you can evaluate our performance, and accordingly, our prospects must be considered in light of the risks that any new company encounters.***

We were incorporated under the laws of Delaware on July 17, 2019. Accordingly, we have a limited history upon which an evaluation of our prospects and future performance can be made. Our proposed operations are subject to all business risks associated with a new enterprise. We have not begun any recognizing sales. The likelihood of our creation of a viable business must be considered in light of the problems, expenses, difficulties, complications, and delays frequently encountered in connection with the inception of a business, operation in a competitive industry, and the continued development of advertising, promotions, and a corresponding client base. We anticipate that our operating expenses will increase for the near future. There can be no assurances that we will ever operate profitably. You should consider the Company's business, operations and prospects in light of the risks, expenses and challenges faced as an early-stage company.

***In order for the Company to compete and grow, it must attract, recruit, retain and develop the necessary personnel who have the needed experience.***

Recruiting and retaining highly qualified personnel is critical to our success. These demands may require us to hire additional personnel and will require our existing management personnel to develop additional expertise. We face intense competition for personnel. The failure to attract and retain personnel or to develop such expertise could delay or halt the development and commercialization of our product candidates. If we experience difficulties in hiring and retaining personnel in key positions, we could suffer from delays in product development, loss of customers and sales and diversion of management resources, which could adversely affect operating results. Our consultants and advisors may be employed by third parties and may have commitments under consulting or advisory contracts with third parties that may limit their availability to us.

***The development and commercialization of our products and services is highly competitive.***

We face competition with respect to any products that we may seek to develop or commercialize in the future. Our competitors include major companies worldwide. Many of our competitors have significantly greater financial, technical and human resources than we have and superior expertise in research and development and marketing approved products and services and thus may be better equipped than us to develop and commercialize products and services. These competitors also compete with us in recruiting and retaining qualified personnel and acquiring technologies. Smaller or early stage companies may also prove to be significant competitors, particularly through collaborative arrangements with large and established companies. Accordingly, our competitors may commercialize products more rapidly or effectively than we are able to, which would adversely affect our competitive position, the likelihood that our products and services will achieve initial market acceptance and our ability to generate meaningful additional revenues from our products.

***We rely on other companies to provide raw materials and major components for our products.***

We depend on these suppliers and subcontractors to meet our contractual obligations to our customers and conduct our operations. Our ability to meet our obligations to our customers may be adversely affected if suppliers or subcontractors do not provide the agreed-upon supplies or

perform the agreed-upon services in compliance with customer requirements and in a timely and cost-effective manner. Likewise, the quality of our products may be adversely impacted if companies to whom we delegate manufacture of major components or subsystems for our products, or from whom we acquire such items, do not provide raw materials or major components which meet required specifications and perform to our and our customers' expectations. Our suppliers may be less likely than us to be able to quickly recover from natural disasters and other events beyond their control and may be subject to additional risks such as financial problems that limit their ability to conduct their operations. The risk of these adverse effects may be greater in circumstances where we rely on only one or two subcontractors or suppliers for a particular raw material or component.

***We depend on third-party service providers and outsource providers for a variety of services and we outsource a number of our non-core functions and operations.***

In certain instances, we rely on single or limited service providers and outsourcing vendors because the relationship is advantageous due to quality, price, or lack of alternative sources. If production or service was interrupted and we were not able to find alternate third-party providers, we could experience disruptions in manufacturing and operations including product shortages, higher freight costs and re-engineering costs. If outsourcing services are interrupted or not performed or the performance is poor, this could impact our ability to process, record and report transactions with our customers and other constituents. Such interruptions in the provision of supplies and/or services could result in our inability to meet customer demand, damage our reputation and customer relationships and adversely affect our business.

***We depend on third party providers, suppliers and licensors to supply some of the hardware, software and operational support necessary to provide some of our services.***

We obtain these materials from a limited number of vendors, some of which do not have a long operating history, or which may not be able to continue to supply the equipment and services we desire. Some of our hardware, software and operational support vendors represent our sole source of supply or have, either through contract or as a result of intellectual property rights, a position of some exclusivity. If demand exceeds these vendors' capacity or if these vendors experience operating or financial difficulties or are otherwise unable to provide the equipment or services we need in a timely manner, at our specifications and at reasonable prices, our ability to provide some services might be materially adversely affected, or the need to procure or develop alternative sources of the affected materials or services might delay our ability to serve our customers. These events could materially and adversely affect our ability to retain and attract customers, and have a material negative impact on our operations, business, financial results and financial condition.

***Quality management plays an essential role in determining and meeting customer requirements, preventing defects, improving the Company's products and services and maintaining the integrity of the data that supports the safety and efficacy of our products.***

Our future success depends on our ability to maintain and continuously improve our quality management program. An inability to address a quality or safety issue in an effective and timely manner may also cause negative publicity, a loss of customer confidence in us or our current or future products, which may result in the loss of sales and difficulty in successfully launching new products. In addition, a successful claim brought against us in excess of available insurance or not covered by indemnification agreements, or any claim that results in significant adverse publicity against us, could have an adverse effect on our business and our reputation.

***Manufacturing or design defects, unanticipated use of our products, or inadequate disclosure of risks relating to the use of the products can lead to injury or other adverse events.***

These events could lead to recalls or safety alerts relating to our products (either voluntary or required by governmental authorities) and could result, in certain cases, in the removal of a product from the market. Any recall could result in significant costs as well as negative publicity that could reduce demand for our products. Personal injuries relating to the use of our products can also result in product liability claims being brought against us. In some circumstances, such adverse events could also cause delays in new product approvals. Similarly, negligence in performing our services can lead to injury or other adverse events.

***We may plan to implement new lines of business or offer new products and services within existing lines of business.***

There are substantial risks and uncertainties associated with these efforts, particularly in instances where the markets are not fully developed. In developing and marketing new lines of business and/or new products and services, we may invest significant time and resources. Initial timetables for the introduction and development of new lines of business and/or new products or services may not be achieved and price and profitability targets may not prove feasible. We may not be successful in introducing new products and services in response to industry trends or developments in technology, or those new products may not achieve market acceptance. As a result, we could lose business, be forced to price products and services on less advantageous terms to retain or attract clients, or be subject to cost increases. As a result, our business, financial condition or results of operations may be adversely affected.

***In general, demand for our products and services is highly correlated with general economic conditions.***

A substantial portion of our revenue is derived from discretionary spending by individuals, which typically falls during times of economic instability. Declines in economic conditions in the U.S. or in other countries in which we operate may adversely impact our consolidated financial results. Because such declines in demand are difficult to predict, we or the industry may have increased excess capacity as a result. An increase in excess capacity may result in declines in prices for our products and services.

***The use of individually identifiable data by our business, our business associates and third parties is regulated at the state, federal and international levels.***

Costs associated with information security – such as investment in technology, the costs of compliance with consumer protection laws and costs resulting from consumer fraud – could cause our business and results of operations to suffer materially. Additionally, the success of our online operations depends upon the secure transmission of confidential information over public networks, including the use of cashless payments. The intentional or negligent actions of employees, business associates or third parties may undermine our security measures. As a result, unauthorized parties may obtain access to our data systems and misappropriate confidential data. There can be no assurance that advances in computer capabilities, new discoveries in the field of cryptography or other developments will prevent the compromise of our customer transaction processing capabilities and personal data. If any such compromise of our security or the security of information residing with our business associates or third parties were to occur, it could have a material adverse effect on our reputation, operating results and financial condition. Any compromise of our data security may materially increase the costs we incur to protect against such breaches and could subject us to additional legal risk.

***Security breaches and other disruptions could compromise our information and expose us to liability, which would cause our business and reputation to suffer.***

We collect and store sensitive data, including intellectual property, our proprietary business information and that of our customers, suppliers and business partners, and personally identifiable information of our customers and employees, in our data centers and on our networks. The secure processing, maintenance and transmission of this information is critical to our operations. Despite our security measures, our information technology and infrastructure may be vulnerable to attacks by hackers or breached due to employee error, malfeasance or other disruptions. Any such breach could compromise our networks and the information stored there could be accessed, publicly disclosed, lost or stolen. Any such access, disclosure or other loss of information could result in legal claims or proceedings, liability under laws that protect the privacy of personal information, and regulatory penalties, disrupt our operations and the services we provide to customers, and damage our reputation, and cause a loss of confidence in our products and services, which could adversely affect our business/operating margins, revenues and competitive position.

***We are subject to the risk of substantial environmental liability and limitations on our operations due to environmental laws and regulations.***

We are subject to extensive federal, state, local and foreign environmental, health and safety laws and regulations concerning matters such as air emissions, wastewater discharges, solid and hazardous waste handling and disposal and the investigation and remediation of contamination. The risks of substantial costs and liabilities related to compliance with these laws and regulations are an inherent part of our business, and future conditions may develop, arise or be discovered that create substantial environmental compliance or remediation liabilities and costs. Compliance with environmental, health and safety legislation and regulatory requirements may prove to be more limiting and costly than we anticipate. We may be subject to legal proceedings brought by private parties or governmental authorities with respect to environmental matters, including matters involving alleged property damage or personal injury. New laws and regulations, including those which may relate to emissions of greenhouse gases, stricter enforcement of existing laws and regulations, the discovery of previously unknown contamination or the imposition of new clean-up requirements could require us to incur costs or become the basis for new or increased liabilities that could have a material adverse effect on our business, financial condition or results of operations.

***The Company's success depends on the experience and skill of the board of directors, its executive officers and key employees.***

In particular, the Company is dependent on Elias Stahl and Gaia Giladi who are Chief Executive, Secretary, Treasurer, and Chief Creative, of the Company. The Company has or intends to enter into employment agreements with Elias Stahl and Gaia Giladi although there can be no assurance that it will do so or that they will continue to be employed by the Company for a particular period of time. The loss of Elias Stahl and Gaia Giladi or any member of the board of directors or executive officer could harm the Company's business, financial condition, cash flow and results of operations.

***We rely on various intellectual property rights, including patents in order to operate our business.***

Such intellectual property rights, however, may not be sufficiently broad or otherwise may not provide us a significant competitive advantage. In addition, the steps that we have taken to maintain and protect our intellectual property may not prevent it from being challenged, invalidated, circumvented or designed-around, particularly in countries where intellectual

property rights are not highly developed or protected. In some circumstances, enforcement may not be available to us because an infringer has a dominant intellectual property position or for other business reasons, or countries may require compulsory licensing of our intellectual property. Our failure to obtain or maintain intellectual property rights that convey competitive advantage, adequately protect our intellectual property or detect or prevent circumvention or unauthorized use of such property, could adversely impact our competitive position and results of operations. We also rely on nondisclosure and noncompetition agreements with employees, consultants and other parties to protect, in part, trade secrets and other proprietary rights. There can be no assurance that these agreements will adequately protect our trade secrets and other proprietary rights and will not be breached, that we will have adequate remedies for any breach, that others will not independently develop substantially equivalent proprietary information or that third parties will not otherwise gain access to our trade secrets or other proprietary rights.

As we expand our business, protecting our intellectual property will become increasingly important. The protective steps we have taken may be inadequate to deter our competitors from using our proprietary information. In order to protect or enforce our patent rights, we may be required to initiate litigation against third parties, such as infringement lawsuits. Also, these third parties may assert claims against us with or without provocation. These lawsuits could be expensive, take significant time and could divert management's attention from other business concerns. The law relating to the scope and validity of claims in the technology field in which we operate is still evolving and, consequently, intellectual property positions in our industry are generally uncertain. We cannot assure you that we will prevail in any of these potential suits or that the damages or other remedies awarded, if any, would be commercially valuable.

***From time to time, third parties may claim that one or more of our products or services infringe their intellectual property rights.***

Any dispute or litigation regarding patents or other intellectual property could be costly and time-consuming due to the complexity of our technology and the uncertainty of intellectual property litigation and could divert our management and key personnel from our business operations. A claim of intellectual property infringement could force us to enter into a costly or restrictive license agreement, which might not be available under acceptable terms or at all, could require us to redesign our products, which would be costly and time-consuming, and/or could subject us to an injunction against development and sale of certain of our products or services. We may have to pay substantial damages, including damages for past infringement if it is ultimately determined that our products infringe on a third party's proprietary rights. Even if these claims are without merit, defending a lawsuit takes significant time, may be expensive and may divert management's attention from other business concerns. Any public announcements related to litigation or interference proceedings initiated or threatened against us could cause our business to be harmed. Our intellectual property portfolio may not be useful in asserting a counterclaim, or negotiating a license, in response to a claim of intellectual property infringement. In certain of our businesses we rely on third party intellectual property licenses and we cannot ensure that these licenses will be available to us in the future on favorable terms or at all.

***The amount of capital the Company is attempting to raise in this Offering may not be enough to sustain the Company's current business plan.***

In order to achieve the Company's near and long-term goals, the Company will need to procure funds in addition to the amount raised in the Offering. There is no guarantee the Company will be able to raise such funds on acceptable terms or at all. If we are not able to raise sufficient capital in the future, we will not be able to execute our business plan, our continued operations

will be in jeopardy and we may be forced to cease operations and sell or otherwise transfer all or substantially all of our remaining assets, which could cause an Investor to lose all or a portion of his or her investment.

***Although dependent on certain key personnel, the Company does not have any key man life insurance policies on any such people.***

The Company is dependent on Elias Stahl and Gaia Giladi in order to conduct its operations and execute its business plan, however, the Company has not purchased any insurance policies with respect to those individuals in the event of their death or disability. Therefore, if any of Elias Stahl and Gaia Giladi die or become disabled, the Company will not receive any compensation to assist with such person's absence. The loss of such person could negatively affect the Company and its operations.

***We have not prepared any audited financial statements.***

Therefore, you have no audited financial information regarding the Company's capitalization or assets or liabilities on which to make your investment decision. If you feel the information provided is insufficient, you should not invest in the Company.

***We are subject to income taxes as well as non-income based taxes, such as payroll, sales, use, value-added, net worth, property and goods and services taxes, in the U.S.***

Significant judgment is required in determining our provision for income taxes and other tax liabilities. In the ordinary course of our business, there are many transactions and calculations where the ultimate tax determination is uncertain. Although we believe that our tax estimates are reasonable: (i) there is no assurance that the final determination of tax audits or tax disputes will not be different from what is reflected in our income tax provisions, expense amounts for non-income based taxes and accruals and (ii) any material differences could have an adverse effect on our financial position and results of operations in the period or periods for which determination is made.

***We are not subject to Sarbanes-Oxley regulations and lack the financial controls and safeguards required of public companies.***

We do not have the internal infrastructure necessary, and are not required, to complete an attestation about our financial controls that would be required under Section 404 of the Sarbanes-Oxley Act of 2002. There can be no assurance that there are no significant deficiencies or material weaknesses in the quality of our financial controls. We expect to incur additional expenses and diversion of management's time if and when it becomes necessary to perform the system and process evaluation, testing and remediation required in order to comply with the management certification and auditor attestation requirements.

***Changes in employment laws or regulation could harm our performance.***

Various federal and state labor laws govern our relationship with our employees and affect operating costs. These laws include minimum wage requirements, overtime pay, healthcare reform and the implementation of the Patient Protection and Affordable Care Act, unemployment tax rates, workers' compensation rates, citizenship requirements, union membership and sales taxes. A number of factors could adversely affect our operating results, including additional government-imposed increases in minimum wages, overtime pay, paid leaves of absence and mandated health benefits, mandated training for employees, increased tax reporting and tax payment, changing regulations from the National Labor Relations Board and increased employee litigation including claims relating to the Fair Labor Standards Act.

***The Company's business operations may be materially adversely affected by a pandemic such as the Coronavirus (COVID-19) outbreak.***

In December 2019, a novel strain of coronavirus was reported to have surfaced in Wuhan, China, which spread throughout other parts of the world, including the United States. On January 30, 2020, the World Health Organization declared the outbreak of the coronavirus disease (COVID-19) a "Public Health Emergency of International Concern." On January 31, 2020, U.S. Health and Human Services Secretary Alex M. Azar II declared a public health emergency for the United States to aid the U.S. healthcare community in responding to COVID-19, and on March 11, 2020 the World Health Organization characterized the outbreak as a "pandemic." COVID-19 resulted in a widespread health crisis that adversely affected the economies and financial markets worldwide. The Company's business could be materially and adversely affected. The extent to which COVID-19 impacts the Company's business will depend on future developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning the severity of COVID-19 and the actions to contain COVID-19 or treat its impact, among others. If the disruptions posed by COVID-19 or other matters of global concern continue for an extended period of time, the Company's operations may be materially adversely affected.

***We face risks related to health epidemics and other outbreaks, which could significantly disrupt the Company's operations and could have a material adverse impact on us.***

The outbreak of pandemics and epidemics could materially and adversely affect the Company's business, financial condition, and results of operations. If a pandemic occurs in areas in which we have material operations or sales, the Company's business activities originating from affected areas, including sales, materials, and supply chain related activities, could be adversely affected. Disruptive activities could include the temporary closure of facilities used in the Company's supply chain processes, restrictions on the export or shipment of products necessary to run the Company's business, business closures in impacted areas, and restrictions on the Company's employees' or consultants' ability to travel and to meet with customers, vendors or other business relationships. The extent to which a pandemic or other health outbreak impacts the Company's results will depend on future developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning the severity of a virus and the actions to contain it or treat its impact, among others. Pandemics can also result in social, economic, and labor instability which may adversely impact the Company's business.

If the Company's employees or employees of any of the Company's vendors, suppliers or customers become ill or are quarantined and in either or both events are therefore unable to work, the Company's operations could be subject to disruption. The extent to which a pandemic affects the Company's results will depend on future developments that are highly uncertain and cannot be predicted.

***We face risks relating to public health conditions such as the COVID-19 pandemic, which could adversely affect the Company's customers, business, and results of operations.***

Our business and prospects could be materially adversely affected by the COVID-19 pandemic or recurrences of that or any other such disease in the future. Material adverse effects from COVID-19 and similar occurrences could result in numerous known and currently unknown ways including from quarantines and lockdowns which impair the Company's business including: marketing and sales efforts, supply chain, etc. Quarantines and resulting lock-downs reduces worker productivity and increases the difficulty of hiring and sourcing additional staff. In addition, our suppliers are affected by shipping delays, loss of talent, and financial solvency concerns of their own. If the Company purchases materials from suppliers in affected areas, the Company may not be able to procure such products in a timely manner. The effects of a

pandemic can place travel restrictions on key personnel which could have a material impact on the business. In addition, a significant outbreak of contagious diseases in the human population could result in a widespread health crisis that could adversely affect the economies and financial markets of many countries, resulting in an economic downturn that could reduce the demand for the Company's products and impair the Company's business prospects including as a result of being unable to raise additional capital on acceptable terms to us, if at all.

***Our revenues and profits depend on the level of consumer spending for apparel and footwear, which is sensitive to global economic conditions and other factors. A decline in consumer spending could have a material adverse effect on the Company.***

The success of our business depends on consumer spending on footwear, and there are a number of factors that influence consumer spending, including actual and perceived economic conditions, disposable consumer income, interest rates, consumer credit availability, unemployment, stock market performance, weather conditions, energy prices, public health issues (including the current COVID-19 pandemic), consumer discretionary spending patterns and tax rates in the international, national, regional and local markets where our products are sold. Decreased consumer spending could result in reduced demand for our products, reduced orders from customers for our products, order cancellations, lower revenues, higher discounts, increased inventories and lower gross margins. The uncertain state of the global economy continues to impact businesses around the world, most acutely in emerging markets and developing economies. If global economic and financial market conditions do not improve, adverse economic trends or other factors could negatively impact the level of consumer spending, which could have a material adverse impact on the Company.

***Maintaining, extending and expanding our reputation and brand image are essential to our business success.***

We seek to maintain, extend, and expand our brand image through marketing investments, including advertising and consumer promotions, and product innovation. Increasing attention on marketing could adversely affect our brand image. It could also lead to stricter regulations and greater scrutiny of marketing practices. Existing or increased legal or regulatory restrictions on our advertising, consumer promotions and marketing, or our response to those restrictions, could limit our efforts to maintain, extend and expand our brands. Moreover, adverse publicity about regulatory or legal action against us could damage our reputation and brand image, undermine our customers' confidence and reduce long-term demand for our products, even if the regulatory or legal action is unfounded or not material to our operations.

In addition, our success in maintaining, extending, and expanding our brand image depends on our ability to adapt to a rapidly changing media environment. We increasingly rely on social media and online dissemination of advertising campaigns. The growing use of social and digital media increases the speed and extent that information or misinformation and opinions can be shared. Negative posts or comments about us, our brands or our products on social or digital media, whether or not valid, could seriously damage our brands and reputation. If we do not establish, maintain, extend and expand our brand image, then our product sales, financial condition and results of operations could be adversely affected.

***We may not succeed in our business strategy.***

One of the Company's key strategic objectives is to launch our sale. However, we may not be able to launch our sale. For example:

- We may have difficulty recruiting, developing or retaining qualified employees.

- We may not be able to launch our first sale of manufacturing services or 3D-printed shoes, nor achieve scale production in 2021.
- We may not be able to expand our brands in other geographies.
- We may not be able to offset rising commodity or conversion costs in our product costs with pricing actions or efficiency improvements.

Failure to implement our strategic objectives may have a material adverse effect on our business.

***Product safety and quality concerns, including concerns related to perceived quality of ingredients, could negatively affect the Company's business.***

The Company's success depends in large part on its ability to maintain consumer confidence in the safety and quality of all its products. The Company has rigorous product safety and quality standards. However, if products taken to market are or become contaminated or adulterated, the Company may be required to conduct costly product recalls and may become subject to product liability claims and negative publicity, which would cause its business to suffer. In addition, regulatory actions, activities by nongovernmental organizations and public debate and concerns about perceived negative safety and quality consequences of certain ingredients in our products may erode consumers' confidence in the safety and quality issues, whether or not justified, and could result in additional governmental regulations concerning the marketing and labeling of the Company's products, negative publicity, or actual or threatened legal actions, all of which could damage the reputation of the Company's products and may reduce demand for the Company's products.

***We must correctly predict, identify, and interpret changes in consumer preferences and demand, offer new products to meet those changes, and respond to competitive innovation.***

Consumer preferences our products change continually. Our success depends on our ability to predict, identify, and interpret the tastes and habits of consumers and to offer products that appeal to consumer preferences. If we do not offer products that appeal to consumers, our sales and market share will decrease. We must distinguish between short-term fads, mid-term trends, and long-term changes in consumer preferences. If we do not accurately predict which shifts in consumer preferences will be long-term, or if we fail to introduce new and improved products to satisfy those preferences, our sales could decline. If we fail to expand our product offerings successfully across product categories, or if we do not rapidly develop products in faster growing and more profitable categories, demand for our products could decrease, which could materially and adversely affect our product sales, financial condition, and results of operations.

In addition, achieving growth depends on our successful development, introduction, and marketing of innovative new products and line extensions. Successful innovation depends on our ability to correctly anticipate customer and consumer acceptance, to obtain, protect and maintain necessary intellectual property rights, and to avoid infringing the intellectual property rights of others and failure to do so could compromise our competitive position and adversely impact our business.

***We are vulnerable to fluctuations in the price and supply of ingredients, packaging materials, and freight.***

The prices of the ingredients, packaging materials and freight are subject to fluctuations in price attributable to, among other things, changes in supply and demand of chemicals, raw materials, crops or other commodities, fuel prices and government-sponsored agricultural and livestock programs. The sales prices to our customers are a delivered price. Therefore, changes in our input costs could impact our gross margins. Our ability to pass along higher costs through price

increases to our customers is dependent upon competitive conditions and pricing methodologies employed in the various markets in which we compete. To the extent competitors do not also increase their prices, customers and consumers may choose to purchase competing products or may shift purchases to lower-priced private label or other value offerings which may adversely affect our results of operations.

We use significant quantities of chemicals, raw materials, and other agricultural products as well as packaging materials provided by third-party suppliers, the supply and price of which are subject to market conditions and are influenced by other factors beyond our control. We do not have long-term contracts with many of our suppliers, and, as a result, they could increase prices or fail to deliver. The occurrence of any of the foregoing could increase our costs and disrupt our operations.

