



# IDEAS. UNCONTAINED.

**SGBX**  
Nasdaq Listed



Investor Presentation  
**December 2019**

# Safe Harbor

This presentation includes forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, as amended about our current expectations and projections about future events. In some cases forward-looking statements can be identified by terminology such as, but not limited to, "anticipate," "believe," "can," "continue," "could," "estimate," "expect," "intend," "may," "plan," "project," "seek," "should," "strategy," "target," "will," "would" and similar expressions or variation. The statements contained in this report that are not purely historical are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. These statements are based on the beliefs and assumptions of our management based on information currently available to management. Such forward-looking statements are subject to risks, uncertainties and other important factors that could cause actual results and the timing of certain events to differ materially from future results expressed or implied by such forward-looking statements. Factors that could cause or contribute to such differences include, but are not limited to, our ability to continue as a going concern; our ability to raise additional working capital; our ability to profit from our new licensing model; our ability to increase product demand and market acceptance for our products; our ability to use working capital resources effectively and efficiently; our ability to maintain our listing on the Nasdaq Capital Market, our ability to attract key personnel; our ability to maintain and add new relationships and suppliers, vendors and customers and those discussed in the section titled "Risk Factors" included under Part II, Item 1A below and those identified under Part 1, Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2018 and subsequent quarterly reports on Form 10-Q. Furthermore, such forward-looking statements speak only as of the date of this report. Except as required by law, we undertake no obligation to update any forward-looking statements to reflect events or circumstances after the date of such statements.

# Free Writing Prospectus

This presentation highlights basic information about us and the proposed offering. Because it is a summary, it does not contain all of the information that you should consider before investing. We have filed a registration statement (including a preliminary prospectus) with the SEC for the offering to which this presentation relates. The registration statement has not yet become effective. Before you invest, you should read the preliminary prospectus in the registration statement (including the risk factors described therein) and other documents we have filed with the SEC for more complete information about us and the offering.

You may access these documents for free by visiting EDGAR on the SEC Web site at <http://www.sec.gov>. The preliminary prospectus is available on the SEC Web site at <http://www.sec.gov>. Alternatively, we or any underwriter participating in the offering will arrange to send you the prospectus if you contact ThinkEquity, a division of Fordham Financial Management, Inc., Prospectus Department, 17 State Street, 22nd Floor, New York, New York 10004, telephone: (877) 436-3673 or e-mail: [prospectus@think-equity.com](mailto:prospectus@think-equity.com).

This presentation shall not constitute an offer to sell, or the solicitation of an offer to buy, nor will there be any sale of these securities in any state or other jurisdiction in which such offer, solicitation or sale would be unlawful prior to the registration or qualification under the securities laws of such state or jurisdiction. The offering will only be made by means of a prospectus pursuant to a registration statement that is filed with the SEC after such registration statement becomes effective.

# Offering Summary

**Issuer:**

**SG Blocks, Inc.**

Listing/Symbol:

NASDAQ / SGBX

Expected Offering Size:

\$2,500,000 (100% Primary)

Over-Allotment Option:

15% (100% Primary)

Securities Offered:

- Common shares; or
- Series B Convertible Preferred Stock (for purchasers who would otherwise own more than 4.99% of our outstanding common stock following the offering)

Use of Proceeds:

- \$480,770 for the full repayment of an outstanding debenture;
- \$750,000 to fund our secured loan to CPF in connection with the Monticello Project; and
- for working capital and other general corporate purposes

Sole Book-Running Manager:

ThinkEquity, a division of Fordham Financial Management Inc.



# Construction Productivity is Down 50% since the 1960s...

**WE** HAVE A BETTER SOLUTION....

Source: McKinsey's Capital Projects & Infrastructure Practice, June 2016.

**SGBX**  
Nasdaq listed

# Global Construction Market

## Global Construction Market



Source: The Business Research Company

## Global Modular Construction Market



Source: Grand View Research



**WE REPURPOSE  
SHIPPING CONTAINERS INTO  
ICONIC STRUCTURES**

**SGBX**  
Nasdaq Listed



# Containers Are...

## STRONG.

- Containers are **STRONG**, resilient, maritime-grade structures
- Engineered to self-center and lock into place when stacked
- At maximum weight containers can be stacked 9 stories high

## Fast.

- Builders save time and money and deliver a structure *Faster* to an end-user
- Containers are already "squared" which eliminates significant time in the construction process.