***Substantial disruption to production at our manufacturing and distribution facilities could occur.***

A disruption in production at our manufacturing facility or at our third-party manufacturing facilities could have an adverse effect on our business. In addition, a disruption could occur at the facilities of our suppliers or distributors. The disruption could occur for many reasons, including fire, natural disasters, weather, water scarcity, manufacturing problems, disease, strikes, transportation or supply interruption, government regulation, cybersecurity attacks or terrorism. Alternative facilities with sufficient capacity or capabilities may not be available, may cost substantially more or may take a significant time to start production, each of which could negatively affect our business and results of operations.

***Future product recalls or safety concerns could adversely impact our results of operations.***

We may be required to recall certain of our products should they be mislabeled, contaminated, spoiled, tampered with or damaged. We also may become involved in lawsuits and legal proceedings if it is alleged that the consumption or use of any of our products causes injury, illness or death. A product recall or an adverse result in any such litigation could have an adverse effect on our business, depending on the costs of the recall, the destruction of product inventory, competitive reaction and consumer attitudes. Even if a product liability or consumer fraud claim is unsuccessful or without merit, the negative publicity surrounding such assertions regarding our products could adversely affect our reputation and brand image. We also could be adversely affected if consumers in our principal markets lose confidence in the safety and quality of our products.

***Failure to develop new products and production technologies or to implement productivity and cost reduction initiatives successfully may harm our competitive position.***

We depend significantly on the development of commercially viable new products, product grades and applications, as well as process technologies, free of any legal restrictions. If we are unsuccessful in developing new products, applications and production processes in the future, our competitive position and results of operations may be negatively affected. However, as we invest in new technology, we face the risk of unanticipated operational or commercialization difficulties, including an inability to obtain necessary permits or governmental approvals, the development of competing technologies, failure of facilities or processes to operate in accordance with specifications or expectations, construction delays, cost over-runs, the unavailability of financing, required materials or equipment and various other factors. Likewise, we have undertaken and are continuing to undertake initiatives to improve productivity and performance and to generate cost savings. These initiatives may not be completed or beneficial or the estimated cost savings from such activities may not be realized.

***Product liability claims could adversely impact our business and reputation.***

Our business exposes us to potential product liability risk, as well as warranty and recall claims that are inherent in the design, manufacture, sale and use of our products. We sell products in industries such as footwear and apparel where the impact of product liability risk is high. In the event our products actually or allegedly fail to perform as expected and we are subject to such claims above the amount of insurance coverage, outside the scope of our coverage, or for which we do not have coverage, our results of operations, as well as our reputation, could be adversely affected. Our products may be subject to recall for performance or safety-related issues. Product recalls subject us to harm to our reputation, loss of current and future customers, reduced revenue and product recall costs. Product recall costs are incurred when we, either voluntarily or involuntarily, recall a product through a formal campaign to solicit the return of specific products due to a known or suspected performance issue. Any significant product recalls could have an adverse effect on our business and results of operations.

***We may incur additional expenses and delays due to technical problems or other interruptions at our manufacturing facilities.***

Disruptions in operations due to technical problems or other interruptions such as floods or fire would adversely affect the manufacturing capacity of our facilities. Such interruptions could cause delays in production and cause us to incur additional expenses such as charges for expedited deliveries for products that are delayed. Additionally, our customers have the ability to cancel purchase orders in the event of any delays in production and may decrease future orders if delays are persistent. Additionally, to the extent that such disruptions do not result from damage to our physical property, these may not be covered by our business interruption insurance. Any such disruptions may adversely affect our business and results of operations.

***Any disruption in our information systems could disrupt our operations and would be adverse to our business and results of operations.***

We depend on various information systems to support our customers' requirements and to successfully manage our business, including managing orders, supplies, accounting controls and payroll. Any inability to successfully manage the procurement, development, implementation or execution of our information systems and back-up systems, including matters related to system security, reliability, performance and access, as well as any inability of these systems to fulfill their intended purpose within our business, could have an adverse effect on our business and results of operations. Such disruptions may not be covered by our business interruption insurance.

***The potential impact of failing to deliver products on time could increase the cost of our products.***

In most instances, we guarantee that we will deliver a product by a scheduled date. If we subsequently fail to deliver the product as scheduled, we may be held responsible for cost impacts and/or other damages resulting from any delay. To the extent that these failures to deliver occur, the total damages for which we could be liable could significantly increase the cost of the products; as such, we could experience reduced profits or, in some cases, a loss for that contract. Additionally, failure to deliver products on time could result in damage to customer relationships, the potential loss of customers, and reputational damage which could impair our ability to attract new customers.

***Many of our customers do not commit to long-term production schedules, which makes it difficult for us to schedule production accurately and achieve maximum efficiency of our manufacturing capacity.***

Many of our customers do not commit to firm production schedules and we continue to experience reduced lead-times in customer orders. Additionally, customers may change production quantities or delay production with little lead-time or advance notice. Therefore, we rely on and plan our production and inventory levels based on our customers' advance orders, commitments or forecasts, as well as our internal assessments and forecasts of customer demand. The variations in volume and timing of sales make it difficult to schedule production and optimize utilization of manufacturing capacity. This uncertainty may require us to increase staffing and incur other expenses in order to meet an unexpected increase in customer demand, potentially placing a significant burden on our resources. Additionally, an inability to respond to such increases may cause customer dissatisfaction, which may negatively affect our customers' relationships.

Further, in order to secure sufficient production scale, we may make capital investments in advance of anticipated customer demand. Such investments may lead to low utilization levels if customer demand forecasts change and we are unable to utilize the additional capacity. Additionally, we order materials and components based on customer forecasts and orders and suppliers may require us to purchase materials and components in minimum quantities that exceed customer requirements, which may have an adverse impact on our results of operations. Such order fluctuations and deferrals may have an adverse effect on our business and results of operations.

***The Company could be negatively impacted if found to have infringed on intellectual property rights.***

Technology companies, including many of the Company's competitors, frequently enter into litigation based on allegations of patent infringement or other violations of intellectual property rights. In addition, patent holding companies seek to monetize patents they have purchased or otherwise obtained. As the Company grows, the intellectual property rights claims against it will likely increase. The Company intends to vigorously defend infringement actions in court and before the U.S. International Trade Commission. The plaintiffs in these actions frequently seek injunctions and substantial damages. Regardless of the scope or validity of such patents or other intellectual property rights, or the merits of any claims by potential or actual litigants, the Company may have to engage in protracted litigation. If the Company is found to infringe one or more patents or other intellectual property rights, regardless of whether it can develop non-infringing technology, it may be required to pay substantial damages or royalties to a third-party, or it may be subject to a temporary or permanent injunction prohibiting the Company from marketing or selling certain products. In certain cases, the Company may consider the desirability of entering into licensing agreements, although no assurance can be given that such licenses can be obtained on acceptable terms or that litigation will not occur. These licenses may also significantly increase the Company's operating expenses.

Regardless of the merit of particular claims, litigation may be expensive, time-consuming, disruptive to the Company's operations and distracting to management. In recognition of these considerations, the Company may enter into arrangements to settle litigation. If one or more legal matters were resolved against the Company's consolidated financial statements for that reporting period could be materially adversely affected. Further, such an outcome could result in significant compensatory, punitive or trebled monetary damages, disgorgement of revenue or

profits, remedial corporate measures or injunctive relief against the Company that could adversely affect its financial condition and results of operations.

***Indemnity provisions in various agreements potentially expose us to substantial liability for intellectual property infringement and other losses.***

Our agreements with advertisers, advertising agencies, customers and other third parties may include indemnification provisions under which we agree to indemnify them for losses suffered or incurred as a result of claims of intellectual property infringement, damages caused by us to property or persons, or other liabilities relating to or arising from our products, services or other contractual obligations. The term of these indemnity provisions generally survives termination or expiration of the applicable agreement. Large indemnity payments would harm our business, financial condition and results of operations. In addition, any type of intellectual property lawsuit, whether initiated by us or a third party, would likely be time consuming and expensive to resolve and would divert management's time and attention.

***We rely heavily on our technology and intellectual property, but we may be unable to adequately or cost-effectively protect or enforce our intellectual property rights, thereby weakening our competitive position and increasing operating costs.***

To protect our rights in our services and technology, we rely on a combination of copyright and trademark laws, patents, trade secrets, confidentiality agreements with employees and third parties, and protective contractual provisions. We also rely on laws pertaining to trademarks and domain names to protect the value of our corporate brands and reputation. Despite our efforts to protect our proprietary rights, unauthorized parties may copy aspects of our services or technology, obtain and use information, marks, or technology that we regard as proprietary, or otherwise violate or infringe our intellectual property rights. In addition, it is possible that others could independently develop substantially equivalent intellectual property. If we do not effectively protect our intellectual property, or if others independently develop substantially equivalent intellectual property, our competitive position could be weakened.

Effectively policing the unauthorized use of our services and technology is time-consuming and costly, and the steps taken by us may not prevent misappropriation of our technology or other proprietary assets. The efforts we have taken to protect our proprietary rights may not be sufficient or effective, and unauthorized parties may copy aspects of our services, use similar marks or domain names, or obtain and use information, marks, or technology that we regard as proprietary. We may have to litigate to enforce our intellectual property rights, to protect our trade secrets, or to determine the validity and scope of others' proprietary rights, which are sometimes not clear or may change. Litigation can be time consuming and expensive, and the outcome can be difficult to predict.

***We rely on agreements with third parties to provide certain services, goods, technology, and intellectual property rights necessary to enable us to implement some of our applications.***

Our ability to implement and provide our applications and services to our clients depends, in part, on services, goods, technology, and intellectual property rights owned or controlled by third parties. These third parties may become unable to or refuse to continue to provide these services, goods, technology, or intellectual property rights on commercially reasonable terms consistent with our business practices, or otherwise discontinue a service important for us to continue to operate our applications. If we fail to replace these services, goods, technologies, or intellectual property rights in a timely manner or on commercially reasonable terms, our operating results and financial condition could be harmed. In addition, we exercise limited control over our third-party vendors, which increases our vulnerability to problems with technology and services those

vendors provide. If the services, technology, or intellectual property of third parties were to fail to perform as expected, it could subject us to potential liability, adversely affect our renewal rates, and have an adverse effect on our financial condition and results of operations.

***We must acquire or develop new products, evolve existing ones, address any defects or errors, and adapt to technology change.***

Technical developments, client requirements, programming languages, and industry standards change frequently in our markets. As a result, success in current markets and new markets will depend upon our ability to enhance current products, address any product defects or errors, acquire or develop and introduce new products that meet client needs, keep pace with technology changes, respond to competitive products, and achieve market acceptance. Product development requires substantial investments for research, refinement, and testing. We may not have sufficient resources to make necessary product development investments. We may experience technical or other difficulties that will delay or prevent the successful development, introduction, or implementation of new or enhanced products. We may also experience technical or other difficulties in the integration of acquired technologies into our existing platform and applications. Inability to introduce or implement new or enhanced products in a timely manner could result in loss of market share if competitors are able to provide solutions to meet customer needs before we do, give rise to unanticipated expenses related to further development or modification of acquired technologies as a result of integration issues, and adversely affect future performance.

***Cyclical and seasonal fluctuations in the economy, in internet usage and in traditional retail shopping may have an effect on our business.***

Both cyclical and seasonal fluctuations in internet usage and traditional retail seasonality may affect our business. Internet usage generally slows during the summer months, and queries typically increase significantly in the fourth quarter of each year. These seasonal trends may cause fluctuations in our quarterly results, including fluctuations in revenues.

***Our revenues and cash requirements are affected by the seasonal nature of our business.***

Our business is seasonal, with a higher proportion of revenues and operating cash flows generated during the second half of the calendar year, which includes the fall and holiday selling seasons. Poor sales in the second half of the calendar year would have a material adverse effect on the Company's full year operating results and cause higher inventories. In addition, fluctuations in sales and operating income in any fiscal quarter are affected by the timing of seasonal wholesale shipments and other events affecting retail sales.

***Industry consolidation may result in increased competition, which could result in a loss of customers or a reduction in revenue.***

Some of our competitors have made or may make acquisitions or may enter into partnerships or other strategic relationships to offer more comprehensive services than they individually had offered or achieve greater economies of scale. In addition, new entrants not currently considered to be competitors may enter our market through acquisitions, partnerships or strategic relationships. We expect these trends to continue as companies attempt to strengthen or maintain their market positions. The potential entrants may have competitive advantages over us, such as greater name recognition, longer operating histories, more varied services and larger marketing budgets, as well as greater financial, technical and other resources. The companies resulting from combinations or that expand or vertically integrate their business to include the market that we address may create more compelling service offerings and may offer greater pricing flexibility than we can or may engage in business practices that make it more difficult for us to compete

effectively, including on the basis of price, sales and marketing programs, technology or service functionality. These pressures could result in a substantial loss of our customers or a reduction in our revenue.

***Our business could be negatively impacted by cyber security threats, attacks and other disruptions.***

Like others in our industry, we continue to face advanced and persistent attacks on our information infrastructure where we manage and store various proprietary information and sensitive/confidential data relating to our operations. These attacks may include sophisticated malware (viruses, worms, and other malicious software programs) and phishing emails that attack our products or otherwise exploit any security vulnerabilities. These intrusions sometimes may be zero-day malware that are difficult to identify because they are not included in the signature set of commercially available antivirus scanning programs. Experienced computer programmers and hackers may be able to penetrate our network security and misappropriate or compromise our confidential information or that of our customers or other third-parties, create system disruptions, or cause shutdowns. Additionally, sophisticated software and applications that we produce or procure from third-parties may contain defects in design or manufacture, including "bugs" and other problems that could unexpectedly interfere with the operation of the information infrastructure. A disruption, infiltration or failure of our information infrastructure systems or any of our data centers as a result of software or hardware malfunctions, computer viruses, cyber attacks, employee theft or misuse, power disruptions, natural disasters or accidents could cause breaches of data security, loss of critical data and performance delays, which in turn could adversely affect our business.

***If we do not respond to technological changes or upgrade our websites and technology systems, our growth prospects and results of operations could be adversely affected.***

To remain competitive, we must continue to enhance and improve the functionality and features of our websites and technology infrastructure. As a result, we will need to continue to improve and expand our hosting and network infrastructure and related software capabilities. These improvements may require greater levels of spending than we have experienced in the past. Without such improvements, our operations might suffer from unanticipated system disruptions, slow application performance or unreliable service levels, any of which could negatively affect our reputation and ability to attract and retain customers and contributors. Furthermore, in order to continue to attract and retain new customers, we are likely to incur expenses in connection with continuously updating and improving our user interface and experience. We may face significant delays in introducing new services, products and enhancements. If competitors introduce new products and services using new technologies or if new industry standards and practices emerge, our existing websites and our proprietary technology and systems may become obsolete or less competitive, and our business may be harmed. In addition, the expansion and improvement of our systems and infrastructure may require us to commit substantial financial, operational and technical resources, with no assurance that our business will improve.

***We currently obtain components from single or limited sources, and are subject to significant supply and pricing risks.***

Many components, including those that are available from multiple sources, are at times subject to industry-wide shortages and significant commodity pricing fluctuations. While the Company has entered into agreements for the supply of many components, there can be no assurance that we will be able to extend or renew these agreements on similar terms, or at all. A number of suppliers of components may suffer from poor financial conditions, which can lead to business failure for the supplier or consolidation within a particular industry, further limiting our ability to

obtain sufficient quantities of components. The follow-on effects from global economic conditions on our suppliers, also could affect our ability to obtain components. Therefore, we remain subject to significant risks of supply shortages and price increases.

Our products often utilize custom components available from only one source. Continued availability of these components at acceptable prices, or at all, may be affected for any number of reasons, including if those suppliers decide to concentrate on the production of common components instead of components customized to meet our requirements. The supply of components for a new or existing product could be delayed or constrained, or a key manufacturing vendor could delay shipments of completed products to us adversely affecting our business and results of operations.

***The Company depends in part on the performance of distributors, carriers and other resellers.***

The Company distributes its products through national and regional retailers, many of whom distribute products from competing manufacturers. The Company also sells its products and third-party products in most of its major markets directly to consumers and small and mid-sized businesses through its online and temporary retail stores.

Many resellers have narrow operating margins and have been adversely affected in the past by weak economic conditions. Some resellers have perceived the expansion of the Company's direct sales as conflicting with their business interests as distributors and resellers of the Company's products. Such a perception could discourage resellers from investing resources in the distribution and sale of the Company's products or lead them to limit or cease distribution of those products. The Company has invested and will continue to invest in programs to enhance reseller sales. These programs could require a substantial investment while providing no assurance of return or incremental revenue. The financial condition of these resellers could weaken, these resellers could stop distributing the Company's products, or uncertainty regarding demand for the Company's products could cause resellers to reduce their ordering and marketing of the Company's products.

## **Risks Related to the Securities**

***The Crowd Note Convertible Notes will not be freely tradable until one year from the initial purchase date. Although the Crowd Note Convertible Notes may be tradable under federal securities law, state securities regulations may apply and each Purchaser should consult with his or her attorney.***

You should be aware of the long-term nature of this investment. There is not now and likely will not be a public market for the Crowd Note Convertible Notes. Because the Crowd Note Convertible Notes have not been registered under the Securities Act or under the securities laws of any state or non-United States jurisdiction, the Crowd Note Convertible Notes have transfer restrictions and cannot be resold in the United States except pursuant to Rule 501 of Regulation CF. It is not currently contemplated that registration under the Securities Act or other securities laws will be effected. Limitations on the transfer of the Crowd Note Convertible Notes may also adversely affect the price that you might be able to obtain for the Crowd Note Convertible Notes in a private sale. Purchasers should be aware of the long-term nature of their investment in the Company. Each Purchaser in this Offering will be required to represent that it is purchasing the Securities for its own account, for investment purposes and not with a view to resale or distribution thereof.

***Neither the Offering nor the Securities have been registered under federal or state securities laws, leading to an absence of certain regulation applicable to the Company.***

No governmental agency has reviewed or passed upon this Offering, the Company or any Securities of the Company. The Company also has relied on exemptions from securities registration requirements under applicable state securities laws. Investors in the Company, therefore, will not receive any of the benefits that such registration would otherwise provide. Prospective investors must therefore assess the adequacy of disclosure and the fairness of the terms of this Offering on their own or in conjunction with their personal advisors.

***No Guarantee of Return on Investment***

There is no assurance that a Purchaser will realize a return on its investment or that it will not lose its entire investment. For this reason, each Purchaser should read the Form C/A and all Exhibits carefully and should consult with its own attorney and business advisor prior to making any investment decision.

***A majority of the Company is owned by a small number of owners.***

Prior to the Offering, the Company's CEO owns a hundred percent (100%) of the voting securities of the Company on a fully diluted basis. Subject to any fiduciary duties owed to our other owners or investors under Delaware law, the CEO may be able to exercise significant influence over matters requiring owner approval, including the election of directors or managers and approval of significant Company transactions, and will have significant control over the Company's management and policies. Our CEO may have interests that are different from yours. For example, our CEO may support proposals and actions with which you may disagree. The concentration of ownership could delay or prevent a change in control of the Company or otherwise discourage a potential acquirer from attempting to obtain control of the Company, which in turn could reduce the price potential investors are willing to pay for the Company. In addition, our CEO could use their voting influence to maintain the Company's existing management, delay or prevent changes in control of the Company, or support or reject other management and board proposals that are subject to owner approval.

***The Company has the right to extend the Offering deadline.***

The Company may extend the Offering deadline beyond what is currently stated herein. This means that your investment may continue to be held in escrow while the Company attempts to raise the Minimum Amount even after the Offering deadline stated herein is reached. Your investment will not be accruing interest during this time and will simply be held until such time as the new Offering deadline is reached without the Company receiving the Minimum Amount, at which time it will be returned to you without interest or deduction, or the Company receives the Minimum Amount, at which time it will be released to the Company to be used as set forth herein. Upon or shortly after release of such funds to the Company, the Securities will be issued and distributed to you.

***There is no present market for the Securities and we have arbitrarily set the price.***

We have arbitrarily set the price of the Securities with reference to the general status of the securities market and other relevant factors. The Offering price for the Securities should not be considered an indication of the actual value of the Securities and is not based on our net worth or prior earnings. We cannot assure you that the Securities could be resold by you at the Offering price or at any other price.

***You will not have a vote or influence on the management of the Company.***

Substantially all decisions with respect to the management of the Company will be made exclusively by the officers, directors, managers or employees of the Company. You, as a Purchaser, will have a very limited ability 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 or managers of the Company. Accordingly, no person should purchase a Security unless he or she is willing to entrust all aspects of management to the Company.

***Purchasers will be unable to declare the Security in “default” and demand repayment.***

Unlike convertible notes and some other securities, the Securities do not have any “default” provisions upon which the Purchasers will be able to demand repayment of their investment. With respect to Purchasers who invest less than \$25,000 in the Securities, the Company has ultimate discretion as to whether or not to convert the Securities upon a future equity financing and such Purchasers have no right to demand such conversion. Only in limited circumstances, such as a liquidity event, may Such Purchasers demand payment and even then, such payments will be limited to the amount of cash available to the Company.

***The Company may never elect to convert the Securities or undergo a liquidity event.***

The Company may never receive a future equity financing or, with respect to those Purchasers who invest less than \$25,000, elect to convert the Securities upon such future financing. In addition, the Company may never undergo a liquidity event such as a sale of the Company or an IPO. If neither the conversion of the Securities nor a liquidity event occurs, the Purchasers could be left holding the Securities in perpetuity. The Securities have numerous transfer restrictions and will likely be highly illiquid, with no secondary market on which to sell them. The Securities are not equity interests, have no ownership rights, have no rights to the Company’s assets or profits and have no voting rights or ability to direct the Company or its actions.

***Upon conversion of the Crowd Notes, Purchasers who are not “Major Investors” will grant a proxy to vote their underlying securities to the intermediary or its affiliate, and, thus, will not have the right to vote on any matters coming before the equity holders of the Company for a vote. By granting this proxy you are giving up your right to vote on important matters, including significant corporate actions like mergers, amendments to our certificate of incorporation, a liquidation of our company and the election of our directors.***

Upon conversion of the Crowd Notes and by virtue of a provision contained in the Crowd Notes, if you are not a Major Investor, that is, an investor who has purchased at least \$25,000 in principal amount of the Crowd Notes, you will grant a proxy to the intermediary or its affiliate to vote the underlying securities that you will acquire upon conversion on all matters coming before the shareholders for a vote. The intermediary does not have any fiduciary duty to you to vote share in a manner that is in your best interests. Accordingly, the intermediary may vote its proxy in a manner that may not be in the best interests of you as a security holder. For example, the intermediary may vote the proxy in favor of an amendment to our charter that adversely affects the rights of the holders of your class of securities in order to allow for a new investment to occur where the new investor requires senior rights.

***Affiliates of the Company, including officers, directors and existing shareholders of the Company, may invest in this Offering and their funds will be counted toward the Company achieving the Minimum Amount.***

There is no restriction on affiliates of the Company, including its officers, directors and existing shareholders, investing in the Offering. As a result, it is possible that if the Company has raised some funds, but not reached the Minimum Amount, affiliates can contribute the balance so that

there will be a closing. The Minimum Amount is typically intended to be a protection for investors and gives investors confidence that other investors, along with them, are sufficiently interested in the Offering and the Company and its prospects to make an investment of at least the Minimum Amount. By permitting affiliates to invest in the offering and make up any shortfall between what non-affiliate investors have invested and the Minimum Amount, this protection is largely eliminated. Investors should be aware that no funds other than their own and those of affiliates investing along with them may be invested in this Offering.

***The Company has the right to conduct multiple closings during the Offering.***

If the Company meets certain terms and conditions, and more than thirty (30) days remain before the Offering Deadline, an intermediate close of the Offering can occur, which will allow the Company to draw down on the first \$75,000 of the proceeds of the offering committed and captured during the relevant period, as well as every \$125,000 raised after. The Company may choose to continue the Offering thereafter. Purchasers should be mindful that this means they can make multiple investment commitments in the offering, which may be subject to different cancellation rights. For example, if an intermediate close occurs and later a material change occurs as the Offering continues, Purchasers previously closed upon will not have the right to re-confirm their investment as it will be deemed completed.

In addition to the risks listed above, businesses are often subject to risks not foreseen or fully appreciated by the management. It is not possible to foresee all risks that may affect us. Moreover, the Company cannot predict whether the Company will successfully effectuate the Company's current business plan. Each prospective Purchaser is encouraged to carefully analyze the risks and merits of an investment in the Securities and should take into consideration when making such analysis, among other, the Risk Factors discussed above.

THE SECURITIES OFFERED INVOLVE A HIGH DEGREE OF RISK AND MAY RESULT IN THE LOSS OF YOUR ENTIRE INVESTMENT. ANY PERSON CONSIDERING THE PURCHASE OF THESE SECURITIES SHOULD BE AWARE OF THESE AND OTHER FACTORS SET FORTH IN THIS FORM C/A AND SHOULD CONSULT WITH HIS OR HER LEGAL, TAX AND FINANCIAL ADVISORS PRIOR TO MAKING AN INVESTMENT IN THE SECURITIES. THE SECURITIES SHOULD ONLY BE PURCHASED BY PERSONS WHO CAN AFFORD TO LOSE ALL OF THEIR INVESTMENT.

## **BUSINESS**

### **Description of the Business**

HILOS' mission is to put each of us at the center of what we wear, pioneering on-demand, custom manufacturing in footwear and apparel. HILOS has developed its own manufacturing process to design, manufacture, market, and sell its own branded products. In addition, HILOS intends to market, sell and deliver manufacturing solutions and services to third-party brands.

### **Business Plan**

The Company is committed to pioneering on-demand, agile manufacturing at scale in the United States. The Company's business strategy leverages both direct consumer demand as well as intermediary manufacturing and retail demand for new product capabilities and production

processes in order to scale its solution. As part of this strategy, the Company has launched an initial product into market that showcases the benefits of its manufacturing platform (user customization, rapid development with minimal inventory and supply chains, sustainability). This product serves as a demand generator both for HILOS-branded products but also for the Company’s manufacturing services. HILOS anticipates working with third-party brands and manufacturers to both develop new product offerings and serve as a manufacturing partner for said offerings.

The Company plans to launch its pre-sale for purchase on or around September 15, 2020 and expects to quickly sell out of its initial limited product offering. The Company intends to keep its business partners and investors informed of the status of this pre-sale.

The Company is currently in conversations with several footwear brands concerning prospective developmental and manufacturing partnerships. Part of its business is built around co-developing products with other brands on its platform and becoming a third-party manufacturer for these products. If and when these partnerships materialize, either in the form of an MOU, POC, or SOW, the Company plans to update its business partners and investors accordingly.

The Company is also exploring potential collaborations with several computational partners. These partnerships, if achieved, will focus on joint development of sophisticated design and automation workflows in order to optimize HILOS’ digital design process and optimally outpace that of its market competitors. HILOS may choose to partner with one or multiple of these partners and upon doing so intends to update its business partners and investors accordingly.

### **The Company’s Products and Services**

<b>Product / Service</b>	<b>Description</b>	<b>Current Market</b>
The Georgia	Our first custom offering is a fashionable heeled mule that is tailored to each foot, made-to-order without the wait and customized to each consumer. HILOS has not sold any pairs of this product line as it prepares for the product launch in the first week of September.	United States
Manufacturing Services	HILOS’ custom, on-demand manufacturing process applies to a broad diversity of product types. As such, HILOS is able to act as a third-party manufacturing partner.	United States

HILOS expects to broaden its initial Georgia shoe offering to several styles and formats over the course of 2021.

Initially, HILOS-branded products are expected to be distributed D2C through its website. In the future, the company anticipates offering its product with brick-and-mortar and online retail partners.

## Competition

The Company’s primary competitors are women’s footwear brands such as Rothy’s, Tamara Mellon, etc., as well as end-to-end manufacturing service providers such as Carpenter Additive, Sparton, and Flex.

The markets in which our products are sold are highly competitive. Our products compete against similar products of many large and small companies, including well-known global competitors. In many of the markets and industry segments in which we sell our products, we compete against other branded products as well as retailers’ private-label brands. Product branding and marketing, quality and performance, and value and packaging are all important differentiating factors. The markets in which our services are offered are extremely volatile, particularly with global trade wars and disruptive pandemics. While this volatility creates opportunity, it also encourages new entrants to the market while sometimes reinforcing competitor positions. Recent fiscal and monetary stimulus also reinforces incumbent positions and may pose a threat to nascent competition.

## Customer Base

The Company’s customers are primarily retail consumers. Medium and large product companies are target customers for HILOS’ manufacturing services and are a potentially diverse set of customers.

## Intellectual Property

### Patents

Application or Registration #	Title	Description	File Date	Grant Date	Country
63/015,214	System and Methods for Lasting an Upper to a 3D Printed Platform	A patent related to the method of engineering and assembly HILOS employs for its footwear manufacturing. This process involves the	April 24, 2020	N/A—Still Pending	United States of America

		specialized engineering of two component parts (the upper and a shoe platform) that allow for lasting the two together without additional component part layers or bonds.			
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HILOS possesses a number of trade secrets related to the development and manufacturing of on-demand custom footwear, including the engineering and application of a built-in insole, the material treatment and application for finishing and post-processing, and the computational architecture for automation at scale. HILOS safeguards this Intellectual Property as trade secrets in order to avoid the publication and eventual imitation of its process. In addition, HILOS has generated significant Intellectual Property concerning on-demand, custom manufacturing as an end-to-end application. This includes but is not limited to process, current applications, material parameters, integration opportunities and limits with both software and hardware, and computationally-driven optimization processes.

**Governmental/Regulatory Approval and Compliance**

The Company is subject to laws and regulations of U.S. federal, state and local government authorities affecting its operations in the areas of labor, advertising, digital content, consumer protection, real estate, billing, e-commerce, promotions, quality of services, telecommunications, mobile communications and media, television, intellectual property ownership and infringement, tax, import and export requirements, anti-corruption, foreign exchange controls and cash repatriation restrictions, data privacy requirements, anti-competition, environmental, health and safety. Compliance with these laws, regulations and similar requirements may be onerous and expensive, and they may be inconsistent from jurisdiction to jurisdiction, further increasing the cost of compliance and doing business.

**Litigation**

There are no existing legal suits pending, or to the Company’s knowledge, threatened, against the Company.

**Other**

The Company’s principal address is 431 NW Flanders St, Suite 201, Portland, OR 97209.

The Company conducts business in Oregon, USA.

Because this Form C/A focuses primarily on information concerning the Company rather than the industry in which the Company operates, potential Purchasers may wish to conduct their own separate investigation of the Company's industry to obtain greater insight in assessing the Company's prospects.

**Exhibit B** to this Form C/A is a detailed Company summary. Purchasers are encouraged to review Exhibit B carefully to learn more about the business of the Company, its industry and future plans and prospects. **Exhibit B** is incorporated by reference into this Form C/A.

## USE OF PROCEEDS

The following table lists the use of proceeds of the Offering if the Minimum Amount and Maximum Amount are raised.

Use of Proceeds	% of Minimum Proceeds Raised	Amount if Minimum Raised	% of Maximum Proceeds Raised	Amount if Maximum Raised
Intermediary Fees	5.00%	\$1,250	5.00%	\$12,500
Campaign marketing expenses or related reimbursement	32.00%	\$8,000	20.00%	\$50,000
General Marketing	0.00%	\$0	13.00%	\$32,500
Manufacturing	16.00%	\$4,000	16.00%	\$40,000
Equipment Purchases	37.00%	\$9,250	30.00%	\$75,000
Purchase of Real Property	10.00%	\$2,500	4.00%	\$10,000
General Working Capital	0.00%	\$0	12.00%	\$30,000
<b>Total</b>	<b>100.00%</b>	<b>\$25,000</b>	<b>100.00%</b>	<b>\$250,000</b>

The Use of Proceeds chart is not inclusive of fees paid for use of the Form C/A generation system, payments to financial and legal service providers, and escrow related fees, all of which were incurred in preparation of the campaign and are due in advance of the closing of the campaign.

The Company does have discretion to alter the use of proceeds as set forth above. The Company may alter the use of proceeds if the Company’s current needs or plans change from now to the time of actual funding. The Company budgets conservatively while consistently succeeding in minimizing actual costs. If the Company is able to effectively execute operations at a lesser cost the Company will use its discretion to apportion funds saved to other critical priorities.

## **DIRECTORS, OFFICERS AND EMPLOYEES**

### **Directors and Officers**

The directors, managers, and officers of the Company are listed below along with all positions and offices held at the Company and their principal occupation and employment responsibilities for the past three (3) years and their educational background and qualifications.

<b>Name</b>	<b>HILOS Positions</b>	<b>Employment Responsibilities</b>	<b>Past Experience</b>	<b>Education &amp; Qualifications</b>
Elias Stahl	Chief Executive Officer, President, Secretary, Treasurer, Sole Director	Chief Executive Officer, July 17, 2019 – Present;  Leads business strategy, daily operations, finance, and strategic partnerships	Handshake Partners, VP of Product, August 2017 – June 2019	Bachelor’s, History—University of Toronto  Master’s, International Economics and Strategic Studies—Johns Hopkins University

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### ***Indemnification***

Indemnification is authorized by the Company to directors, officers or controlling persons acting in their professional capacity pursuant to Delaware law. Indemnification includes expenses such as attorney’s fees and, in certain circumstances, judgments, fines and settlement amounts actually paid or incurred in connection with actual or threatened actions, suits or proceedings involving such person, except in certain circumstances where a person is adjudged to be guilty of gross negligence or willful misconduct, unless a court of competent jurisdiction determines that such indemnification is fair and reasonable under the circumstances.

### **Employees**

The Company currently has 3 employees in Oregon, USA.

## **CAPITALIZATION AND OWNERSHIP**

### **Capitalization**

The Company has issued the following outstanding Securities:

<b>Type of security</b>	Simple Agreement for Future Equity (SAFE)
<b>Amount outstanding</b>	\$152,000
<b>Voting Rights</b>	None
<b>Anti-Dilution Rights</b>	None
<b>How this Security may limit, dilute or qualify the Notes/Bonds issued pursuant to Regulation CF</b>	N/A
<b>Percentage ownership of the Company by the holders of such Securities (assuming conversion prior to the Offering if convertible securities).</b>	N/A
<b>Other Material Terms</b>	<p>If the Company pays a dividend on outstanding shares of Common Stock (that is not payable in shares of Common Stock) while the SAFEs are outstanding, the Company will pay the Dividend Amount to the investors who hold the SAFE at the same time.</p> <p>The SAFEs will automatically terminate (without relieving the Company of any obligations arising from a prior breach of or non-compliance with the SAFE) immediately following the earliest to occur of: (i) the issuance of Capital Stock to the Investor pursuant to the automatic conversion of the SAFE. The conversion price is equal to the purchase amount multiplied by the SAFE price or discount price, whichever results in the greater amount of shares. The discount price is equal to the preferred stock sold in an equity financing of \$10,000,000 or more multiplied by 80%; or (ii) the payment, or setting aside for payment, of amounts due the Investor pursuant to a liquidity or dissolution event.</p> <p>\$40,000 of the SAFEs have a valuation cap of \$10,000,000 and \$112,000 of SAFEs have a valuation cap of \$6,000,000. The entire amount of SAFEs outstanding (\$152,000) also have a discount rate of 20%.</p>

<b>Type of security</b>	Common Stock
<b>Amount authorized</b>	18,000,000
<b>Amount outstanding</b>	5,400,000
<b>Voting Rights</b>	Yes
<b>Anti-Dilution Rights</b>	None
<b>How this Security may limit, dilute or qualify the Notes/Bonds issued pursuant to Regulation CF</b>	N/A
<b>Fully-diluted interest</b>	36.0%

<b>Type of security</b>	Equity Incentive Common Stock
<b>Amount authorized</b>	9,600,000
<b>Amount outstanding</b>	6,720,000
<b>Voting Rights</b>	None
<b>Anti-Dilution Rights</b>	None
<b>How this Security may limit, dilute or qualify the Notes/Bonds issued pursuant to Regulation CF</b>	N/A
<b>Percentage ownership of the Company by the holders of such Securities (assuming conversion prior to the Offering if convertible securities).</b>	44.80%

The Company has the following debt outstanding:

<b>Type of debt</b>	Credit card
<b>Name of creditor</b>	JPMorgan Chase
<b>Amount outstanding</b>	\$6,642.33
<b>Interest rate and payment schedule</b>	Payment on the 4th of every month of each statement balance. The credit card has an APR of 15.99% on all purchases.
<b>Amortization schedule</b>	None
<b>Describe any collateral or security</b>	None
<b>Maturity date</b>	N/A
<b>Other material terms</b>	Credit limit is up to \$49,000

<b>Type of debt</b>	Deferred Payments
<b>Name of creditor</b>	WSGR
<b>Amount outstanding</b>	\$9,706.00
<b>Interest rate and payment schedule</b>	No interest, due 01/01/2021
<b>Amortization schedule</b>	None
<b>Describe any collateral or security</b>	None
<b>Maturity date</b>	N/A
<b>Other material terms</b>	Payment was accrued for WSGR's legal work in preparing SAFE agreements, attending to the distribution of such agreements, and updating corporate records.

*The Company has conducted the following prior Securities offerings in the past three years:*

Security Type	Number Sold	Money Raised	Use of Proceeds	Offering Date	Exemption from Registration Used or Public Offering
SAFE	N/A	\$152,000	Develop and manufacture initial product line.	August 2019; December 2019; February 2020; June 2020	4(a)(2)

### Ownership

Below are the beneficial owners of 20% percent or more of the Company's outstanding voting equity securities, calculated on the basis of voting power, are listed along with the amount they own.

Name	Percentage Owned Prior to Offering
Elias Stahl	100.0%

### FINANCIAL INFORMATION

**Please see the financial information listed on the cover page of this Form C/A and attached hereto in addition to the following information. Financial statements are attached hereto as Exhibit A.**

### Operations

The Company has raised \$152,000 in seed funding from the issuance of SAFE notes as well \$5,000 in a grant from BusinessOregon. Despite these relative capital constraints, the Company has successfully developed its initial product and anticipates initial launch in the first week of September. Adequate financial capital remains a critical challenge to the Company. Having a viable product and brand are strong foundations to build on, but there remain risks to revenue generation, operational liquidity, and capital growth that can threaten the long-term viability of the Company.

The company anticipates gradually scaling its capex and overhead costs while meeting excess demand through third-party partners and by using Company manufacturing services to underwrite the Company's own manufacturing capacity. Our own products are made from a highly portable and scalable technology stack, allowing for a gradual expansion of in-house capacity to meet demand. Management believes it can realize positive operational outcomes by scaling its operations through automation as oppose to incorporating larger machines in its

manufacturing lines. In addition, by providing manufacturing services to third-parties, the Company can provide additional capital streams to finance internal manufacturing capacity.

## **Liquidity and Capital Resources**

The Offering proceeds are essential to the pace and scale of our operations. The Company plans to use the proceeds as set forth above under "use of proceeds", all of which align as indispensable elements of our business strategy. The Company anticipates that the Offering proceeds will provide the liquidity required to launch fully into market by Spring 2021, to grow our manufacturing capacity, and to generate long-term, organic revenue growth.

## **Capital Expenditures and Other Obligations**

The Company does not intend to make any material capital expenditures in the future.

## **Material Changes and Other Information**

### **Trends and Uncertainties**

After reviewing the above discussion of the steps the Company intends to take, potential Purchasers should consider whether achievement of each step within the estimated time frame is realistic in their judgment. Potential Purchasers should also assess the consequences to the Company of any delays in taking these steps and whether the Company will need additional financing to accomplish them.

## **THE OFFERING AND THE SECURITIES**

### **The Offering**

The Company is offering up to 250,000 of Crowd Notes for up to \$250,000.00. The Company is attempting to raise a minimum amount of \$25,000.00 in this Offering (the "Minimum Amount"). The Company must receive commitments from investors in an amount totaling the Minimum Amount by December 28, 2020 (the "Offering Deadline") in order to receive any funds. If the sum of the investment commitments does not equal or exceed the Minimum Amount by the Offering Deadline, no Securities will be sold in the Offering, investment commitments will be cancelled and committed funds will be returned to potential investors without interest or deductions. The Company has the right to extend the Offering Deadline at its discretion. The Company will accept investments in excess of the Minimum Amount up to \$250,000.00 (the "Maximum Amount") and the additional Securities will be allocated on at the Company's discretion .

The price of the Securities does not necessarily bear any relationship to the Company's asset value, net worth, revenues or other established criteria of value, and should not be considered indicative of the actual value of the Securities.

In order to purchase the Securities you must make a commitment to purchase by completing the Subscription Agreement. Purchaser funds will be held in escrow with Evolve Bank & Trust until the Minimum Amount of investments is reached. Purchasers may cancel an investment commitment until 48 hours prior to the Offering Deadline or the Closing, whichever comes first using the cancellation mechanism provided by the Intermediary. The Company will notify

Purchasers when the Minimum Amount has been reached. If the Company reaches the Minimum Amount prior to the Offering Deadline, it may close the Offering at least five (5) days after reaching the Minimum Amount and providing notice to the Purchasers. If any material change (other than reaching the Minimum Amount) occurs related to the Offering prior to the Offering Deadline, the Company will provide notice to Purchasers and receive reconfirmations from Purchasers who have already made commitments. If a Purchaser does not reconfirm his or her investment commitment after a material change is made to the terms of the Offering, the Purchaser's investment commitment will be cancelled and the committed funds will be returned without interest or deductions. If a Purchaser does not cancel an investment commitment before the Minimum Amount is reached, the funds will be released to the Company upon closing of the Offering and the Purchaser will receive the Securities in exchange for his or her investment. Any Purchaser funds received after the initial closing will be released to the Company upon a subsequent closing and the Purchaser will receive Securities via Digital Registry in exchange for his or her investment as soon as practicable thereafter.

In the event that \$75,000 in investments is committed and received by the escrow agent and more than thirty (30) days remain before the Offering Deadline, the Company may conduct the first of multiple closings of the Offering (an "Intermediate Close"), provided all investors receive notice that an Intermediate Close will occur and funds will be released to the Company, at least five (5) business days prior to the Intermediate Close (absent a material change that would require an extension of the offering and reconfirmation of the investment commitment). Investors who committed on or before such notice will have until 48 hours before the Intermediate Close to cancel their investment commitment.

In the event the Company does conduct the first of multiple closes, the Company agrees to only withdraw \$75,000 from escrow and will only conduct the Intermediate Close if more than thirty (30) days remain before the Offering Deadline. The Company may only conduct another Intermediate Close before the Offering Deadline if: (i) the amount of investment commitments made and received in escrow exceeds \$125,000 since the time of the last Intermediate Close; and (ii) more than thirty (30) days remain before the Offering Deadline.

The Company has agreed to return all funds to investors in the event a Form C/A-W is ultimately filed in relation to this Offering, regardless of any subsequent closes.

Subscription Agreements are not binding on the Company until accepted by the Company, which reserves the right to reject, in whole or in part, in its sole and absolute discretion, any subscription. If the Company rejects all or a portion of any subscription, the applicable prospective Purchaser's funds will be returned without interest or deduction.

The price of the Securities was determined arbitrarily. The minimum amount that a Purchaser may invest in the Offering is \$100.00.

The Offering is being made through MicroVenture Marketplace Inc., the Intermediary. The following two fields below sets forth the compensation being paid in connection with the Offering.

### ***Commission/Fees***

At the conclusion of the Offering, the Issuer shall pay to the Intermediary a fee consisting of five percent (5%) commission based on the amount of investments raised in the Offering and paid upon distribution of funds from escrow at the time of closing.

### ***Stock, Warrants and Other Compensation***

The Intermediary will receive a number of Crowd Notes of the Issuer equal to two percent (2%) of the total number of Securities sold by the Issuer in the Offering.

### ***Transfer Agent and Registrar***

The Company will act as transfer agent and registrar for the Securities.

### **The Securities**

We request that you please review our organizational documents in conjunction with the following summary information.

### **Authorized Capitalization**

See “CAPITALIZATION AND OWNERSHIP” above.

The material terms of the Security are as follows:

### **Not Currently Equity Interests**

The Securities are not currently equity interests in the Company and can be thought of as the right to receive shares at some point in the future upon the occurrence of certain events.

### **Valuation Cap**

\$6,000,000 (\$6 million)

### **Discount**

20.0%

### **Conversion of the Crowd Notes.**

Upon the occurrence of a Qualified Equity Financing, the Crowd Notes will convert into Conversion Shares pursuant to the following:

- a. If the investor is not a Major Investor, the Crowd Notes will convert into Conversion Shares upon the earlier of (i) the Company’s election or (ii) a Corporate Transaction.
- b. If the investor is a Major Investor, the Company will convert the Crowd Notes into Conversion Shares prior to the closing of the Qualified Equity Financing.

“**Qualified Equity Financing**” shall mean the first sale (or series of related sales) by the Company of its Preferred Stock following the Date of Issuance from which the Company receives gross proceeds of not less than \$1,000,000.00 (excluding the aggregate amount of securities converted into Preferred Stock in connection with such sale (or series of related sales).

**Conversion Mechanics.** Company shall convert the Crowd Notes into Conversion Shares equal to the quotient obtained by dividing the Outstanding Principal by the Conversion Price. The issuance of Conversion Shares pursuant to the conversion of the Crowd Notes shall be upon and subject to the same terms and conditions applicable to the stock sold in the Qualified Equity Financing; provided, however, that if the investor is not a Major Investor, the investor shall receive shares of a Shadow Series with certain limited rights.

**“Conversion Shares”** shall mean with respect to a conversion of the Crowd Notes, shares of the Company’s Preferred Stock issued in the Qualified Equity Financing.

**“Shadow Series”** shall mean shares of a series of the Company's Preferred Stock that is identical in all respects to the shares of Preferred Stock issued in the Qualified Equity Financing (e.g., if the Company sells Series A Preferred Stock in the Qualified Equity Financing, the Shadow Series would be Series A-1 Preferred Stock), except that the liquidation preference per share of the Shadow Series shall equal the Conversion Price (as determined pursuant to Section 2) and the following additional differences:

- i. Shadow Series shareholders shall grant their vote on any matter that is submitted to a vote or for the consent of the stockholders of the Company (except for on matters required by law) by Irrevocable Proxy;
- ii. Shadow Series shareholders shall receive quarterly business updates from the Company through the Platform but will have no additional information or inspection rights (except with respect to such rights which are required by law).

**“Conversion Price”** with respect to a conversion pursuant to a Qualified Equity Financing shall equal the lower of (A) the product of (1) one minus the Discount and (2) the price paid per share for Preferred Stock by the investors in the Qualified Equity Financing, or (B) the quotient resulting from dividing (1) the Valuation Cap by (2) the Fully-Diluted Capitalization immediately prior to the closing of the Qualified Equity Financing.

**“Irrevocable Proxy”** shall mean the agreement appointing the Platform or an affiliate of the Platform as the sole and exclusive attorney and proxy of the Shadow Series shareholder, with full power of substitution and re-substitution, to vote and exercise all voting and related rights with respect to all of the securities of the Company that now are or hereafter may be beneficially owned by Shadow Series shareholder.

**“Major Investor”** shall mean any investor in Crowd Notes in which the Purchase Price is equal to or greater than \$25,000.00.

**“Outstanding Principal”** shall mean the total of the Purchase Price.

### **Corporate Transaction**

In the event of a Corporate Transaction, the Company shall notify the investor in writing of the terms of the Corporate Transaction.

- a. If the Corporate Transaction occurs prior to a Qualified Equity Financing, the investor shall receive the higher value received by either:
  - i. Quotient obtained by dividing the product of (1) the Outstanding

Principal and the Fully-Diluted Capitalization immediately prior to the closing of the Corporate Transaction by the (2) the Valuation Cap; or

ii. Obtaining the Corporate Transaction Payment.

- b. If the Corporate Transaction occurs after a Qualified Equity Financing the Company shall convert the Crowd Notes into Conversion Shares pursuant to Conversion Mechanics described above.