## Green.

- Repurposed containers greatly offset a development's carbon footprint, reducing resource use
- *There are an estimated 30 million unused shipping containers in the world.*

- The World Shipping Council, 2015



LOWER COST - FASTER TIME TO MARKET

# Modular Construction

ARCHITECTURE & ENGINEERING



SITE WORK

CONTAINER MODIFICATIONS



MODULAR FINISHING WORK



TRANSPORT TO SITE



INSTALLATION



COMPLETED PROJECT



## CONTAINER FACTS

CSC requirements for 50,000 pound capacity that can withstand lateral forces that exceed CA seismic standards and Miami Dade hurricane codes

Made from heavy gauge Core-Ten steel construction with plywood subflooring

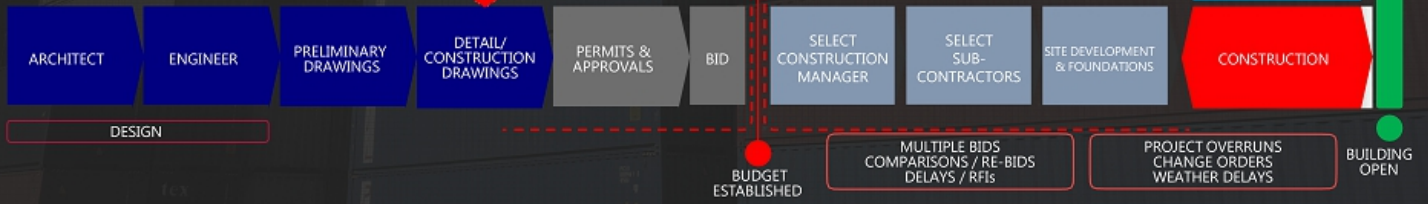
**SGBX**  
Nasdaq Listed

# How SG Blocks Accelerates Construction

## SG BLOCKS MODULAR CONSTRUCTION



## TRADITIONAL SITE BASED CONSTRUCTION



**SG BLOCKS' CONSTRUCTION CYCLE IS ~45% FASTER**

**SGBX**  
Nasdaq Listed

EXPEDITED CONSTRUCTION CYCLE TRIGGERS SAVINGS ON: LOAN INTEREST, BUILDERS RISK INSURANCE, GENERAL LIABILITY INSURANCE AND MORE

# The Modular Difference: Better Product, Superior Returns

## Significantly Improved IRR.

	Conventional	SG Blocks
Cash-on-Cash Return	2.04x	2.66x
Project IRR	16.14%	26.78%

- SG Blocks has a modular construction with lower cost of capital over traditional construction, enabling developers to increase the number and size of projects they deploy

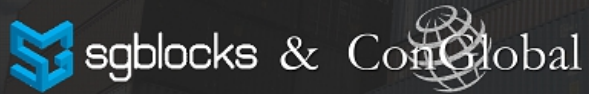
## Rapid & Cost Effective Construction Process.

- SG Blocks building costs to developers are ~\$250/sq. foot, or ~13% less than with traditional construction, as a result of:
  - Savings on labor, security & insurance
  - Construction interest savings due to ~40% reduction in construction duration
- Allows the project to generate revenue when it would otherwise be under construction, further increasing project-level IRR

## Industrywide Acceptance via ESR.

- SG Blocks' ESR rating provides a significant advantage over comparable firms, as it expedites the review process with building departments
- This allows SG Blocks to bid on construction projects where developers may not have a preference whether a project is container based, and compete via traditional construction metrics such as cost, speed etc.

# We Are Exclusive With The #1 Distributor of Containers



- **ConGlobal Industries, Inc.** is North America's largest full-service supplier to the intermodal industry
- Also a leading retailer of standard and modified equipment in new and used condition to consumers, corporations, and government and military institutions
- **Services 65% of the US market**



**Our partner's nationwide distribution enables quick delivery to site locations and lower landed costs.**



# We are the First Container Supplier to Receive an *ESR* from the ICC





- **We believe SG BLOCKS' Evaluation Service Report, as granted by the International Code Council (ICC), will significantly expedite reviews and approvals by building departments and expect our container fabrication will become more widely accepted in the construction industry.**
- **Our specifying designers, architects, builders, installers and customers rely on our ESR mark stamped on each of our bids and deliveries to customers.**
- **Patent application submitted for SG Blocks Universal Box**  
Code compliant universal standardized modules and modifications as well as completely interchangeable infill panels. Standardized modules reduce the time to obtain approvals, provide a consistent design and fabrication approach and reduce design and construction times and errors.

# Platform Business Model

- Platforms are the favored business model for 7 of the world's 12 largest companies
  - Technology based environment with open infrastructure
  - Matchmaker – linking organizations, people and resources
  - Orchestrator of ecosystems extending across sectors
  - Harnesser of network effects
  - Reducer of marginal costs to almost zero
  - Foundations for combinatorial innovation
- Platforms shift the economy from industries to ecosystems
- SGBX seeks to be a single source solution for building projects... partnering with architectural services providers, project management and financing

## Disrupting the Construction Industry

	• Construction as a service
	• Hotel as a service
	• Payroll as a service
	• Software as a service
	• Telecom as a service
	• Infrastructure as a service
	• Storage as a service
	• Transportation as a service



# Homes

North Charleston SFR  
SG Blocks Build, Charleston, SC



# Multi-Family

Multi-family Complex  
SG Blocks Concept Monticello, NY



# Commercial

NBA Training Academy  
SG Blocks Build, Saly, Senegal

SGBX  
Nasdaq Listed



# Quick Service

Taco Bell  
SG Blocks Build, South Gate, CA

and much more.