**“Corporate Transaction”** shall mean:

- a. the closing of the sale, transfer or other disposition of all or substantially all of the Company’s assets,
- b. the consummation of the merger or consolidation of the Company with or into another entity (except a merger or consolidation in which the holders of capital stock of the Company immediately prior to such merger or consolidation continue to hold at least 50% of the voting power of the capital stock of the Company or the surviving or acquiring entity),
- c. the closing of the transfer (whether by merger, consolidation or otherwise), in one transaction or a series of related transactions, to a person or group of affiliated persons (other than an underwriter of the Company’s securities), of the Company’s securities if, after such closing, such person or group of affiliated persons would hold 50% or more of the outstanding voting stock of the Company (or the surviving or acquiring entity), or
- d. the IPO, liquidation, dissolution or winding up of the Company; provided, however, that a transaction shall not constitute a Corporate Transaction if its sole purpose is to change the state of the Company’s incorporation or to create a holding company that will be owned in substantially the same proportions by the persons who held the Company’s securities immediately prior to such transaction.

**“Corporate Transaction Payment”** shall mean an amount equal to two times (2X) the Purchase Price. If there are not enough funds to pay the investors in full, then proceeds from the respective transaction will be distributed with equal priority and pro rata among Purchasers in proportion to their Purchase Price.

### **Termination**

The Crowd Notes will terminate upon the earlier of: (a) a conversion of the entire Purchase Price under the Crowd Notes into Conversion Shares; or (b) the payment of amounts due to the investor pursuant to a Corporate Transaction.

In addition, the Purchaser may not transfer the Securities or any Securities into which they are convertible to any of the Company’s competitors, as determined by the Company in good faith.

Furthermore, upon the event of an IPO, the equity interest into which the Securities are converted will be subject to a lock-up period and may not be sold for up to 180 days following such IPO.

## **Voting and Control**

The Securities do not have any voting rights. Further, upon conversion of the Crowd Notes into Conversion Shares, Shadow Series shareholders shall grant their vote on any matter that is submitted to a vote or for the consent of the members of the Company (except for on matters required by law) by Irrevocable Proxy.

The Company does not have any shareholder/equity holder agreements in place.

## **Anti-Dilution Rights**

The Securities do not have anti-dilution rights.

## **Restrictions on Transfer**

Any Securities sold pursuant to Regulation CF being offered may not be transferred by any Investor of such Securities during the one-year holding period beginning when the Securities were issued, unless such Securities were transferred: 1) to the Company, 2) to an accredited investor, as defined by Rule 501(d) of Regulation D of the Securities Act of 1933, as amended, 3) as part of an Offering registered with the SEC or 4) to a member of the family of the Investor or the equivalent, to a trust controlled by the Investor, to a trust created for the benefit of a family member of the Investor or the equivalent, or in connection with the death or divorce of the Investor or other similar circumstances. "Member of the family" as used herein means a child, stepchild, grandchild, parent, stepparent, grandparent, spouse or spousal equivalent, sibling, mother/father/daughter/son/sister/brother-in-law, and includes adoptive relationships. Remember that although you may legally be able to transfer the Securities, you may not be able to find another party willing to purchase them.

## **Other Material Terms**

The Company does not have the right to repurchase the Crowd Notes. The investor agrees to take any and all actions determined in good faith by the Company's Manager to be advisable to reorganize the instrument and any shares issued pursuant to the terms of the Crowd Notes into a special purpose vehicle or other entity designed to aggregate the interests of holders of Crowd Notes.

We request that you please review the Subscription Agreement attached to the Form C/A as Exhibit C and the form of Crowd Note attached to this Form C/A as Exhibit D in conjunction with the following summary information.

## **TAX MATTERS**

**EACH PROSPECTIVE INVESTOR SHOULD CONSULT WITH HIS OR HER OWN TAX AND ERISA ADVISOR AS TO THE PARTICULAR CONSEQUENCES TO THE INVESTOR OF THE PURCHASE, OWNERSHIP AND SALE OF THE INVESTOR'S SECURITIES, AS WELL AS POSSIBLE CHANGES IN THE TAX LAWS.**

**TO ENSURE COMPLIANCE WITH THE REQUIREMENTS IMPOSED BY THE INTERNAL REVENUE SERVICE, WE INFORM YOU THAT ANY TAX STATEMENT IN THIS FORM C/A CONCERNING UNITED STATES FEDERAL TAXES IS NOT**

**INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED, BY ANY TAXPAYER FOR THE PURPOSE OF AVOIDING ANY TAX-RELATED PENALTIES UNDER THE UNITED STATES INTERNAL REVENUE CODE. ANY TAX STATEMENT HEREIN CONCERNING UNITED STATES FEDERAL TAXES WAS WRITTEN IN CONNECTION WITH THE MARKETING OR PROMOTION OF THE TRANSACTIONS OR MATTERS TO WHICH THE STATEMENT RELATES. EACH TAXPAYER SHOULD SEEK ADVICE BASED ON THE TAXPAYER'S PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.**

**Potential Investors who are not United States residents are urged to consult their tax advisors regarding the United States federal income tax implications of any investment in the Company, as well as the taxation of such investment by their country of residence. Furthermore, it should be anticipated that distributions from the Company to such foreign investors may be subject to UNITED STATES withholding tax.**

**EACH POTENTIAL INVESTOR SHOULD CONSULT HIS OR HER OWN TAX ADVISOR CONCERNING THE POSSIBLE IMPACT OF STATE TAXES.**

## **TRANSACTIONS WITH RELATED PERSONS AND CONFLICTS OF INTEREST**

### **Related Person Transactions**

From time to time the Company may engage in transactions with related persons. Related persons are defined as any director or officer of the Company; any person who is the beneficial owner of 10 percent or more of the Company's outstanding voting equity securities, calculated on the basis of voting power; any promoter of the Company; any immediate family member of any of the foregoing persons or an entity controlled by any such person or persons.

The Company has not conducted transactions with related persons.

### **Conflicts of Interest**

To the best of our knowledge the Company has not engaged in any transactions or relationships, which may give rise to a conflict of interest with the Company, its operations or its security holders.

## **OTHER INFORMATION**

### **Bad Actor Disclosure**

The Company is not subject to any Bad Actor Disqualifications under any relevant U.S. securities laws.

## SIGNATURE

Pursuant to the requirements of Sections 4(a)(6) and 4A of the Securities Act of 1933 and Regulation Crowdfunding (§ 227.100 et seq.), the issuer certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form C/A and has duly caused this Form to be signed on its behalf by the duly authorized undersigned.

/s/Elias Stahl

(Signature)

Elias Stahl

(Name)

CEO

(Title)

Pursuant to the requirements of Sections 4(a)(6) and 4A of the Securities Act of 1933 and Regulation Crowdfunding (§ 227.100 et seq.), this Form C/A has been signed by the following persons in the capacities and on the dates indicated.

/s/Elias Stahl

(Signature)

Elias Stahl

(Name)

CEO

(Title)

September 17, 2020

(Date)

I, Elias Stahl, being the founder of HILOS, Inc., a Corporation (the “Company”), hereby certify as of this that:

(i) the accompanying unaudited financial statements of the Company, which comprise the balance sheet as of December 31, 2019 and the related statements of income (deficit), stockholder’s equity and cash flows for the year ended December 31, 2019, and the related notes to said financial statements (collectively, the “Financial Statement”), are true and complete in all material respects; and

(ii) the tax return information of the Company included herein reflects accurately the information reported on the tax return for the Company filed for the year ended December 31, 2019.

/s/Elias Stahl

(Signature)

Elias Stahl

(Name)

Chief Executive Officer

(Title)

September 17, 2020

(Date)

## **EXHIBITS**

Exhibit A	Financial Statements
Exhibit B	Company Summary
Exhibit C	Subscription Agreement
Exhibit D	Crowd Note
Exhibit E	Pitch Deck

**Exhibit A**  
**Financial Statements**

**HILOS, Inc.**  
**Balance Sheet (unaudited)**  
**For Year Ended December 31**

**2019**

**Assets**

Current Assets	
Cash and Cash Equivalents	49,486.77
Total Current Assets	<u>49,486.77</u>
Fixed Assets	
Office Equipment	1,633.78
Total Fixed Assets	<u>1,633.78</u>
Total Assets	<u><u>51,120.55</u></u>

**Liabilities and Equity**

Current Liabilities	
Deferred Payment	5,000.00
Total Current Liabilities	<u>5,000.00</u>
Total Liabilities	<u>5,000.00</u>

Equity

Opening Balance	-
Common Stock	54.00
Paid-In Capital	102,000.00
Net Income	(55,933.45)
Total Equity	<u>46,120.55</u>
Total Liabilities and Equity	<u><u>51,120.55</u></u>

**HILOS, Inc.**  
**Income Statement (unaudited)**  
**For Year Ended December 31**

**2019**

Profit	-
Expenses	
General and Administrative	54,479.52
Marketing	162.00
Other	1,193.00
Total Expenses	<u>55,834.52</u>
EBITDA	(55,834.52)
Depreciation and Amortization	<u>98.93</u>
EBIT	(55,933.45)
Interest and Tax Expense	-
<b>Net Income</b>	<u><u>(55,933.45)</u></u>

**HILOS, Inc.**  
**Statement of Cash Flows (unaudited)**  
**For Year Ended December 31**

**2019**

**Operating Activities**

<b>Net Income</b>	\$	(55,933.45)
<b>Adjustments to Net Income</b>		
Accounts Payable	\$	5,000.00
Depreciation and Amortization	\$	98.93
Net Cash Provided by Operating Activities	\$	<u>(50,834.52)</u>

**Investing Activities**

Office Equipment	\$	<u>(1,732.71)</u>
Net Cash Provided by Investing Activities	\$	(1,732.71)

**Financing Activities**

Opening Balance	\$	-
Issuance of Common Stock	\$	54.00
Paid-In Capital	\$	<u>102,000.00</u>
Net Cash Provided by Financing Activities	\$	102,054.00

Net Cash Increase for the Period	\$	<u>49,486.77</u>
Cash at End of Period	\$	<u><u>49,486.77</u></u>

**HILIOS, Inc.**  
**Statement of Change in Shareholders' Equity (unaudited)**  
**For Year Ended December 31, 2019**

	Common Stock (Par value \$0.000001)	Additional Paid-In Capital	Retained Earnings	Totals
Opening Balance	-	-	-	-
Issuance of Common Stock	54.00	-	-	54.00
Issuance of SAFEs	-	102,000.00	-	102,000.00
Net Income	-	-	(55,933.45)	(55,933.45)
Ending Balance	54.00	102,000.00	(55,933.45)	46,120.55

**HILOS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**For Year Ended December 31, 2019**  
**(unaudited)**

**NOTE 1 - NATURE OF OPERATIONS**

HILOS, Inc. (which may be referred to as the “Company,” “we,” “us,” or “our”) is a consumer brand and manufacturing company that 3D-prints shoes. Since Inception, the Company has relied on advances from founders, credit issued by vendors for their services, services provided for common stock and raising capital to fund its operations. As of December 31, 2019, the Company had limited working capital and will be dependent upon future issuance of securities to investors, vendors and employees before it will consummate its first sale of manufacturing services or 3D-printed shoes. The Company expects to release a limited, initial product launch of 100 3D-printed heels in September 2020 and scale production in 2021.

During the next 12 months, the Company intends to fund its operations with funding from a crowdfunding campaign offering issuance of its convertible notes (see Note 7) and capital contributions from other investors. If the Company cannot secure additional short-term capital, it may cease operations. These financial statements and related notes thereto do not include any adjustments that might result from these uncertainties.

The Company was formed as a C-Corporation on July 17, 2019. The Company is headquartered in Portland, Oregon.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Presentation**

The accounting and reporting policies of the Company conform to accounting principles generally accepted in the United States of America ("GAAP").

**Use of Estimates**

The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and the footnotes thereto. Actual results could differ from those estimates. It is reasonably possible that changes in estimates will occur in the near term.

**Risks and Uncertainties**

The Company has a limited operating history. The Company's business and operations are sensitive to general business and economic conditions in the United States. A host of factors beyond the Company's control could cause fluctuations in these conditions. Adverse conditions may include: recession, downturn or otherwise, competition, theft of intellectual property rights or changes in consumer desires. These adverse conditions could affect the Company's financial condition and the results of its operations. As of December 31, 2019, the Company is operating as a going concern. See Note 1 and Note 6 for additional information.

**Cash and Cash Equivalents**

The Company considers short-term, highly liquid investment with original maturities of three months or less at the time of purchase to be cash equivalents. Cash consists of funds held in the Company's checking account.

**Receivables and Credit Policy**

Trade receivables from customers are uncollateralized customer obligations due under normal trade terms, primarily requiring payment before services are rendered. Trade receivables are stated at the amount billed to the customer. Payments of trade receivables are allocated to the specific invoices identified on the customer's remittance advice or, if unspecified, are applied to the earliest unpaid invoice. The Company, by policy, routinely assesses the financial strength of its customer. As a result, the Company believes that its accounts receivable credit risk exposure is limited and it has not experienced significant write-downs in its accounts receivable balances. As of December 31, 2019, the Company did not have any outstanding accounts receivable.

## **Property and Equipment**

Property and equipment are recorded at cost (if the aggregate costs for acquiring and placing the asset in service is greater than \$500). Expenditures for renewals and improvements that significantly add to the productive capacity or extend the useful life of an asset are capitalized. Expenditures for maintenance and repairs are expensed as incurred. When equipment is retired or sold, the cost and related accumulated depreciation are eliminated from the balance sheet accounts and the resultant gain or loss is reflected in income.

Depreciation is calculated using the straight-line method, based on useful lives of the assets which range from three to seven years.

The Company reviews the carrying value of property and equipment for impairment whenever events and circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. In cases where undiscounted expected future cash flows are less than the carrying value, an impairment loss is recognized equal to an amount by which the carrying value exceeds the fair value of assets. The factors considered by management in performing this assessment include current operating results, trends and prospects, the manner in which the property is used, and the effects of obsolescence, demand, competition, and other economic factors. The Company had no impairment as of December 31, 2019.

## **Fair Value Measurements**

The Company has determined the fair value of certain assets and liabilities in accordance with United States generally accepted accounting principles (“GAAP”), which provides a framework for measuring fair value.

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Valuation techniques should maximize the use of observable inputs and minimize the use of unobservable inputs.

A fair value hierarchy has been established, which prioritizes the valuation inputs into three broad levels. Level 1 inputs consist of quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the related asset or liability. Level 3 inputs are unobservable inputs related to the asset or liability.

## **Income Taxes**

Income taxes are provided for the tax effects of transactions reporting in the financial statements and consist of taxes currently due plus deferred taxes related primarily to differences between the basis of receivables, inventory, property and equipment, intangible assets, and accrued expenses for financial and income tax reporting. The deferred tax assets and liabilities represent the future tax return consequences of those differences, which will either be taxable or deductible when the assets and liabilities are recovered or settled. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized.

There is no income tax provision for the Company for the period from Inception through December 31, 2019 as the Company had no taxable income.

The Company evaluates its tax positions that have been taken or are expected to be taken on income tax returns to determine if an accrual is necessary for uncertain tax positions. As of December 31, 2019, the unrecognized tax benefits accrual was zero.

## **Revenue Recognition**

The Company recognizes revenue when persuasive evidence of an arrangement exists, delivery has occurred or services have been rendered, the fee for the arrangement is fixed or determinable and collectability is reasonably assured. As of December 31, 2019, the Company had not begun recognizing sales.

## **Advertising Expenses**

The Company expenses advertising costs as they are incurred.

## **Organizational Costs**

In accordance with FASB ASC 720, the Company expenses organizational costs, including accounting fees, legal fee, and costs of incorporation.

### **Research and Development Costs**

In accordance with FASB ASC 730, the Company expense research and development costs.

### **Concentration of Credit Risk**

The Company maintains its cash with a local financial institution located in the United States of America, which it believes to be credit worthy. The Federal Deposit Insurance Corporation insures balances up to \$250,000. At times, the Company may maintain balances in excess of the federally insured limits.

### **Recent Accounting Pronouncements**

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2014-09, "Revenue from Contracts with Customers". Under this guidance, revenue is recognized when promised goods or services are transferred to customers in an amount that reflects the consideration expected to be received for those goods or services. The updated standard will replace most existing revenue recognition guidance under U.S. GAAP when it becomes effective and permits the use of either the retrospective or cumulative effect transition method. Early adoption is not permitted. The updated standard for nonpublic entities will be effective after December 15, 2018, and interim periods within annual periods beginning after December 15, 2019. We are currently evaluating the effect that the updated standard will have on our financial statements and related disclosures.

The FASB issues ASUs to amend the authoritative literature in ASC. There have been a number of ASUs to date, including those above, that amend the original text of ASC. Management believes that those issued to date either (i) provide supplemental guidance, (ii) are technical corrections, (iii) are not applicable to us or (iv) are not expected to have a significant impact our balance sheet.

### **NOTE 3 – INCOME TAX PROVISION**

The Company is taxed as a C Corporation. The Company filed its tax return for year ended 2019 and reported no taxable income.

### **NOTE 4 – COMMITMENTS AND CONTINGENCIES**

#### **Legal Matters**

Company is not currently involved with and does not know of any pending or threatening litigation against the Company or its member.

### **NOTE 5 – STOCKHOLDERS' EQUITY**

During 2019, the Company sold and issued 5,400,000 shares of common stock. All shares are subject to a Restricted Stock Agreement. These shares will fully vest over 48 months and the unvested shares are subject to a Company repurchase option.

### **NOTE 6 – GOING CONCERN**

These financial statements are prepared on a going concern basis. The Company's ability to continue is dependent upon management's plan to raise additional funds through a crowdfunding campaign, the issuance of additional convertible notes (see Note 7) and successfully marketing and selling its manufacturing services and 3D-printed shoes. The financial statements do not include any adjustments that might be necessary if the Company is not able to continue as a going concern.

## **NOTE 7 - SUBSEQUENT EVENTS**

### **Issuance of SAFE Notes**

The company issued \$25,000 of SAFE notes (the “Notes”) in February 2020 and \$25,000 of SAFE notes in June 2020. The Notes will convert into SAFE Preferred Stock if the Company participates in a qualified equity financing event. The Notes have a valuation cap of \$6,000,000 and a discount of 20%.

### **Anticipated Crowdfunded Offering**

The Company is offering (the “Crowdfunded Offering”) up to 250,000 Crowd Notes for up to \$250,000. The Company is attempting to raise a minimum amount of \$25,000 in this offering and up to \$250,000 maximum. The Company must receive commitments from investors totaling the minimum amount by December 28, 2020 (the “Offering Deadline”) in order to receive any funds.

The Crowdfunded Offering is being made through MicroVentures Inc. MicroVentures will be entitled to receive a 5% commission fee and 2% of the securities issued in this offering.

### **Management’s Evaluation**

Management has evaluated subsequent events through August 2020, the date the financial statements were available to be issued. Based on this evaluation, no additional material events were identified which require adjustment or disclosure in the financial statements.

**EXHIBIT B**  
**Company Summary**



**MICROVENTURES**

**H I L O S**

**Company:** HILOS

**Market:** Women's footwear

**Product:** Custom shoes made on-demand

## Company Highlights

- End-to-end custom manufacturing platform engineered to be scalable across multiple footwear categories and brands
- Portland-made in 72 hours from click-to-ship using 3D printing and digital automation
- Offering is tailored to each foot, customizable, 100% recyclable
- Customers have pre-ordered the entire first product drop of its initial style, the Georgia

## EXECUTIVE SNAPSHOT

HILOS aims to transform how consumer products are made and bought by pioneering on-demand, custom manufacturing, starting with footwear. Rather than make thousands of identical shoes overseas and bear inventory risk, the HILOS platform was built to manufacture the exact shoe a customer wants when they want it. This manufacturing process was created to reduce inventory and supply chain risk.<sup>i</sup> This on-demand approach can provide greater user customization as well as corresponding benefits in performance and comfort.

Many legacy brands are struggling to respond to supply chain disruptions, rapidly changing consumer preferences, and growth of digital during the COVID-19 crisis.<sup>ii</sup> HILOS aims to provide a new kind of business model that brings the agility and resiliency of the digital world to consumer products, finally bridging the divide between our screens and our shelves. With an on-demand production model that embraces minimal supply chains and inventory costs, rapid product development timelines and the ability to offer a personalized experience and custom product, HILOS aims to position itself at the intersection of on-demand customization and sustainable, locally-made products.

HILOS is raising capital to expand into new product lines and increase manufacturing capacity as it prepares for a full market launch in Spring 2021.

*"HILOS has their timing right. This is a market making opportunity."*

-Hap Klopp, Founder and 20-year CEO of The North Face

*"Just as video streaming set new levels of speed and personalization in the media industry, HILOS' platform will re-define consumer manufacturing"*

-Michael Gill, Former Director of Global Merchandise, Data and Analytics at Nike



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You are investing in a Crowd Note in this Offering. Perks are meant to be a thank you from the company for investing. The perk below is subject to Regulation CF investment limits:

If you invest at least \$900, thereby purchasing 900 Crowd Notes, HILOS will send you a custom pair of the Georgia, the company's first style. Please see the Georgia and customization options in the product section below or visit Hilos.co.

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## COMPANY SUMMARY

### Opportunity

The U.S. footwear market was valued at \$85.6 billion in 2019.<sup>iii</sup> Customers have an increasingly low tolerance for discomfort<sup>iv</sup> paired with a high demand for style and expression, personalization and customization.<sup>v</sup> Manufacturers are attempting to meet this demand by offering a larger variety of styles and by shortening production lead times.<sup>vi</sup> However, traditional manufacturing processes can be inefficient and fragile, as the time to market from initial design to production and distribution averages 15-18 months.<sup>vii</sup> The costs of carrying inventory can range from 25-55% of total cost of goods sold (COGS) and is estimated to represent over half of a supply chain's total working capital.<sup>viii</sup> In addition, supply chains are global and environmentally costly— as much as a fifth of total carbon dioxide emissions are attributed to the supply chains of large multi-national corporations.<sup>ix</sup> Competing through additional styles can further strain a brand's pricing structure.

HILOS believes that customers don't necessarily value boundless selection, but rather value finding the right product at the right price. While e-commerce platforms like Amazon invest in matching customers to products, HILOS is building a platform that manufactures every product according to a customer's needs, with the goal of creating more value and convenience for the end user while bringing manufacturing back to the United States and reducing the environmental impact of mass manufacturing and overproduction.<sup>x</sup>

3D printing technology has the potential to facilitate on-demand manufacturing, mitigating or even eliminating inventory exposure while allowing for enhanced comfort, performance, and on-demand customization. In addition, the technology may facilitate increased recycling, lower manufacturing emissions, and drastically reduced lead times for bringing a product to market.<sup>xi</sup> Major footwear companies like Nike and Adidas have already launched limited production runs of shoes that were partially manufactured with 3D printers.<sup>xii</sup>

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MICROVENTURES



The company's initial offering targets fashion footwear, a key segment of which is high heels. Traditional high heels, even the most luxurious ones, present multiple problems to those who wear them.<sup>xiii</sup> HILOS' production platform aims to offer immediate value: increased comfort, durability, performance, and a tailored size and fit. Competitors in this market are singularly fragmented and have been unable to develop new methods for engineering and manufacturing.<sup>xiv</sup> NIKE showed how investment in performance materials and engineering can consolidate market share in another formerly fragmented arena. And now, Nike holds nearly half of the sport footwear market in the U.S.<sup>xv</sup> Similarly, HILOS is initially focusing on what it believes is an ideal entry market for custom footwear – women's high heels.

## Product

Hilos has developed a method to integrate the legacy craftsmanship of leather uppers with the latest 3D printing technology, creating a footwear offering designed to combine style and performance, rapid manufacturing, and mass customization. This offering is supported by an end-to-end custom manufacturing platform that allows HILOS to customize each product in real-time according to customer preferences and then cue for manufacturing.

### *The Georgia*

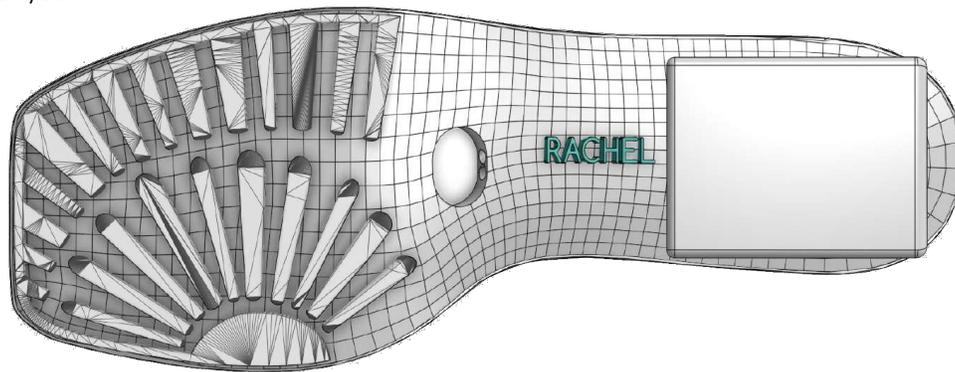
HILOS' initial style, the Georgia, is offered in 63 available sizes tailored to each foot as well as a custom name on the tread that personalizes each pair. Compared to traditional shoes that can require up to 30 individual pieces,<sup>xvi</sup>



the Georgia is manufactured from just two core components: a 3D-printed platform and a leather upper kept in the perfect embrace without glues or toxins. The 3D-printed platform is made from the same material as a running shoe and boasts a built-in woven mesh insole engineered to cradle your foot and never give up. These shoes are made using 85% less water than traditional manufacturing and are 100% recyclable, offering strong differentiation in terms of comfort, performance, and sustainability.

### *The Platform*

HILOS' end-to-end manufacturing architecture was created to facilitate rapid product updates, real-time customization, and on-demand manufacturing. Rather than engineer discrete and inflexible product files, HILOS has developed an advanced parametric model in a digital environment that contains limitless product variations. This model can respond to each customer's prescribed needs and preferences, generating a customized digital twin that is then cued for on-demand production. This is how HILOS plans to fulfill its promise: every shoe we make is made for you.



The digital manufacturing platform is the foundation upon which HILOS intends to scale along the entire value chain of the footwear industry, with the goal of accelerating development and production timelines while allowing for real-time customization and computer-driven optimization. After inventing its assembly method, HILOS was able to design and develop the Georgia model in under 2 months—9 times faster than industry standards.<sup>xvii</sup> HILOS has positioned itself to collaborate with other footwear brands as a development and manufacturing partner, scaling its position in the market by offering an inventory-free model requiring no minimum purchases.





**MICROVENTURES**



Black



Cream



Wasabi



Cognac



Nude

The Georgia

The Georgia is styled as a versatile, day-to-night heeled mule that is ready for either a cocktail dress or jeans and a white tee. Evoking a familiar style with a fashion-forward edge and seamless look, HILOS designed the Georgia to be a quick favorite in the weekly rotation.

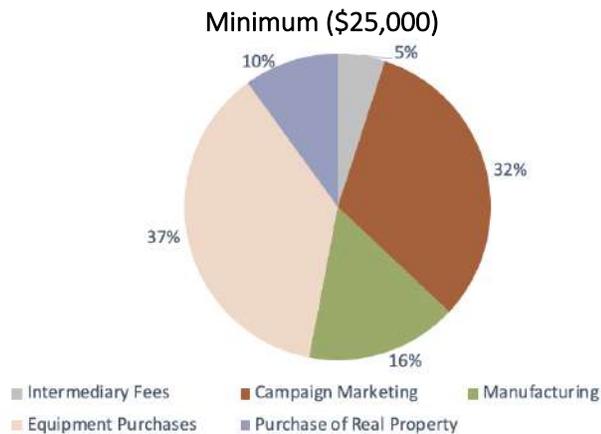
### **Use of Proceeds**

HILOS is raising up to a total of \$250,000 in this Reg CF offering. If the company reaches the minimum offering amount (\$25,000), it will use 37% of the proceeds for equipment purchases, 32% for campaign marketing, 16% for manufacturing, 10% for purchases of real property, and 5% for intermediary fees associated with this raise.

If the company raises the maximum amount (\$250,000), it intends to use 30% of the proceeds for equipment purchases, 20% for campaign marketing, 16% for manufacturing, 13% for general marketing, 12% for general working capital, 4% for purchases of real property, and 5% for intermediary fees associated with this raise.



**MICROVENTURES**



If the minimum amount is raised, HILOS will use the proceeds as follows:

- **Intermediary Fees:** \$1,250
- **Campaign Marketing:** \$8,000
- **Manufacturing:** \$4,000
- **Equipment Purchases:** \$9,250
- **Purchase of Real Property:** \$2,500



If the minimum amount is raised, HILOS will allocate the proceeds as follows:

- **Intermediary Fees:** \$12,500
- **Campaign Marketing:** \$50,000
- **Manufacturing:** \$40,000
- **Equipment Purchases:** \$75,000
- **Purchase of Real Property:** \$10,000
- **General Marketing:** \$32,500
- **General Working Capital:** \$30,000

HILOS expects to use the proceeds as follows:

**General Working Capital**

Expenses incurred throughout the manufacturing process, including the raw material used in 3D printing

**General Marketing**

Expenses incurred to market the HILOS brand to consumers, retailers, and other vendors, both brick-and-mortar and online

**Manufacturing**

Manufacturing expenses relating to the Georgia product launch, subsequent product launches, and its manufacturing services for third-party partners

**Campaign Marketing**

Marketing expenses relating to online advertising and social media influencer partnerships

**Equipment Purchases**

Acquiring additional 3D printers and associated technology hardware

**Purchase of Real Property**

Payment for additional real estate to expand HILOS' factory floor

**Intermediary Fees**

Fees incurred associated with this raise



## **Product Roadmap**

HILOS has completed beta testing for its initial product, the Georgia, and is undergoing final size grading before full-scale production begins, scheduled for December 2020. To prepare for upscaling production, the Georgia will undergo a pre-sale launch in September, releasing a limited drop of 100 pairs in order to build buzz by artificially constraining demand (similar to a Glossier model of product drops). The entire production supply has been pre-ordered, however, sales aren't final until the official product launch and subsequent distribution of the Georgia. This initially limited quantity will also provide a testing ground as HILOS scales production capacity. Management is targeting a production capacity of 2,000 pairs per month by full market launch in March 2021.

In 2021, HILOS expects to introduce new product lines to expand its collection of women's footwear to include a closed-toe style and additional design options for the heel and footbed. In parallel, HILOS also aims to expand customization options for their upper materials and platform coats, potentially including variations of wood, marble, and pattern print.

In 2022, the HILOS brand will expand across seasons to include winterwear while broadening its styles to more classic designs. Contingent on market traction within the U.S., HILOS anticipates expansion in European and East Asian markets.

HILOS will also further market its customizable manufacturing platform to footwear brands across multiple footwear categories. HILOS believes its manufacturing platform can provide growth opportunities beyond its consumer product lines and further diversify the Company's business model.

## **Business Model**

HILOS' business model is built for agility, resilience, and scale. The company is vertically integrated from design through to sales to facilitate the seamless interoperation of its custom architecture, a high degree of quality control, reduced reliance on partners, and, ideally, a potential monopoly position in the market.

From a business perspective, HILOS is engineered to match pace with market events and make product changes with the speed of software updates. By mitigating the effects of inventory costs, global supply chains, and the need for market forecasting, HILOS anticipates defining a new market for custom consumer goods and new axis of competition in the footwear industry.

HILOS also plans to generate revenue from selling its manufacturing capabilities to consumer brands looking to further customize their product lines and expand their supply chain to include on-demand manufacturing. HILOS has signed several non-disclosure agreements with consumer brands to further prove its manufacturing platform.

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## **USER TRACTION**

HILOS has recruited a bench of partners that are industry-leaders in their fields, from footwear innovation to generative design.



**MICROVENTURES**

Mode Lab is one of the nation’s foremost generative design agencies, counting Nike, HP, and Harry’s among its clients. Mode Lab works with HILOS in developing the digital design tools that differentiate its product line.



Foundry Collaborative is a brain-trust of former Adidas developers who collectively have 118 years of experience in footwear innovation. Foundry Collaborative worked with HILOS on their core platform’s engineering.

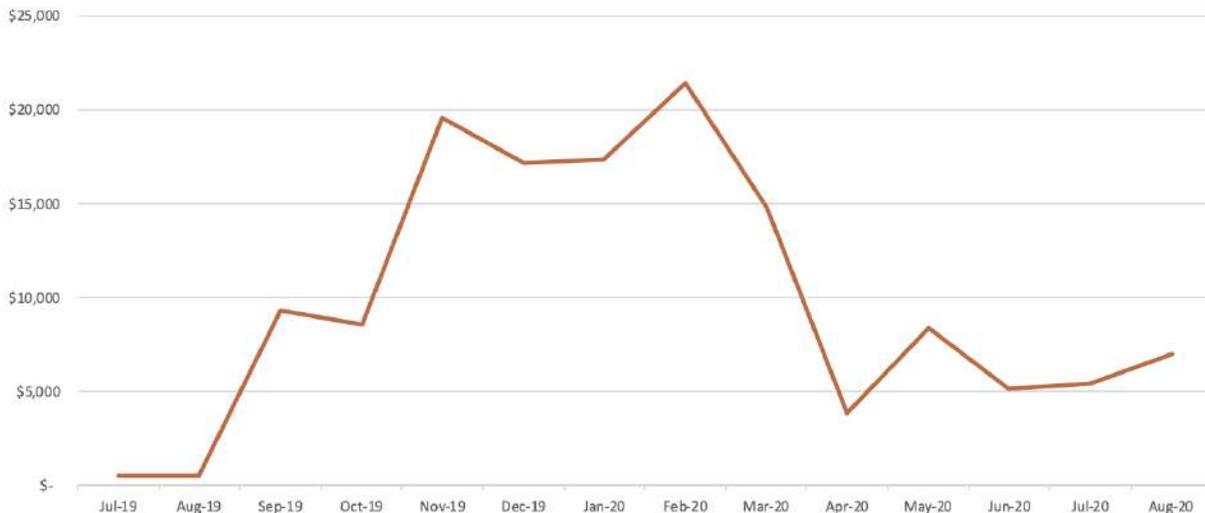
Storyroot is a conscious-focused brand and marketing agency based in New York that has partnered with HILOS to focus on its brand identity and messaging pillars in the lead up to their market launch.



**HISTORICAL FINANCIALS**

HILOS has spent a majority of its funding to develop and market their brand since inception in July 2019. Expenses hit a peak in November 2019 for the year at \$19,590, which was due to onboarding HILOS’ Director of Product, Eric Folsom, and partnering with Foundry Collaborative. In February 2020, HILOS partnered with Mode Lab, which led to a spike in expenses totaling \$21,392 for the month. After February 2020, total expenses declined as HILOS shifted its expenditures from staffing towards business development, marketing, and operational costs to prepare for its initial test launch in September.

**Total Expenses (July 2019 - August 2020)**





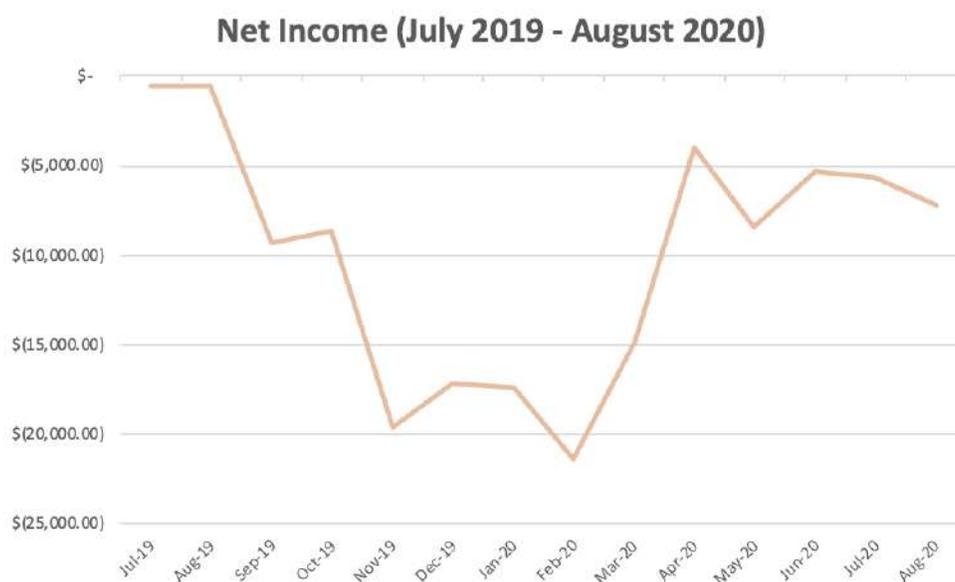
## MICROVENTURES

In 2019, staffing costs represented a majority of the company's expenses during this year at \$42,800, or ~76.7% of total expenses. Operational expenses to acquire materials and test its manufacturing capabilities were just over \$7,000 (12.7%) and business development expenses amounted to \$5,790 (10.4%).

In 2020, HILOS began to market their brand and develop their business to prepare for an initial test launch of the Georgia in September. Expenses for the year totaled \$83,461. Marketing, business development, and operational expenses totaled \$10,905 (13.1%), \$11,371 (13.6%), and \$16,985 (20.4%) respectively. Staffing costs as a percent of total costs dropped to 53% in 2020 compared to 76.7% in 2019.



HILOS is currently pre-revenue. In 2019, the company reported a net loss of \$55,933. Its net loss in November and December was \$36,858, which was more than half of the year's total. In 2020, HILOS reported a net loss of \$84,246. In the first three months of the year, HILOS' net loss was \$53,699. The company averaged a monthly cash burn of \$13,714 in 2020 and had \$23,578 of cash on-hand in August 2020.





## INDUSTRY AND MARKET ANALYSIS

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The global footwear market size is estimated to reach \$365.5 billion in 2020.<sup>xviii</sup> In 2019, the U.S. alone accounted for \$85.6 billion.<sup>xix</sup> Among the different materials used to make footwear, leather is a prominent material in the market. The leather segment, due to the demand for its fashion and durable qualities, is expected to witness the fastest growth over the next seven years, registering a compound annual growth rate (CAGR) of 6.3%. Eco-friendly materials, including recyclables, are also increasingly popular and used by large footwear manufacturers, such as Nike, in producing footwear styles.<sup>xx</sup>

The leather footwear segment accounted for about 30% of total footwear sales in the U.S. in 2019.<sup>xxi</sup> Prior to the COVID-19 outbreak, the segment was expected to benefit from an increasing number of working women, as this segment searches for quality and fashionable footwear. The durability and fashion qualities of leather were expected to drive the rise in spending on high-ankle shoes, pumps, and boots. Despite anticipated checkered growth for 2020 attributable to supply chain disruptions, Grandview Research expects the clothing, footwear, and accessories industries to recover over the 2020 – 2025 timeline. Projected driving factors of this recovery are increased online sales, and sustainable or ethical manufacturing are expected to favor market growth.<sup>xxii</sup>

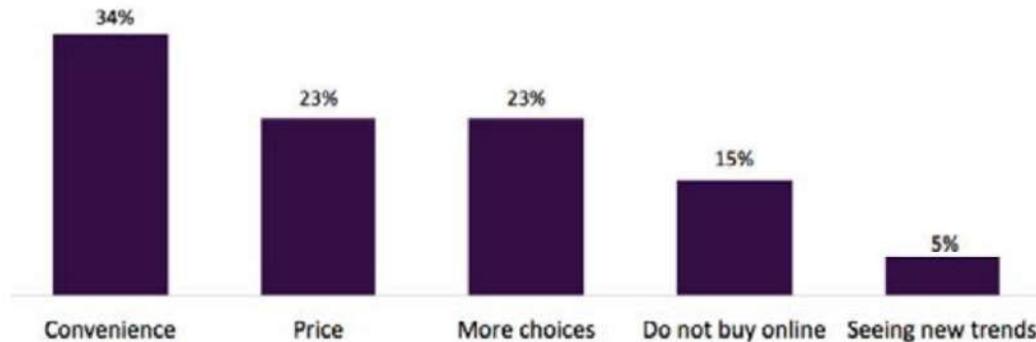
3D printing technology has the potential to bring new design, sustainability, and enhanced manufacturing capabilities to the footwear industry. Unlike traditional manufacturing methods, 3D printing can provide manufacturers with competitive footwear design specs that the industry values—weight, durability, and style. Depending on material usage and product engineering, 3D-printed shoes can be customized to a consumer's feet while being lightweight and strong. This technology has the potential to open up the market to small players with relatively low manufacturing budgets compared to the footwear giants—Nike, Under Armour, Adidas, and Reebok. Legacy footwear market leaders have already rolled out product lines that were manufactured from 3D printed processes. In 2018, Adidas introduced 100,000 pairs of the Alphaedge 4D, which was manufactured using a combination of traditional processes and 3D printing.<sup>xxiii</sup>

Research indicates that consumer footwear shopping trends favor distribution channels that offer convenience and personalization. Online shopping is considered more convenient than retail. One survey found that of consumers who purchase shoes online, 34% said that convenience was more important than price. Price was the most important factor for 23% of online footwear shoppers, and this was characterized higher across men than women. Only 18% of women viewed price as a major factor when purchasing online, compared to 29% of men.<sup>xxiv</sup>

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**If you shop and buy shoes online, what do you most like about it versus buying in stores?** (National, November 10–14, 2019, MM, N=760, +/- 3.5%)

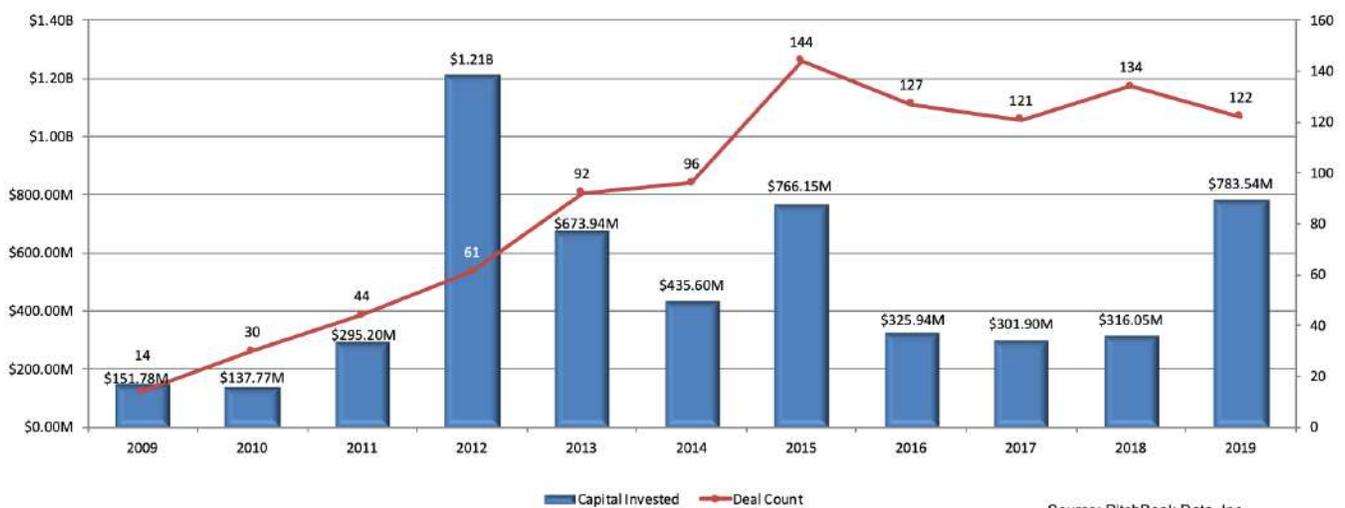


Source: FDRA, 2019 Holiday Shoe Sales Survey

HILOS competes in the broader footwear industry. Highlights of venture capital funding within the U.S. footwear industry from 2009 to 2019 are as follows:<sup>xv</sup>

- \$5.4 billion of total capital invested across 985 deals
- Median post-valuation of VC deals in 2019 was \$8.9 million, up compared to the 11-year average of \$8.73 million
- Total capital invested reached its second-highest value in 2019 at ~\$783.5 million, an increase of 140% from 2018
- Average deal size in 2019 was \$6.42 million, up from the 11-year average of \$5.48 million

**Capital Invested and Deal Count in Footwear Industry, 2009 - 2019**





**Rothy's:** Founded in 2012, Rothy's is a women's shoe brand and manufacturing company that creates footwear from recycled plastic bottles. Its style offerings do not include high-top or heels, as they focus on casual and formal low-bottom footwear. Rothy's makes its shoes from recycled plastic and claims to have re-used over 64 million plastic water bottles. Some of its product lines include styles such as the Mary Jane, Flat, Slide, and Point. The company reportedly has generated \$140 million in the past three years and is valued at \$700 million.<sup>xxvi</sup> In its most recent funding round, the company raised \$35 million, which brings its total funding to date to \$42 million.<sup>xxvii</sup>

**Tamara Mellon:** Tamar Mellon is an online, direct-to-consumer (D2C) luxury footwear platform offering branded shoes, handbags, dresses, and other fashion apparel and accessories. The company also offers complementary cobbler services for its shoe purchases for up to two years after purchase. After filing for bankruptcy in 2015, the company has raised three rounds of funding and most recently completed a Series C round in June 2019. The \$50 million Series C round was led by Centricus and valued the company at \$165 million.<sup>xxviii</sup> In March 2020, Tamara Mellon laid off about 40% of its HQ staff within product, tech, and marketing departments.<sup>xxix</sup> The lay-offs came a month after the company partnered with Centric Software Product Lifecycle Management, which provides enterprise solutions to luxury fashion, footwear, and retail brands. Tamara Mellon did not disclose whether the lay-offs resulted from the partnership.<sup>xxx</sup>

**Steve Madden (NASDAQ:SHOO):** Starting with \$1,100 in 1990,<sup>xxxi</sup> designer and businessman Steve Madden has created a global brand that designs and markets shoes and fashion accessories for women and children both online and in retail locations. A global brand recognized for its shoe designs, the company has a list of lawsuits.<sup>xxxii</sup> Rothy's brought nine suits against Madden for patent infringement and trademark dilution. The suits are still pending following a judge's dismissal to Madden's motion to dismiss two of the counts.<sup>xxxiii</sup> The company has been publicly traded since 1993. In its most recent earnings report for Q2 2020, its top line decreased 68.2% to \$542.8 million from \$449.6 million in the same period in 2019. Gross margins increased to 39.1% from 37.8% in the same period last year.<sup>xxxiv</sup>

**Rafa:** Rafa is a D2C women's shoe company based out of Los Angeles, California. Rafa uses sustainable production processes and animal-free material to assemble its handmade shoes in L.A. The company's product lines, which range in price from \$220 up to \$450, include sandals, pumps, mules, and boots. For select sandal styles, customers can color-customize the toe-strap, backstrap, footbed, sole, and heel. The company charges a 15% re-stocking fee for all returned orders. Due to this fee, Rafa offers customers a \$50 option to try on a pair before purchasing. Upon return of the test pair, the company credits back \$30 to the customer, resulting in a final charge of \$20, less than 15% for its cheapest pair of footwear.

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EXECUTIVE TEAM



**Elias Stahl, Co-Founder and CEO:** Elias leads business strategy, daily operations, finance, and strategic partnerships as HILOS' CEO. Elias also is a startup member of Go Paladin, a non-profit that works with minority entrepreneurs in the tech ecosystem. Before co-founding HILOS, he was the VP of product at Handshake Partners, a strategic consulting agency that helps organizations build influence and measure social impact. In this role, Elias built a team and developed a business intelligence SaaS platform for Fortune100 brands, which was launched at the World Economic Forum's Davos meeting in January 2019. Earlier in his career, Elias served in the Israeli Special Forces. He holds a BA in history from the University of Toronto and an MA in international economics and strategic studies from Johns Hopkins University.



**Gaia Giladi, Co-Founder and Chief Creative:** Gaia has years of experience making her passion into a career as a designer, creator, and marketer. As Chief Creative Officer, Gaia leads product design, company branding, and marketing strategy and execution. Beyond HILOS, she founded HOLO and designs, creates, and markets one-off prints for private clients. Gaia has previously worked as a designer for Hybrid Apparel, St. John Knits, St. Roche, and BCBGMAXAZRIAGROUP. Gaia holds a BA in fashion and apparel design from the Academy of Art University and was a fashion designer for the school's BFA Runway Show.



**Eric Folsom, Director of Product:** Eric brings more than 25 years of experience in mechanical and electrical engineering to HILOS. As director of product, Eric is responsible for leading product development, manufacturing architecture, testing, and quality assurance. Before joining the HILOS team, Eric co-founded Cibo Vero and designed, developed, and built aquaponics systems and sensors for the urban agricultural space. He was also founder of YourSourceChina, where he reportedly developed and brought to market over 200 separate products and helped scale a client's business from \$200,000 in yearly revenue to over \$20 million in five years.<sup>xxxv</sup> He initially jumpstarted his career and engineering experience in the U.S. Navy as an aviation electronics technician, where he served for 10 years. Eric has a BS in electrical engineering and an MS in electronics engineering and communications from Belford University.

PAST FINANCING

In its seed funding round in August 2019, HILOS issued \$152,000 of SAFE notes with a valuation cap of \$6,000,000 and discount of 20%.

INVESTMENT TERMS

**Security Type:** Crowd Note

**Round Size:** Min: \$25,000 Max: \$250,000



**Discount Rate:** 20%

**Valuation Cap:** \$6,000,000

**Conversion Provisions:** In connection with equity financing of at least \$1 million, the Company has the option to convert the Crowd Note into non-voting preferred stock (Conversion Shares) at a price based on the lower of (A) a 20% discount to the price per share for Preferred Stock by investors in the Qualified Equity Financing or (B) the price per share paid on a \$6 million valuation cap. Please refer to the Crowd Note for a complete description of the terms of the Crowd Note, including the conversion provisions.

## RISKS

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### Investment Risk

**An investment in the company is speculative, and as such is not suitable for anyone without a high tolerance for risk and a low need for liquidity. You should invest only if you are able to bear the risk of losing your entire investment.** There can be no assurance that that investors will receive any return of capital or profit. Investors should have the financial ability and willingness to accept the risks (including, among other things, the risk of loss of their entire investment and the risks of lack of liquidity) that are characteristic of private placement investments. There will be no public market for the securities being offered, applicable securities laws will restrict any transfer of the securities, and the securities will not be transferable without the company's consent.

The information provided herein is not intended to be, nor should it be construed or used as, investment, tax or legal advice, a recommendation to purchase, or an offer to sell securities of the company. You should rely on the offering statement and documents attached as exhibits to the offering statement when making any investment decision. An investment in the company is not suitable for all investors.

### Company Risk

The company's industry is highly competitive, and the company may not be able to compete effectively against the other businesses in its industry. The company is subject to a number of significant risks that could result in a reduction in its value and the value of the company securities, potentially including, but not limited to:

- Rapidly changing consumer preferences and market trends,
- Inability to expand and maintain market acceptance for the company's services and products,
- Inability to gain access to international markets and comply with all applicable local laws and regulations,
- Inability to achieve management's projections for growth, to maintain or increase historical rates of growth, to achieve growth based on past or current trends, or to effectively manage rapid growth,
- Inability to develop, maintain and expand successful marketing relationships, affiliations, joint ventures and partnerships that may be needed to continue and accelerate the company's growth and market penetration,
- Inability to keep pace with rapid industry, technological and market changes that could affect the company's services, products and business,
- Technological problems, including potentially widespread outages and disruptions in Internet and mobile commerce,
- Potential costs and business disruption that may result if the company's customers complain or assert claims regarding the company's technology,
- Failure to adequately address data security and privacy concerns in compliance with U.S. and international laws, rules and policies,



- Performance issues arising from infrastructure changes, human or software errors, website or third-party hosting disruptions, network disruptions or capacity constraints due to a number of potential causes including technical failures, cyber-attacks, security vulnerabilities, natural disasters or fraud,
- Inability to adequately secure and protect intellectual property rights,
- Potential claims and litigation against the company for infringement of intellectual property rights and other alleged violations of law,
- Difficulties in complying with applicable laws and regulations, and potential costs and business disruption if the company becomes subject to claims and litigation for legal non-compliance,
- Changes in laws and regulations materially affecting the company's business,
- Liability risks and labor costs and requirements that may jeopardize the company's business,
- Dependence on and inability to hire or retain key members of management and a qualified workforce,
- Ongoing need for substantial additional capital to support operations, to finance expansion and/or to maintain competitive position,
- Issuance of additional company equity securities at prices dilutive to existing equity holders,
- Potential significant and unexpected declines in the value of company equity securities, including prior to, during, and after an initial public offering, and
- Inability of the company to complete an initial public offering of its securities, merger, buyout or other liquidity event.

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<sup>i</sup> <https://www.javelin-tech.com/blog/2020/03/mitigating-supply-chain-risk-with-additive-manufacturing/>

<sup>ii</sup> <https://www.mckinsey.com/~media/McKinsey/Industries/Retail/Our%20Insights/Time%20for%20change%20How%20to%20use%20the%20crisis%20to%20make%20fashion%20sourcing%20more%20agile%20and%20sustainable/Time-for-change-How-to-use-the-crisis-to-make-fashion-sourci>

<sup>iii</sup> <https://www.shoeconomy.us/>

<sup>iv</sup> <https://footwearnews.com/2019/business/retail/fashion-footwear-sales-2018-comfortable-shoes-1202732148/>

<sup>v</sup> <https://www.nytimes.com/2020/03/18/business/customization-personalized-products.html>

<sup>vi</sup> <https://www.grandviewresearch.com/industry-analysis/leather-footwear-market>

<sup>vii</sup> <https://digital.hbs.edu/platform-rctom/submission/adidas-brings-customized-footwear-to-the-masses/>

<sup>viii</sup> [https://apics-prsj.org/blog/SCC\\_3](https://apics-prsj.org/blog/SCC_3)

<sup>ix</sup> <https://www.dailymail.co.uk/sciencetech/article-8705619/Fifth-CO2-emissions-come-supply-chain-large-companies.html>

<sup>x</sup> <https://www.unenvironment.org/news-and-stories/story/putting-brakes-fast-fashion>

<sup>xi</sup> [https://www.dsm.com/content/dam/dsm/additive-manufacturing/en\\_US/documents/additive-sports-lifestyle.pdf](https://www.dsm.com/content/dam/dsm/additive-manufacturing/en_US/documents/additive-sports-lifestyle.pdf)

<sup>xii</sup> <https://www.3dnatives.com/en/3d-printing-in-footwear-disrupting-industry-020120194/>

<sup>xiii</sup> <https://www.self.com/story/what-wearing-high-heels-does-to-your-feet>

<sup>xiv</sup> <https://www.businesswire.com/news/home/20200412005003/en/Global-High-Heels-Footwear-Market-2019-2023-Demand>

<sup>xv</sup> <https://www.statista.com/statistics/896304/sports-footwear-market-share-of-nike-and-adidas-us/#:~:text=Nike%20and%20adidas%20are%20two,percent%20share%20as%20of%202017.>

<sup>xvi</sup> <https://www.shoepassion.com/shoe-encyclopaedia/shoe-construction>

<sup>xvii</sup> <https://digital.hbs.edu/platform-rctom/submission/adidas-brings-customized-footwear-to-the-masses/>

<sup>xviii</sup> <https://www.globenewswire.com/news-release/2020/05/13/2032784/0/en/Global-Footwear-Market-to-Reach-530-4-Billion-by-2027-AMR.html>

<sup>xix</sup> <https://www.shoeconomy.us>



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- <sup>xx</sup> <https://www.alliedmarketresearch.com/footwear-market>
- <sup>xxi</sup> <https://www.statista.com/outlook/11000000/109/footwear/united-states>
- <sup>xxii</sup> <https://www.grandviewresearch.com/industry-analysis/leather-footwear-market>
- <sup>xxiii</sup> <https://www.3dnatives.com/en/3d-printing-in-footwear-disrupting-industry-020120194/>
- <sup>xxiv</sup> [https://fdra.org/wp-content/uploads/2019/11/2019\\_Holiday\\_Survey\\_Report.pdf](https://fdra.org/wp-content/uploads/2019/11/2019_Holiday_Survey_Report.pdf)
- <sup>xxv</sup> Pitchbook Data, Downloaded August 21, 2020
- <sup>xxvi</sup> <https://www.forbes.com/sites/amyfeldman/2019/07/16/rothys-shoes/#2ceb607f79d5>
- <sup>xxvii</sup> Pitchbook Data, Downloaded August 18, 2020
- <sup>xxviii</sup> Pitchbook Data, Downloaded August 18, 2020
- <sup>xxix</sup> <https://layoffs.fyi/tracker/>
- <sup>xxx</sup> <https://finance.yahoo.com/news/luxury-footwear-brand-tamara-mellon-131000572.html>
- <sup>xxxi</sup> <https://www.stevemadden.com/pages/about-steve-madden>
- <sup>xxxii</sup> <https://www.thefashionlaw.com/steve-madden-a-running-list-of-litigation/>
- <sup>xxxiii</sup> <https://footwearnews.com/2020/business/legal-news/steve-madden-rothys-lawsuit-1202979675/>
- <sup>xxxiv</sup> <https://stevemadden.gcs-web.com/news-releases/news-release-details/steve-madden-announces-second-quarter-2020-results>
- <sup>xxxv</sup> <https://www.linkedin.com/in/eric-f-8655511/>

**EXHIBIT C**  
**Subscription Agreement**

## *Subscription Agreement*

THE SECURITIES ARE BEING OFFERED PURSUANT TO SECTION 4(A)(6) OF THE SECURITIES ACT OF 1933 (THE "SECURITIES ACT") AND HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OR THE SECURITIES LAWS OF ANY STATE OR ANY OTHER JURISDICTION. THERE ARE FURTHER RESTRICTIONS ON THE TRANSFERABILITY OF THE SECURITIES DESCRIBED HEREIN.

THE PURCHASE OF THE SECURITIES INVOLVES A HIGH DEGREE OF RISK AND SHOULD BE CONSIDERED ONLY BY PERSONS WHO CAN BEAR THE RISK OF THE LOSS OF THEIR ENTIRE INVESTMENT.

HILOS, INC.  
431 NW Flanders St, Suite 201  
Portland, OR 97209

Ladies and Gentlemen:

The undersigned understands that HILOS, INC., a Corporation organized under the laws of Delaware (the "Company"), is offering up to \$250,000.00 of Crowd Notes (the "Securities") in a Regulation CF Offering. This Offering is made pursuant to the Form C/A, dated September 17, 2020 (the "Form C/A"). The undersigned further understands that the Offering is being made pursuant to Section 4(a)(6) of the Securities Act and Regulation CF under the JOBS Act of 2012 and without registration of the Securities under the Securities Act of 1933, as amended (the "Securities Act").

**1. Subscription.** Subject to the terms and conditions hereof and the provisions of the Form C/A, the undersigned hereby irrevocably subscribes for the Securities set forth on the signature page hereto for the aggregate purchase price set forth on the signature page hereto, which is payable as described in Section 4 hereof. The undersigned acknowledges that the Securities will be subject to restrictions on transfer as set forth in this subscription agreement (the "Subscription Agreement").

**2. Acceptance of Subscription and Issuance of Securities.** It is understood and agreed that the Company shall have the sole right, at its complete discretion, to accept or reject this subscription, in whole or in part, for any reason and that the same shall be deemed to be accepted by the Company only when it is signed by a duly authorized officer of the Company and delivered to the undersigned at the Closing referred to in Section 3 hereof. Subscriptions need not be accepted in the order received, and the Securities may be allocated among subscribers.

**3. The Closing.** The closing of the purchase and sale of the Securities (the "Closing") shall take place at 11:59 PM Pacific Time on December 28, 2020, or at such other time and place as the Company may designate by notice to the undersigned.

**4. Payment for Securities.** Payment for the Securities shall be received by Evolve Bank & Trust (the "Escrow Agent") from the undersigned by wire transfer of immediately available funds or other means approved by the Company at least two days prior to the Closing, in the amount as

set forth on the signature page hereto. Upon the Closing, the Escrow Agent shall release such funds to the Company. The Company shall deliver certificates representing the Securities to the undersigned at the Closing bearing an appropriate legend referring to the fact that the Securities were sold in reliance upon an exemption from registration under the Securities Act. The undersigned shall receive notice and evidence of the entry of the number of the Securities owned by undersigned reflected on the books and records of the Company and verified and by (the "Transfer Agent"), which shall bear a notation that the Securities were sold in reliance upon an exemption from registration under the Securities Act.

**5. Representations and Warranties of the Company.** As of the Closing, the Company represents and warrants that:

a) The Company is duly formed and validly existing under the laws of Delaware, with full power and authority to conduct its business as it is currently being conducted and to own its assets; and has secured any other authorizations, approvals, permits and orders required by law for the conduct by the Company of its business as it is currently being conducted.

b) The Securities have been duly authorized and, when issued, delivered and paid for in the manner set forth in this Subscription Agreement, will be validly issued, fully paid and nonassessable, and will conform in all material respects to the description thereof set forth in the Form C.

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

d) Assuming the accuracy of the undersigned's representations and warranties set forth in Section 6 hereof, no order, license, consent, authorization or approval of, or exemption by, or action by or in respect of, or notice to, or filing or registration with, any governmental body, agency or official is required by or with respect to the Company in connection with the execution, delivery and performance by the Company of this Subscription Agreement except (i) for such filings as may be required under Regulation CF promulgated under the Securities Act, or under any applicable State Securities Laws, (ii) for such other filings and approvals as have been made or obtained, or (iii) where the failure to obtain any such order, license, consent, authorization, approval or exemption or give any such notice or make any filing or registration would not have a material adverse effect on the ability of the Company to perform its obligations hereunder.

**6. Representations and Warranties of the Undersigned.** The undersigned hereby represents and warrants to and covenants with the Company that:

***a) General.***

i. The undersigned has all requisite authority (and in the case of an individual, the capacity) to purchase the Securities, enter into this Subscription Agreement and to perform all the obligations required to be performed by the undersigned hereunder, and such purchase will not contravene any law, rule or regulation binding on the undersigned or any investment guideline or restriction applicable to the undersigned.

ii. The undersigned is a resident of the state set forth on the signature page hereto and is not acquiring the Securities as a nominee or agent or otherwise for any other person.

iii. The undersigned will comply with all applicable laws and regulations in effect in any jurisdiction in which the undersigned purchases or sells Securities and obtain any consent, approval or permission required for such purchases or sales under the laws and regulations of any jurisdiction to which the undersigned is subject or in which the undersigned makes such purchases or sales, and the Company shall have no responsibility therefor.

iv. Including the amount set forth on the signature page hereto, in the past twelve (12) month period, the undersigned has not exceeded the investment limit as set forth in Rule 100(a)(2) of Regulation CF.

***b) Information Concerning the Company.***

i. The undersigned has received a copy of the Form C/A. With respect to information provided by the Company, the undersigned has relied solely on the information contained in the Form C/A to make the decision to purchase the Securities.

ii. The undersigned understands and accepts that the purchase of the Securities involves various risks, including the risks outlined in the Form C/A and in this Subscription Agreement. The undersigned represents that it is able to bear any and all loss associated with an investment in the Securities.

iii. The undersigned confirms that it is not relying and will not rely on any communication (written or oral) of the Company, MicroVenture Marketplace Inc., or any of their respective affiliates, as investment advice or as a recommendation to purchase the Securities. It is understood that information and explanations related to the terms and conditions of the Securities provided in the Form C/A or otherwise by the Company, MicroVenture Marketplace Inc. or any of their respective affiliates shall not be considered investment advice or a recommendation to purchase the Securities, and that neither the Company, MicroVenture Marketplace Inc. nor any of their respective affiliates is acting or has acted as an advisor to the undersigned in deciding to invest in the Securities. The undersigned acknowledges that neither the Company, MicroVenture Marketplace Inc. nor any of their respective affiliates have made any representation regarding the proper characterization of the Securities for purposes of determining the undersigned's authority or suitability to invest in the Securities.

iv. The undersigned is familiar with the business and financial condition and operations of the Company, all as generally described in the Form C/A. The undersigned has had access to such information concerning the Company and the Securities as it deems necessary to enable it to make an informed investment decision concerning the purchase of the Securities.

v. The undersigned understands that, unless the undersigned notifies the Company in writing to the contrary at or before the Closing, each of the undersigned's representations and warranties

contained in this Subscription Agreement will be deemed to have been reaffirmed and confirmed as of the Closing, taking into account all information received by the undersigned.

vi. The undersigned acknowledges that the Company has the right in its sole and absolute discretion to abandon this Offering at any time prior to the completion of the Offering. This Subscription Agreement shall thereafter have no force or effect and the Company shall return any previously paid subscription price of the Securities, without interest thereon, to the undersigned.

vii. The undersigned understands that no federal or state agency has passed upon the merits or risks of an investment in the Securities or made any finding or determination concerning the fairness or advisability of this investment.

***c) No Guaranty.***

i. The undersigned confirms that the Company has not (A) given any guarantee or representation as to the potential success, return, effect or benefit (either legal, regulatory, tax, financial, accounting or otherwise) of investment in the Securities or (B) made any representation to the undersigned regarding the legality of an investment in the Securities under applicable legal investment or similar laws or regulations. In deciding to purchase the Securities, the undersigned is not relying on the advice or recommendations of the Company and the undersigned has made its own independent decision that the investment in the Securities is suitable and appropriate for the undersigned.

***d) Status of Undersigned.***

i. The undersigned has such knowledge, skill and experience in business, financial and investment matters that the undersigned is capable of evaluating the merits and risks of an investment in the Securities. With the assistance of the undersigned's own professional advisors, to the extent that the undersigned has deemed appropriate, the undersigned has made its own legal, tax, accounting and financial evaluation of the merits and risks of an investment in the Securities and the consequences of this Subscription Agreement. The undersigned has considered the suitability of the Securities as an investment in light of its own circumstances and financial condition and the undersigned is able to bear the risks associated with an investment in the Securities and its authority to invest in the Securities.

***e) Restrictions on Transfer or Sale of Securities.***

i. The undersigned is acquiring the Securities solely for the undersigned's own beneficial account, for investment purposes, and not with a view to, or for resale in connection with, any distribution of the Securities. The undersigned understands that the Securities have not been registered under the Securities Act or any State Securities Laws by reason of specific exemptions under the provisions thereof which depend in part upon the investment intent of the undersigned and of the other representations made by the undersigned in this Subscription Agreement. The undersigned understands that the Company is relying upon the representations and agreements contained in this Subscription Agreement (and any supplemental information) for the purpose of determining whether this transaction meets the requirements for such exemptions.

ii. The undersigned understands that the Securities are restricted from transfer for a period of time under applicable federal securities laws and that the Securities Act and the rules of the U.S. Securities and Exchange Commission (the "Commission") provide in substance that the undersigned may dispose of the Securities only pursuant to an effective registration statement under the Securities Act, an exemption therefrom or as further described in Rule 501 of

Regulation CF, after which certain state restrictions may apply. The undersigned understands that the Company has no obligation or intention to register any of the Securities, or to take action so as to permit sales pursuant to the Securities Act. Even when the Securities become freely transferrable, a secondary market in the Securities may not develop. Consequently, the undersigned understands that the undersigned must bear the economic risks of the investment in the Securities for an indefinite period of time.

iii. The undersigned agrees: (A) that the undersigned will not sell, assign, pledge, give, transfer or otherwise dispose of the Securities or any interest therein, or make any offer or attempt to do any of the foregoing, except pursuant to Rule 501 of Regulation CF.

**7. Conditions to Obligations of the Undersigned and the Company.** The obligations of the undersigned to purchase and pay for the Securities specified on the signature page hereto and of the Company to sell the Securities are subject to the satisfaction at or prior to the Closing of the following conditions precedent: the representations and warranties of the Company contained in Section 5 hereof and of the undersigned contained in Section 6 hereof shall be true and correct as of the Closing in all respects with the same effect as though such representations and warranties had been made as of the Closing.

**8. Obligations Irrevocable.** Following the Closing, the obligations of the undersigned shall be irrevocable.

**9. Legend.** The certificates, book entry or other form of notation representing the Securities sold pursuant to this Subscription Agreement will be notated with a legend or designation, which communicates in some manner that the Securities were issued pursuant to Section 4(a)(6) of the Securities Act and may only be resold pursuant to Rule 501 of Regulation CF.

**10. Waiver, Amendment.** Neither this Subscription Agreement nor any provisions hereof shall be modified, changed, discharged or terminated except by an instrument in writing, signed by the party against whom any waiver, change, discharge or termination is sought.

**11. Assignability.** Neither this Subscription Agreement nor any right, remedy, obligation or liability arising hereunder or by reason hereof shall be assignable by either the Company or the undersigned without the prior written consent of the other party.

**12. Waiver of Jury Trial.** THE UNDERSIGNED IRREVOCABLY WAIVES ANY AND ALL RIGHT TO TRIAL BY JURY WITH RESPECT TO ANY LEGAL PROCEEDING ARISING OUT OF THE TRANSACTIONS CONTEMPLATED BY THIS SUBSCRIPTION AGREEMENT.

**13. Dispute Resolution.**

**a) General Rule.**

Any dispute under this Subscription Agreement will be resolved through arbitration, not through the court system. All arbitration will be conducted in the State where the Company's principal place of business is located at such time, unless both parties agree otherwise in writing in a specific case. All arbitration will be conducted before a single arbitrator in following the rules of the American Arbitration Association. Except as

required by law, neither a party nor the arbitrator may disclose the existence, content or results of any arbitration without the prior written consent of the other parties.

**b) Appeal of Award.**

Within thirty days of a final award by the single arbitrator, either party may appeal the award for reconsideration by a three-arbitrator panel. If there is an appeal, the other party may cross-appeal within thirty days after notice of the appeal. The panel will reconsider all aspects of the initial award that are appealed, including related findings of fact.

**c) Effect of Award.**

Any award by the individual arbitrator that is not subject to appeal, and any panel award on appeal, shall be final and binding, except for any appeal right under the Federal Arbitration Act, and may be entered as a judgment in any court of competent jurisdiction.

**d) No Class Action Claims.**

NO ARBITRATION SHALL PROCEED ON A CLASS, REPRESENTATIVE, OR COLLECTIVE BASIS. No party may join, consolidate, or otherwise bring claims for or on behalf of two or more individuals or unrelated corporate entities in the same arbitration unless those persons are parties to a single transaction. An award in arbitration shall determine the rights and obligations of the named parties only, and only with respect to the claims in arbitration, and shall not (i) determine the rights, obligations, or interests of anyone other than a named party, or resolve any claim of anyone other than a named party, or (ii) make an award for the benefit of, or against, anyone other than a named party. No administrator or arbitrator shall have the power or authority to waive, modify, or fail to enforce this paragraph, and any attempt to do so, whether by rule, policy, and arbitration decision or otherwise, shall be invalid and unenforceable. Any challenge to the validity of this paragraph shall be determined exclusively by a court and not by the administrator or any arbitrator. If this paragraph shall be deemed unenforceable, then any proceeding in the nature of a class action shall be handled in court, not in arbitration.

**14. Governing Law.** This Subscription Agreement shall be governed by and construed in accordance with the laws of the State of Delaware, without regard to conflict of law principles thereof.

**15. Section and Other Headings.** The section and other headings contained in this Subscription Agreement are for reference purposes only and shall not affect the meaning or interpretation of this Subscription Agreement.

**16. Counterparts.** This Subscription Agreement may be executed in any number of counterparts, each of which when so executed and delivered shall be deemed to be an original and all of which together shall be deemed to be one and the same agreement.

**17. Notices.** All notices and other communications provided for herein shall be in writing and shall be deemed to have been duly given if delivered personally or sent by registered or certified

mail, return receipt requested, postage prepaid or email to the following addresses (or such other address as either party shall have specified by notice in writing to the other):

<b>If to the Company:</b>	431 NW Flanders St, Suite 201, Portland, OR 97209 E-mail: Elias@hilos.co Attention: Elias Stahl, CEO and Co-Founder
<b>with a copy to:</b>	1050 Connecticut Avenue, NW Suite 500 Washington, DC 20036 Attention: Louis A. Bevilacqua, Esq.
<b>If to the Purchaser:</b>	[PURCHASER ADDRESS] E-mail: [E-MAIL ADDRESS]

**18. Binding Effect.** The provisions of this Subscription Agreement shall be binding upon and accrue to the benefit of the parties hereto and their respective heirs, legal representatives, successors and assigns.

**19. Survival.** All representations, warranties and covenants contained in this Subscription Agreement shall survive (i) the acceptance of the subscription by the Company, (ii) changes in the transactions, documents and instruments described in the Form C/A which are not material or which are to the benefit of the undersigned and (iii) the death or disability of the undersigned.

**20. Notification of Changes.** The undersigned hereby covenants and agrees to notify the Company upon the occurrence of any event prior to the closing of the purchase of the Securities pursuant to this Subscription Agreement, which would cause any representation, warranty, or covenant of the undersigned contained in this Subscription Agreement to be false or incorrect.

**21. Severability.** If any term or provision of this Subscription Agreement is invalid, illegal or unenforceable in any jurisdiction, such invalidity, illegality or unenforceability shall not affect any other term or provision of this Subscription Agreement or invalidate or render unenforceable such term or provision in any other jurisdiction.

SIGNATURE PAGE FOLLOWS

IN WITNESS WHEREOF, the undersigned has executed this Subscription Agreement this [DAY] OF [MONTH], [YEAR].

<b>PURCHASER (if an individual):</b>
By _____ Name:

<b>PURCHASER (if an entity):</b>
_____ Legal Name of Entity
By _____ Name: Title:

State/Country of Domicile or Formation: \_\_\_\_\_

The offer to purchase Securities as set forth above is confirmed and accepted by the Company as to [amount of Securities to be acquired by Purchaser] for [total amount to be paid by Purchaser].

<b>HILOS, INC.</b>
By _____ Name: Elias Stahl Title: Chief Executive Officer

**EXHIBIT D**  
**Crowd Note**

THIS INSTRUMENT AND THE SECURITIES ISSUABLE UPON THE CONVERSION HEREOF HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"). THEY MAY NOT BE SOLD, OFFERED FOR SALE, PLEDGED, HYPOTHECATED, OR OTHERWISE TRANSFERRED EXCEPT IN COMPLIANCE WITH THE ACT. FOR ONE YEAR FROM THE DATE OF THIS INSTRUMENT, SECURITIES SOLD IN RELIANCE ON REGULATION CROWDFUNDING UNDER THE ACT MAY ONLY BE TRANSFERRED TO THE COMPANY, TO AN "ACCREDITED INVESTOR" WITHIN THE MEANING OF RULE 501 OF REGULATION D UNDER THE ACT, AS PART OF AN OFFERING REGISTERED UNDER THE SECURITIES ACT WITH THE SEC, OR TO A MEMBER OF INVESTOR'S FAMILY OR THE EQUIVALENT, TO A TRUST CONTROLLED BY THE INVESTOR, TO A TRUST CREATED FOR THE BENEFIT OF A MEMBER OF THE FAMILY OF THE INVESTOR OR EQUIVALENT, OR IN CONNECTION WITH THE DEATH OR DIVORCE OF THE INVESTOR OR OTHER SIMILAR CIRCUMSTANCE. 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 SUBSCRIPTION AGREEMENT OR ANY OTHER MATERIALS OR INFORMATION MADE AVAILABLE TO INVESTOR IN CONNECTION WITH THIS OFFERING. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL.

## **HILOS, Inc.**

### **CROWD NOTE**

FOR VALUE RECEIVED, HILOS, Inc. (the "**Company**"), hereby promises to pay to each investor (the "**Investor**") who is recorded in MicroVenture Marketplace Inc., (the "**Platform**") records as having subscribed to this security (the "**Crowd Note**") the principal sum of his/her subscription (the "**Purchase Price**") unless converted into equity securities pursuant to Section 2.

The "**Valuation Cap**" is \$6 million.

The "**Discount**" is 20%.

The "**Offering End Date**" is December 28, 2020.

#### **1. Definitions.**

- a. "**Conversion Shares**" shall mean with respect to a conversion pursuant to Section 2, shares of the Company's Preferred Stock issued in the Qualified Equity Financing.
- b. "**Conversion Price**" with respect to a conversion pursuant to Section 2 shall equal the lower of (A) the product of (1) one minus the Discount and (2) the price paid per share for Preferred Stock by the investors in the Qualified Equity Financing or (B) the quotient resulting from dividing (1) the Valuation Cap by (2) the Fully-Diluted Capitalization immediately prior to the closing of the Qualified Equity Financing.
- c. "**Corporate Transaction**" shall mean:
  - i. the closing of the sale, transfer or other disposition of all or substantially all of the Company's assets,
  - ii. the consummation of the merger or consolidation of the Company with or into another entity (except a merger or consolidation in which the holders of capital stock of the Company immediately prior to such merger or consolidation continue to hold at least 50% of the voting power of the capital stock of the Company or the surviving or acquiring entity),

- iii. the closing of the transfer (whether by merger, consolidation or otherwise), in one transaction or a series of related transactions, to a person or group of affiliated persons (other than an underwriter of the Company's securities), of the Company's securities if, after such closing, such person or group of affiliated persons would hold 50% or more of the outstanding voting stock of the Company (or the surviving or acquiring entity), or
  - iv. the IPO, liquidation, dissolution or winding up of the Company; provided, however, that a transaction shall not constitute a Corporate Transaction if its sole purpose is to change the state of the Company's incorporation or to create a holding company that will be owned in substantially the same proportions by the persons who held the Company's securities immediately prior to such transaction.
- d. **"Corporate Transaction Payment"** shall mean an amount equal to two times (2X) the Purchase Price. If there are not enough funds to pay the Investors in full, then proceeds from the respective transaction will be distributed with equal priority and pro rata among Investors in proportion to their Purchase Price.
  - e. **"Date of Issuance"** shall mean the date upon which the Investor subscription is recorded in the Platform's records as having been accepted by the Company at the date of closing.
  - f. **"Fully-Diluted Capitalization"** shall mean the number of shares of outstanding Common Stock of the Company on a fully-diluted basis, including (i) conversion or exercise of all securities convertible into or exercisable for Common Stock, (ii) exercise of all outstanding options and warrants to purchase Common Stock and, in the case of Section 1(b), (iii) the shares reserved or authorized for issuance under the Company's existing stock option plan or any stock option plan created or increased in connection with such transaction; but excluding, for this purpose, the conversion contemplated by the applicable provision of Section 2.
  - g. **"Irrevocable Proxy"** shall mean the agreement appointing the Platform or an affiliate of the Platform as the sole and exclusive attorney and proxy of the Investor, with full power of substitution and re-substitution, to vote and exercise all voting and related rights with respect to all of the securities of the Company that now are or hereafter may be beneficially owned by Investor.
  - h. **"Major Investor"** shall mean any Investor in a Crowd Note in which the Purchase Price is equal to or greater than \$25,000.
  - i. **"Maximum Raise Amount"** shall mean \$250,000 under Regulation CF.
  - j. **"Outstanding Principal"** shall mean the total of the Purchase Price plus outstanding accrued interest at any given time. Interest shall accrue on the Purchase Price at the Interest Rate, compounding on the last day of each calendar quarter, until the Qualified Equity Financing or Corporate Transaction, whichever is sooner.
  - k. **"Qualified Equity Financing"** shall mean the first sale (or series of related sales) by the Company of its Preferred Stock following the Date of Issuance from which the Company receives gross proceeds of not less than \$1,000,000 (excluding the aggregate amount of securities converted into Preferred Stock in connection with such sale or series of related sales).

1. “**Shadow Series**” shall mean shares of a series of the Company’s Preferred Stock that is identical in all respects to the shares of Preferred Stock issued in the Qualified Equity Financing (e.g., if the Company sells Series A Preferred Stock in the Qualified Equity Financing, the Shadow Series would be Series A-1 Preferred Stock), except that the liquidation preference per share of the Shadow Series shall equal the Conversion Price (as determined pursuant to Section 2) and the following additional differences:
  - i. Shadow Series shareholders shall grant their vote on any matter that is submitted to a vote or for the consent of the stockholders of the Company (except for on matters required by law) by Irrevocable Proxy;
  - ii. Shadow Series shareholders shall receive quarterly business updates from the company through the Platform but will have no additional information or inspection rights (except with respect to such rights which are required by law).
- m. “**Target CF Minimum**” shall mean \$25,000 raised via Regulation CF.

## 2. Conversion of the Crowd Note.

1. **Qualified Equity Financing.** Upon the occurrence of a Qualified Equity Financing the Crowd Note will convert into Conversion Shares pursuant to the following:
  - a. If the Investor is not a Major Investor, the Crowd Note will convert into Conversion Shares upon the earlier of (i) the Company’s election or (ii) a Corporate Transaction.
  - b. If the Investor is a Major Investor, the Company will convert the Crowd Note into Conversion Shares prior to the closing of the Qualified Equity Financing.
2. **Conversion Mechanics.** Company shall convert the Crowd Note into Conversion Shares equal to the quotient obtained by dividing the Outstanding Principal by the Conversion Price.
  - a. The issuance of Conversion Shares pursuant to the conversion of this Crowd Note shall be upon and subject to the same terms and conditions applicable to the stock sold in the Qualified Equity Financing; provided, however, that if the Investor is not a Major Investor, the Investor shall receive shares of a Shadow Series with certain limited rights.
3. **Corporate Transaction.** In the event of a Corporate Transaction, the Company shall notify the Investor in writing of the terms of the Corporate Transaction.
  - a. If the Corporate Transaction occurs prior to a Qualified Equity Financing, the Investor shall receive the higher value received by either:
    - i. Quotient obtained by dividing the product of (1) the Outstanding Principal and the Fully-Diluted Capitalization immediately prior to the closing of the Corporate Transaction by the (2) the Valuation Cap; or
    - ii. Obtaining the Corporate Transaction Payment.
  - b. If the Corporate Transaction occurs after a Qualified Equity Financing the Company shall convert this Crowd Note into Conversion Shares pursuant to Section 2 (a).
4. **Mechanics of Conversion.** As promptly as practicable after the conversion of this Crowd Note, the Company at its expense will issue and deliver to the Investor, upon surrender of this Crowd

Note, the respective number of Conversion Shares.

5. **Note Completion.** This Crowd Note will terminate upon the earlier of: (a) a conversion of the entire Purchase Price under this Crowd Note into Conversion Shares; or (b) the payment of amounts due to the Investor pursuant to Section 3 (a).

**3. Representations and Warranties of the Company.** In connection with the transactions provided for herein, the Company hereby represents and warrants to the Investor that:

1. **Organization, Good Standing and Qualification.** The Company is a corporation duly organized, validly existing, and in good standing and has all requisite corporate power and authority to carry on its business as now conducted. The Company is duly qualified to transact business and is in good standing in each jurisdiction in which the failure to so qualify would have a material adverse effect on its business or properties.
2. **Authorization.** Except for the authorization and issuance of the Conversion Shares issuable in connection with a Qualified Equity Financing or a Corporate Transaction, all corporate action has been taken on the part of the Company, its officers, directors and stockholders necessary for the authorization, execution and delivery of this Crowd Note. The Company has taken all corporate action required to make all of the obligations of the Company reflected in the provisions of this Crowd Note the valid and enforceable obligations they purport to be, and this Crowd Note, when executed and delivered by the Company, shall constitute the valid and legally binding obligation of the Company, enforceable against the Company in accordance with its terms.
3. **Offering.** Subject in part to the truth and accuracy of the Investor's representations set forth herein, the offer, sale and issuance of this Crowd Note are exempt from the registration requirements of any applicable state and federal securities laws, and neither the Company nor any authorized agent acting on its behalf will take any action hereafter that would cause the loss of such exemption.
4. **Compliance with Other Instruments.** The execution, delivery and performance of this Crowd Note, and the consummation of the transactions contemplated hereby, will not constitute or result in a default, violation, conflict or breach in any material respect of any provision of the Company's current Certificate of Incorporation or bylaws, or in any material respect of any instrument, judgment, order, writ, decree, privacy policy or contract to which it is a party or by which it is bound, or, to its knowledge, of any provision of any federal or state statute, rule or regulation applicable to the Company.
5. **Valid Issuance of Stock.** The Conversion Shares, when issued, sold and delivered upon conversion of this Crowd Note, will be duly authorized and validly issued, fully paid and nonassessable, will be free of restrictions on transfer other than restrictions on transfer set forth herein and pursuant to applicable state and federal securities laws and, based in part upon the representations and warranties of the Investor herein, will be issued in compliance with all applicable federal and state securities laws.
6. **Intellectual Property.** To its knowledge, the Company owns or possesses or believes it can acquire on commercially reasonable terms sufficient legal rights to all patents, patent applications, trademarks, trademark applications, service marks, trade names, copyrights, trade secrets, licenses, domain names, mask works, information and proprietary rights and processes as are necessary to the conduct of its business as now conducted and as presently proposed to be conducted without any known conflict with, or infringement of, the rights of others. The Company has not received any communications alleging that the Company has violated or, by conducting its business, would violate any of the patents, trademarks, service marks, trade names, copyrights, trade secrets, mask works or other

proprietary rights or processes of any other person.

7. **Litigation.** To the Company's knowledge, there is no private or governmental action, suit, proceeding, claim, arbitration or investigation pending before any agency, court or tribunal, foreign or domestic, or threatened against the Company or any of its properties or any of its officers or managers (in their capacities as such). There is no judgment, decree or order against the Company, or, to the knowledge of the Company, any of its directors or managers (in their capacities as such), that could prevent, enjoin, or materially alter or delay any of the transactions contemplated by this Crowd Note, or that could reasonably be expected to have a material adverse effect on the Company.

**4. Representations and Warranties of the Investor.** In connection with the transactions provided for herein, the Investor hereby represents and warrants to the Company that:

1. **Authorization.** This Crowd Note constitutes Investor's valid and legally binding obligation, enforceable in accordance with its terms, except as may be limited by (i) applicable bankruptcy, insolvency, reorganization, or similar laws relating to or affecting the enforcement of creditors' rights and (ii) laws relating to the availability of specific performance, injunctive relief or other equitable remedies.
2. **Purchase Entirely for Own Account.** Investor acknowledges that this Crowd Note is issued to Investor in reliance upon Investor's representation to the Company that the Crowd Note will be acquired for investment for Investor's own account.
3. **Required Information.** The Investor acknowledges they have received all the information necessary or appropriate for deciding whether to invest in this Crowd Note, and the Investor represents that the Investor has had an opportunity to ask questions and receive answers from the Company regarding the terms and conditions of this instrument and the underlying securities and to obtain any additional information necessary to verify the accuracy of the information provided.
4. **Reliance on Advice.** The Investor acknowledges that they are not relying on the advice or recommendations of the Company or MicroVenture Marketplace Inc., or the affiliates of either, and the Investor has made its own independent decision that an investment in this instrument and the underlying securities is suitable and appropriate.
5. **Federal or State Agencies.** The Investor acknowledges that no federal or state agency has passed upon the merits or risks of an investment in this instrument and the underlying securities or made any finding or determination concerning the fairness or advisability of this investment.
6. **Voting and Inspection Rights.** The Investor acknowledges that if they are not a Major Investor they shall have limited voting, information and inspection rights.
7. **No Public Market.** The Investor acknowledges that no public market now exists for any of the securities issued by the Company, and that the Company has made no assurances that a public market will ever exist for this instrument and the securities to be acquired by the Investor hereunder.

**5. Miscellaneous.**

1. **Security.** This Crowd Note is a general unsecured obligation of the Company.
2. **SPV.** The Investor agrees to take any and all actions determined in good faith by the Company's

board of directors to be advisable to reorganize this instrument and any shares of Capital Stock issued pursuant to the terms of this instrument into a special purpose vehicle or other entity designed to aggregate the interests of holders of Crowd Notes.

3. **Successors and Assigns.** The terms and conditions of this Crowd Note shall inure to the benefit of and be binding upon the respective successors and assigns of the parties hereto; provided, however, that the Company may not assign its obligations under this Crowd Note without the prior written consent of the Investor.
4. **Governing Law.** This Crowd Note shall be governed by and construed under the laws of Delaware as applied to other instruments made by Delaware residents to be performed entirely within the state of Delaware, regardless of the laws that might otherwise govern under applicable principles of conflicts of law.
5. **Notices.** All notices and other communications given or made pursuant to this Crowd Note shall be in writing and shall be deemed effectively given upon the earlier of actual receipt or: (a) personal delivery to the party to be notified, (b) when sent, if sent by electronic mail or facsimile during normal business hours of the recipient, and if not sent during normal business hours, then on the recipient's next business day, (c) five days after having been sent by registered or certified mail, return receipt requested, postage prepaid, or (d) one business day after deposit with a nationally recognized overnight courier, freight prepaid, specifying next business day delivery, with written verification of receipt.
6. **Financing Agreements.** The Investor understands and agrees that the conversion of the Crowd Note into Conversion Shares may require the Investor's execution of certain agreements relating to the purchase and sale of such securities as well as registration, co sale, rights of first refusal, rights of first offer and voting rights, if any, relating to such securities. The Investor agrees to execute all such agreements in connection with the conversion so long as the issuance of Conversion Shares issued pursuant to the conversion of this Crowd Note are subject to the same terms and conditions applicable to the Preferred Stock sold in the Qualified Equity Financing (or the Shadow Series).
7. **Severability.** If one or more provisions of this Crowd Note are held to be unenforceable under applicable law, such provision shall be excluded from this Crowd Note and the balance of the Crowd Note shall be interpreted as if such provision were so excluded and shall be enforceable in accordance with its terms.
8. **Transfer of a Crowd Note.** Subject to compliance with applicable federal and state securities laws (including the restrictions described in the legends to this Crowd Note), this Crowd Note and all rights hereunder are transferable in whole or in part by the Investor to any person or entity upon written notice to the Company.
9. **Escrow Procedures.** Investor funds can be released from escrow if (a) the Target CF Minimum is reached on or before the Offering Deadline; or (b) the Company conducts an intermediate close, subject to certain terms and conditions.
10. **Entire Agreement; Amendments and Waivers.** This Crowd Note constitutes the full and entire understanding and agreement between the parties with regard to the subjects hereof. The Company's agreements with each Investor are separate agreements, and the sales of the Crowd Notes to each Investor are separate sales.

## 6. Dispute Resolution.

1. **General Rule.** Any dispute under this Crowd Note will be resolved through arbitration, not through the court system. All arbitration will be conducted in the State in which the Company's executive office is located at the time of dispute unless both parties agree otherwise in writing in a specific case. All arbitration will be conducted before a single arbitrator in following the rules of the American Arbitration Association. Except as required by law, neither a party nor the arbitrator may disclose the existence, content or results of any arbitration without the prior written consent of the other parties.
  2. **Appeal of Award.** Within thirty days of a final award by the single arbitrator, either party may appeal the award for reconsideration by a three-arbitrator panel. If there is an appeal, the other party may cross-appeal within thirty days after notice of the appeal. The panel will reconsider all aspects of the initial award that are appealed, including related findings of fact.
  3. **Effect of Award.** Any award by the individual arbitrator that is not subject to appeal, and any panel award on appeal, shall be final and binding, except for any appeal right under the Federal Arbitration Act, and may be entered as a judgment in any court of competent jurisdiction.
  4. **No Class Action Claims.** NO ARBITRATION SHALL PROCEED ON A CLASS, REPRESENTATIVE, OR COLLECTIVE BASIS. No party may join, consolidate, or otherwise bring claims for or on behalf of two or more individuals or unrelated corporate entities in the same arbitration unless those persons are parties to a single transaction. An award in arbitration shall determine the rights and obligations of the named parties only, and only with respect to the claims in arbitration, and shall not (i) determine the rights, obligations, or interests of anyone other than a named party, or resolve any claim of anyone other than a named party, or (ii) make an award for the benefit of, or against, anyone other than a named party. No administrator or arbitrator shall have the power or authority to waive, modify, or fail to enforce this paragraph, and any attempt to do so, whether by rule, policy, and arbitration decision or otherwise, shall be invalid and unenforceable. Any challenge to the validity of this paragraph shall be determined exclusively by a court and not by the administrator or any arbitrator. If this paragraph shall be deemed unenforceable, then any proceeding in the nature of a class action shall be handled in court, not in arbitration.
7. **Approval.** The Company hereby represents that its Board of Directors, in the exercise of its fiduciary duty, has approved the Company's execution of this Crowd Note based upon a reasonable belief that the Purchase Price provided hereunder is appropriate for the Company after reasonable inquiry concerning the Company's financing objectives and financial situation. In addition, the Company hereby represents that it intends to use the proceeds primarily for the operations of its business, and not for any personal, family or household purpose.
8. **Subscription Procedure.** Each Investor, by providing his or her name, and subscription amount, confirms such investment through the Platform and has signed this Crowd Note electronically. Investor agrees that his or her electronic signature is the legal equivalent of his or her manual signature on this Crowd Note. By confirming, the Investor consents to be legally bound by the Crowd Note's terms and conditions, and to the terms and conditions of subscription established by the Platform. All Investors will be processed via Regulation CF. Investments may be accepted up to the Maximum Raise Amount up until the Offering End Date.

**Exhibit E**  
**Pitch Deck**



# HILLOS

MAKE WHAT MOVES YOU

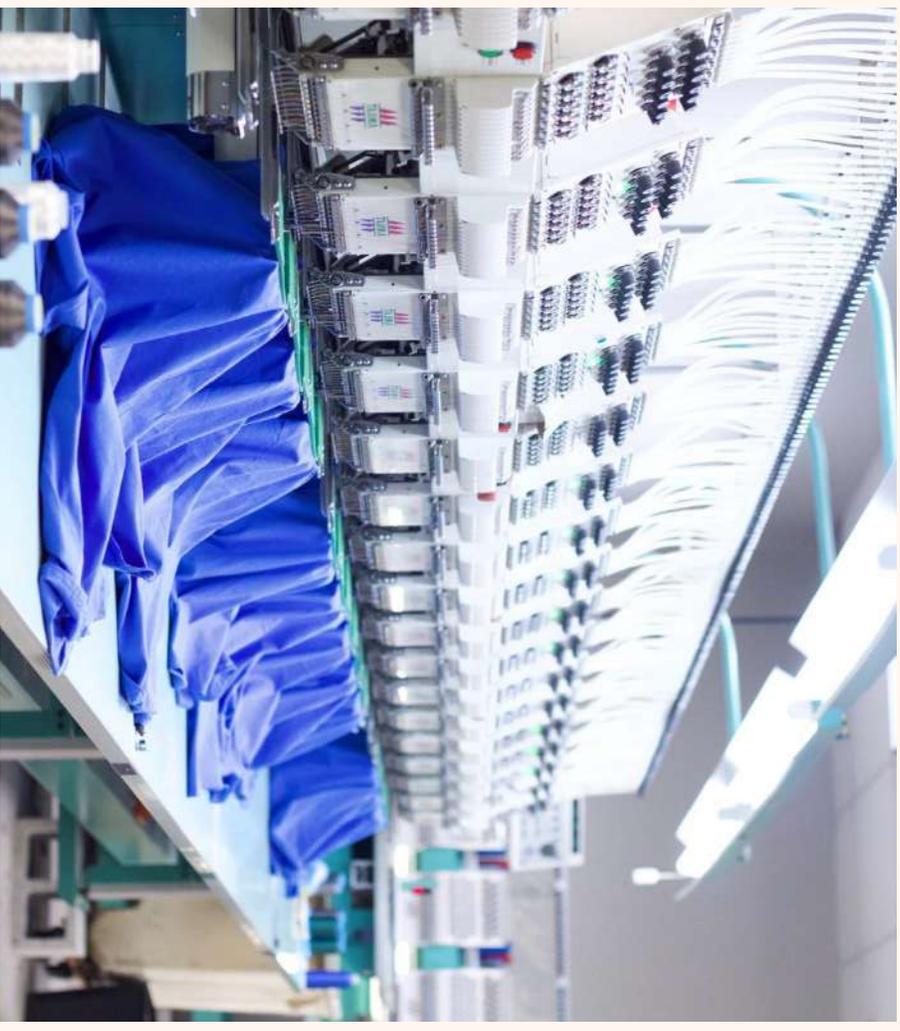
## **Legal Notice**

Any statements contained in this document regarding us, our expectations, beliefs, plans, objectives, assumptions, or future events or performance are not historical facts and are forward-looking statements. Investors are cautioned that these forward-looking statements involve uncertainties and risks that could cause actual performance and results of operations to differ materially from those anticipated. The forward-looking statements contained herein represent our judgment as of the date of publication of this document, and we caution you not to place undue reliance on such statements. We are a startup business and, as such, certain images contained in this document are for illustration purposes only. Our company, our management, and our affiliates assume no obligation to update any forward-looking statements to reflect events are the initial publication of this document or to reflect the occurrence of subsequent events.

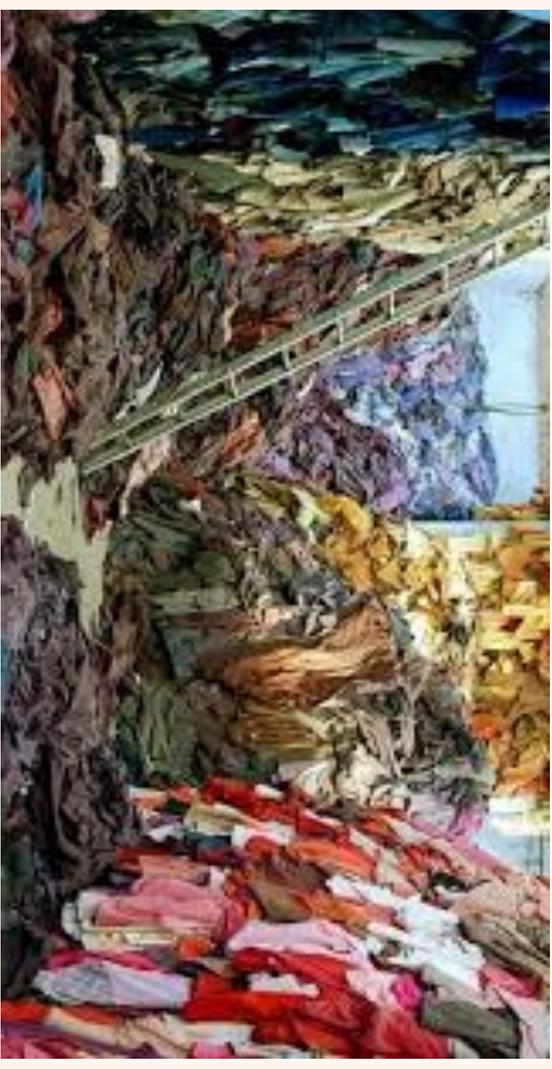
***Please see the end of this presentation for important risk disclosure information.***

**Value does not exist  
outside of the individual**

**So when you focus on product first, not people, we believe something is misaligned.**



**Too much is made**



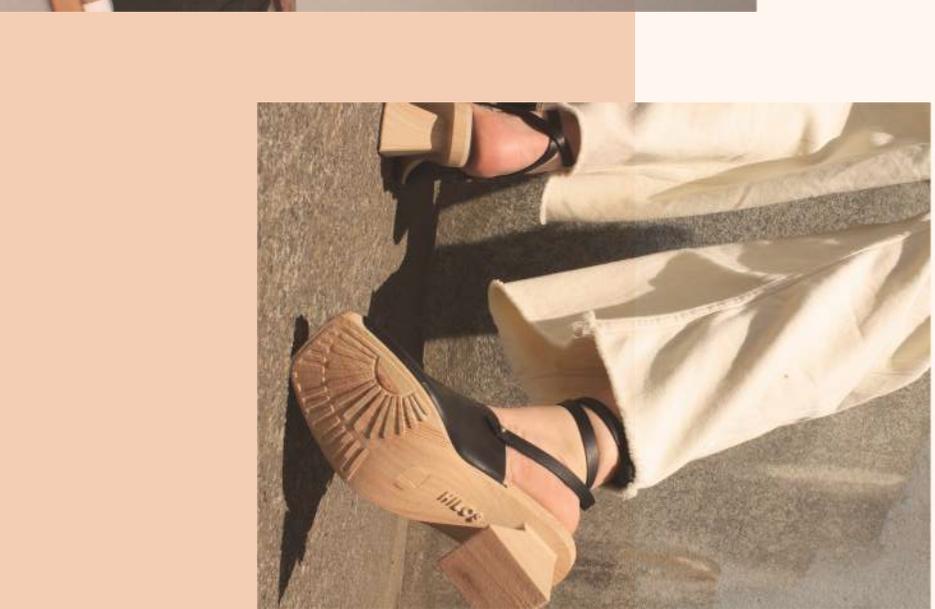
**And not everyone  
gets what they need**

**Instead, every shoe we make is  
made for you**

tailored &  
customized

---

then made  
on-demand

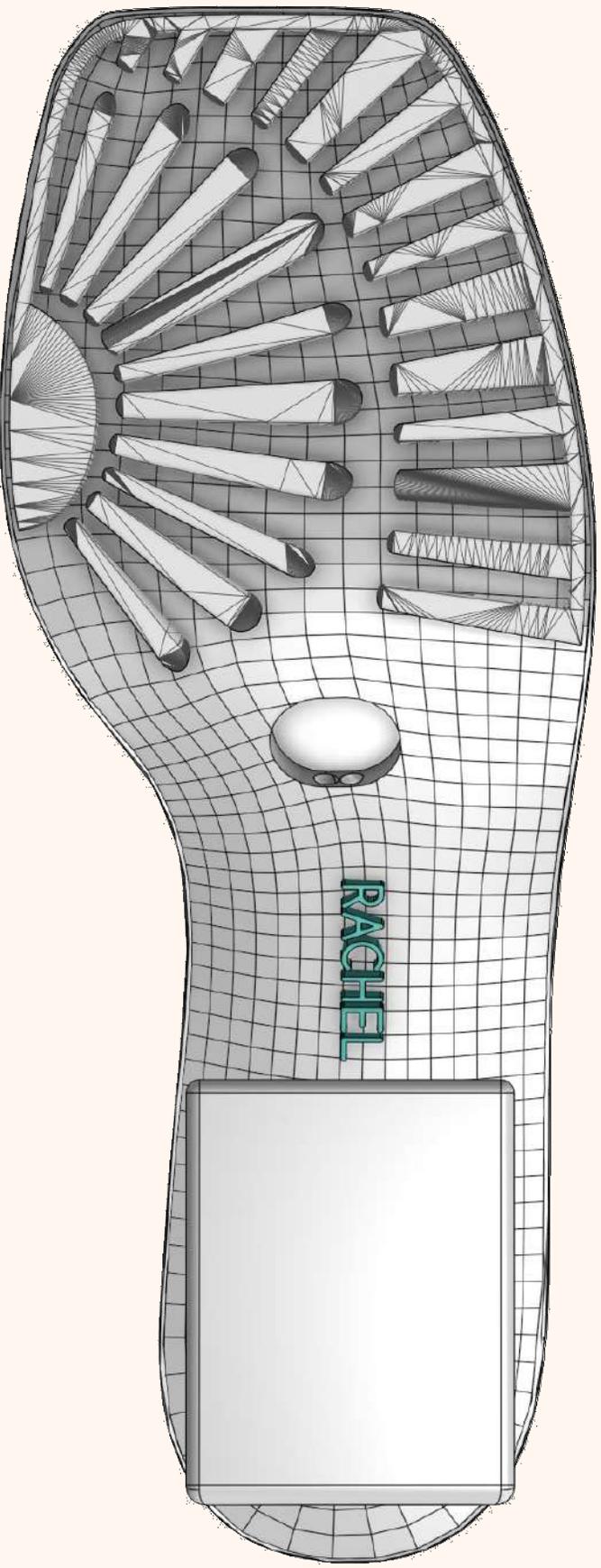


**Aligning people, product, and planet**

**HILLOS**

Built for a new generation of agile commerce

**Our digital mold is customized  
to each person**



**Then 3D-printed and assembled in  
just 72 hours**

HILLOS

# HILLOS



**2-piece assembly**

**3D printed performance platform**

**72-hour lead time for any pair**

**100% recyclable, nontoxic**

**\*Saves 1700 gallons of water**

**V S**

# Traditional manufacturing



**12-24 piece assembly<sup>1</sup>**

**Wood, nylon, paper**

**18 months lead time<sup>2</sup>**

**Disposable, toxic glues & nails**

**HILLOS**

# Leadership



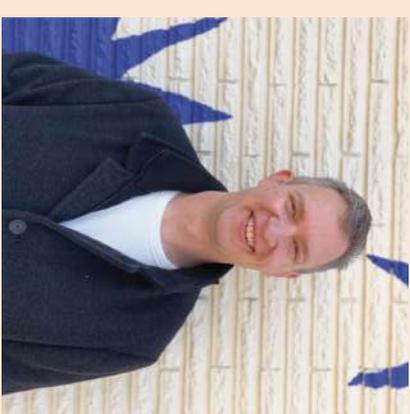
**Elias Stahl**

Co-Founder / Chief Executive  
MA Johns Hopkins University  
VP of Product at Handshake  
Israeli Special Forces, SFC



**Gaia Giladi**

Co-Founder / Chief Creative  
BFA Academy of Art University  
Founder, HOLO  
Designer, St. John Knits & Hybrid Apparel



**Eric Folsom**

Director of Product  
BS/MS Belford University,  
Director of Product at Artica  
Founder of YourSourceChina

# Advisors / Partners



**Yoav Sterman**

Digital Innovation Director,  
Delta Galil Industries,  
Innovator of Nike's Flyprint Shoe



**Ronnie Parsons**

CEO & Founder, Modelab,  
National leader in computational  
design



**Debbie Findling**

Philanthropic Advisor, Goldman Fund/  
Lauder Family Venture Philanthropy Fund



**Scott Townsend**

Marketing Director, Domino  
Former Director of Marketing  
at Airship



**Michael Gill**

Former Global Director, Analytics  
& Data Science, Design, Product,  
& Merchandising Operations at  
Nike



MODELAB

Storyroot



HILLOS

# Why Now

2020 has accelerated our digital world's fundamental promise for personalization, but it hasn't bridged the gap from our screens to our shelves.<sup>3</sup>

“Why the time is right for personalization” - CMS<sup>4</sup>

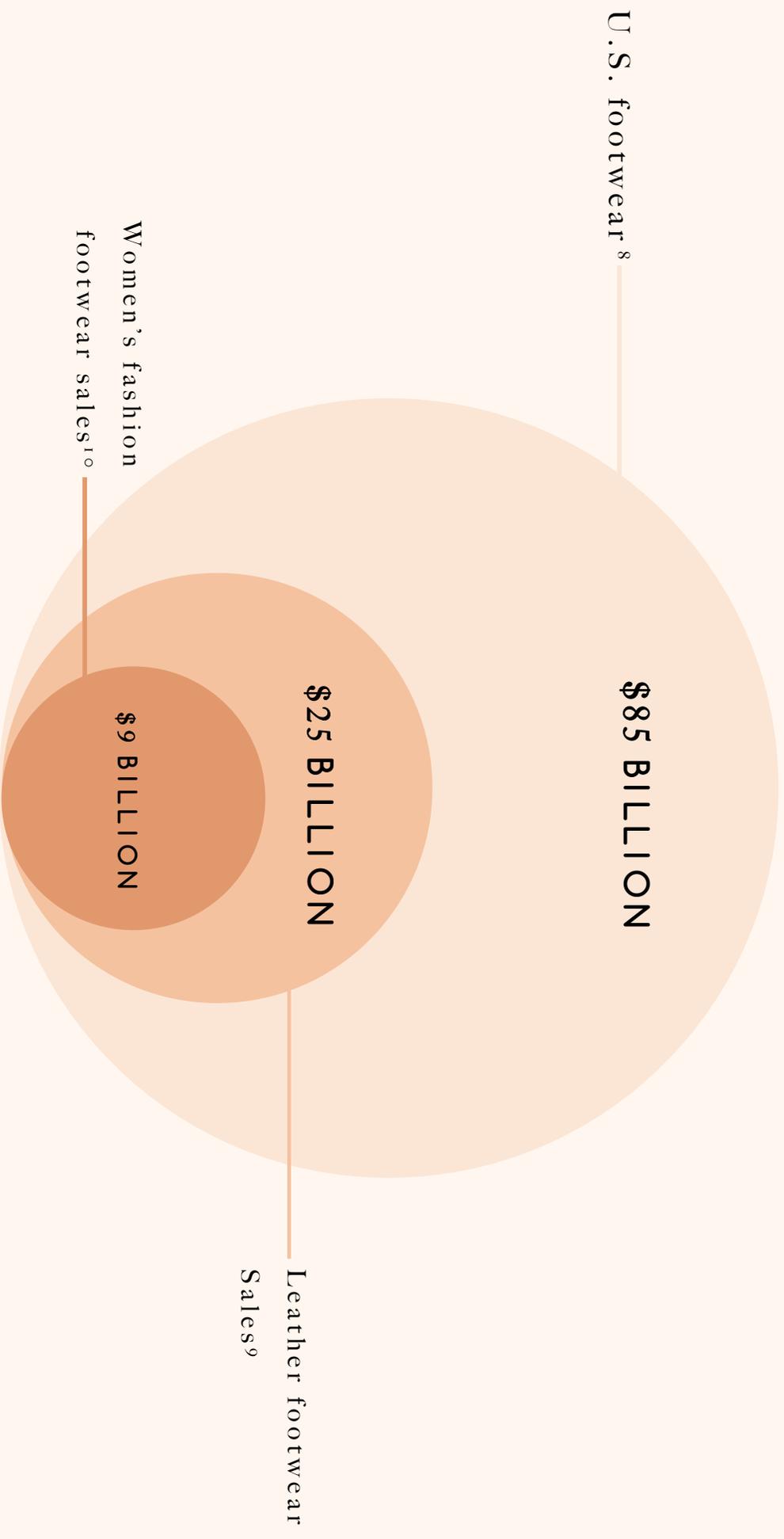
“How personalization is transforming the media industry” - WEF<sup>5</sup>

“The future of personalization – and how to get ready for it” – McKinsey<sup>6</sup>

“The Path to Personalization” - Forbes<sup>7</sup>

# U.S. market size

In annual revenue



# How We Plan to Compete

	HILLOS	MASS-MARKET	ARTISAN BRANDS
CRAFTSMANSHIP	★		★
TAILORED FIT	★		★
JUST-IN-TIME FULFILLMENT	★	★	
ABILITY TO SCALE	★	★	
ZERO INVENTORY	★		
CIRCULAR ECONOMY	★		

HILLOS

# Business model

## Agility

- No inventory
- Product changes as fast as software updates

## Resilience

- Vertically integrated
- Minimal supply chains

## Scale

- Third-party manufacturer for other brands
- Low economies of scale, high portability

# Traction

## IP

- Provisional patent for proprietary assembly method
- Trade secrets for generative custom insole, digital mold design, production automation architecture

## Product

- MVP in eight months and under \$100k
- Pre-sale release September 2020

## Investment

- \$150,000 F&F / Angel Round and Grant from Business Oregon

**“HILLOS has their timing right. This is a market-making opportunity.”**



-Hap Klopp, Founder and 20-year CEO of The North Face

# Unit Economics

AVERAGE MSRP	\$ 3 4 5 . 0 0
COGS	\$ 1 4 2 . 0 0
GROSS MARGIN	5 9 %

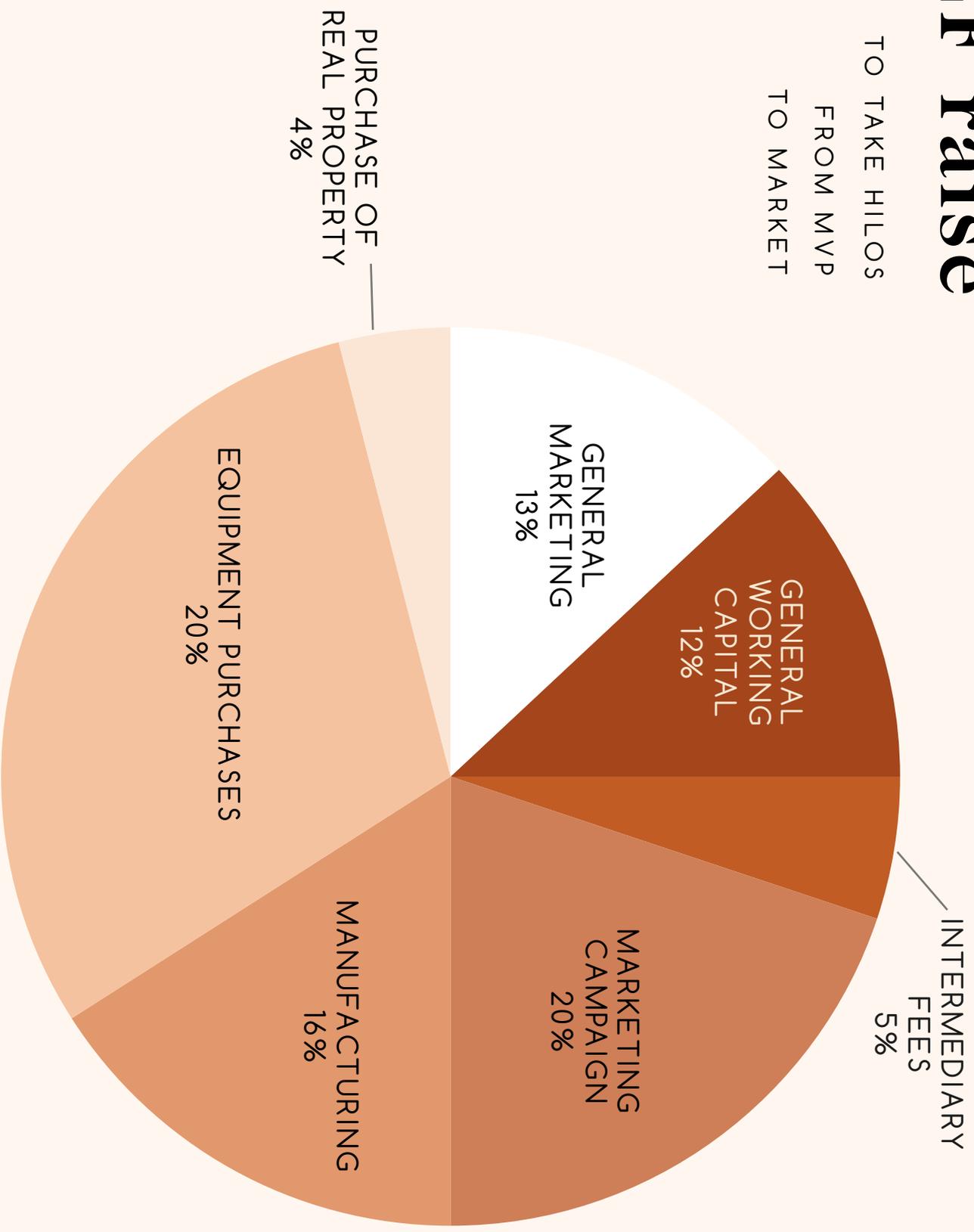
## BENCHMARK INDUSTRY GROSS MARGINS 2020

STEVE MADDEN <sup>11</sup>	3 9 %
CLARKS <sup>12</sup>	4 7 %
FERRAGAMO <sup>13</sup>	6 4 %

# Reg CF raise

TO TAKE HILOS

FROM MVP  
TO MARKET



HILOS

# Thank You

---

ELIAS STAHL  
HILOS.CO



## References

- 1 <https://www.italianshoefactory.com/blog/shoe-construction/>
- 2 <https://www.3dnatives.com/en/3d-printing-in-footwear-disrupting-industry-020120194/#!>
- 3 <https://www.mckinsey.com/industries/retail/our-insights/time-for-change-how-to-use-the-crisis-to-make-fashion-sourcing-more-agile-and-sustainable#>
- 4 <https://www.cmswire.com/digital-marketing/why-the-time-is-right-for-personalization/>
- 5 <http://reports.weforum.org/digital-transformation/how-personalization-is-transforming-the-media-industry/>
- 6 <https://www.mckinsey.com/business-functions/marketing-and-sales/our-insights/the-future-of-personalization-and-how-to-get-ready-for-it>
- 7 <https://www.forbes.com/forbes-insights/our-work/path-to-personalization/>
- 8 <https://www.shoeeconomy.us>
- 9 <https://www.statista.com/outlook/11010000/109/leather-footwear/united-states>
- 10 <https://www.grandviewresearch.com/industry-analysis/leather-footwear-market>
- 11 <https://investor.stevemadden.com/news-releases/news-release-details/steve-madden-announces-second-quarter-2020-results>
- 12 <https://craft.co/clarks-shoes/metrics>
- 13 <https://www.statista.com/statistics/930867/gross-profit-margin-of-salvatore-ferragamo-italy/>

## Risk Disclosures

### Investment Risk

***An investment in the company is speculative, and as such is not suitable for anyone without a high tolerance for risk and a low need for liquidity.*** You should invest only if you are able to bear the risk of losing your entire investment. There can be no assurance that investors will receive any return of capital or profit. Investors should have the financial ability and willingness to accept the risks (including, among other things, the risk of loss of their entire investment and the risks of lack of liquidity) that are characteristic of private placement investments. There will be no public market for the securities being offered, applicable securities laws will restrict any transfer of the securities, and the securities will not be transferable without the company's consent.

The information provided herein is not intended to be, nor should it be construed or used as, investment, tax or legal advice, a recommendation to purchase, or an offer to sell securities of the company. You should rely on the offering statement and documents attached as exhibits to the offering statement when making any investment decision. An investment in the company is not suitable for all investors.

# Risk Disclosures

## Company Risk

*The company's industry is highly competitive, and the company may not be able to compete effectively against the other businesses in its industry. The company is subject to a number of significant risks that could result in a reduction in its value and the value of the company securities, potentially including, but not limited to:*

- Rapidly changing consumer preferences and market trends,
- Inability to expand and maintain market acceptance for the company's services and products,
- Inability to gain access to international markets and comply with all applicable local laws and regulations,
- Inability to achieve management's projections for growth, to maintain or increase historical rates of growth, to achieve growth based on past or current trends, or to effectively manage rapid growth,
- Inability to develop, maintain and expand successful marketing relationships, affiliations, joint ventures and partnerships that may be needed to continue and accelerate the company's growth and market penetration,
- Inability to keep pace with rapid industry, technological and market changes that could affect the company's services, products and business,
- Technological problems, including potentially widespread outages and disruptions in Internet and mobile commerce,
- Potential costs and business disruption that may result if the company's customers complain or assert claims regarding the company's technology,
- Failure to adequately address data security and privacy concerns in compliance with U.S. and international laws, rules and policies,
- Performance issues arising from infrastructure changes, human or software errors, website or third-party hosting disruptions, network disruptions or capacity constraints due to a number of potential causes including technical failures, cyber-attacks, security vulnerabilities, natural disasters or fraud,

# Risk Disclosures

## Company Risk (cont'd)

- Inability to adequately secure and protect intellectual property rights,
- Potential claims and litigation against the company for infringement of intellectual property rights and other alleged violations of law,
- Difficulties in complying with applicable laws and regulations, and potential costs and business disruption if the company becomes subject to claims and litigation for legal non-compliance,
- Changes in laws and regulations materially affecting the company's business,
- Liability risks and labor costs and requirements that may jeopardize the company's business,
- Dependence on and inability to hire or retain key members of management and a qualified workforce,
- Ongoing need for substantial additional capital to support operations, to finance expansion and/or to maintain competitive position,
- Issuance of additional company equity securities at prices dilutive to existing equity holders,
- Potential significant and unexpected declines in the value of company equity securities, including prior to, during, and after an initial public offering, and
- Inability of the company to complete an initial public offering of its securities, merger, buyout or other liquidity event.