# Our Deliverables



## GREENSTEEL

GreenSteel is the structural core and shell of an SG Blocks building. The units are delivered to site where they are handed over to a local GC to finish to specifications.



## PARTIAL MODULAR

Selected materials, finishes and systems are installed at an SG Blocks facility, with the balance completed on site by the general contractor.

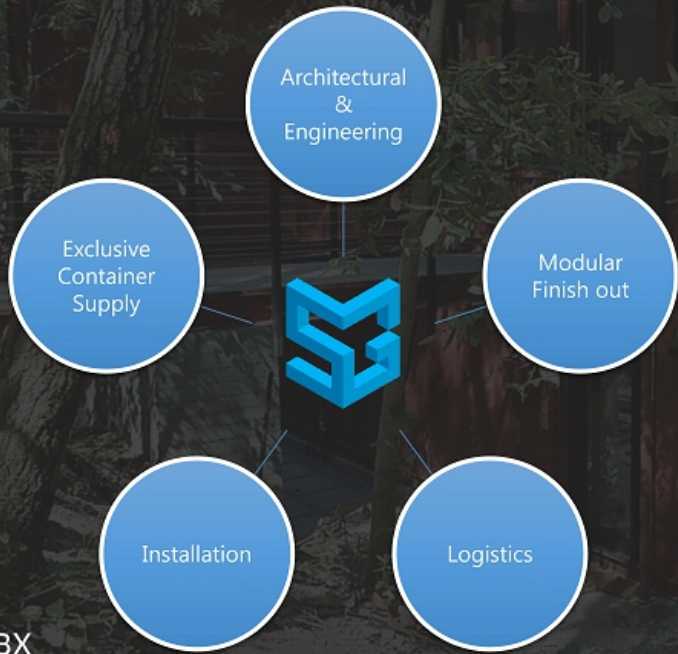


## FULL MODULAR

SG Blocks delivers a fit-out product where we erect the final units on site and complete all trim outs and closure pieces so it is ready to occupy.



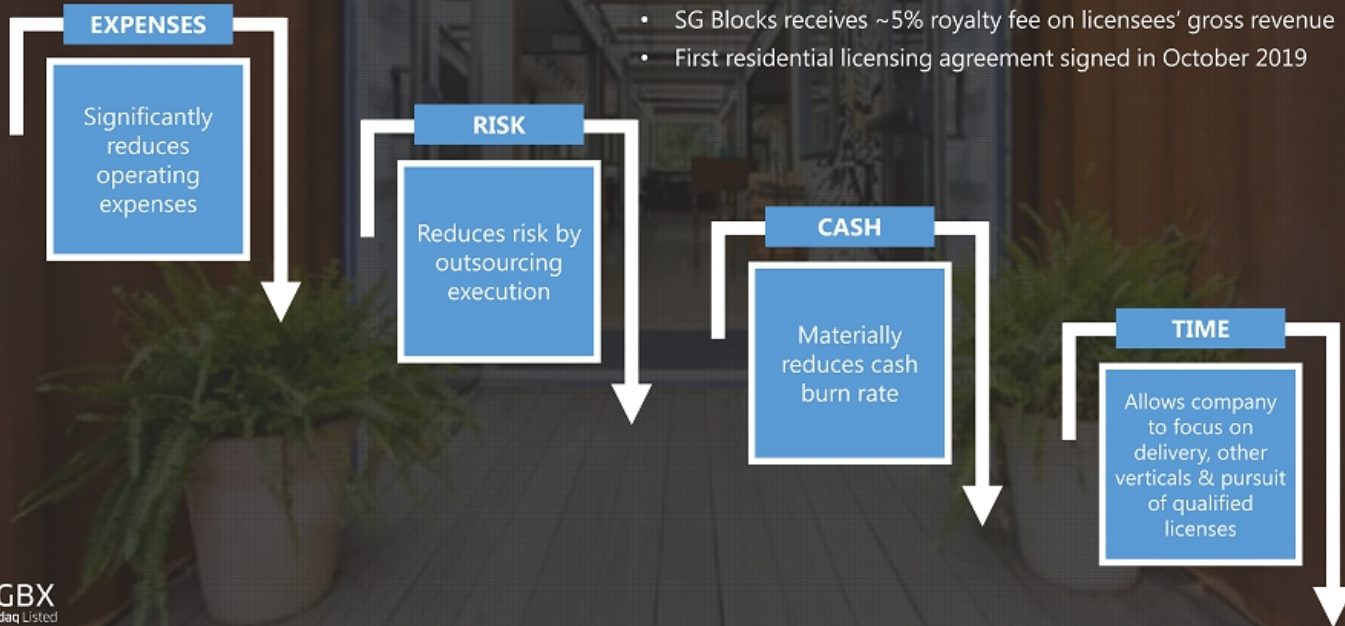
# Our Services



# Residential Business: Shift to Royalty Model

Strategically shifting our lower-margin residential business to a royalty fee model that is highly scalable

- SG Blocks receives ~5% royalty fee on licensees' gross revenue
- First residential licensing agreement signed in October 2019



# Current Backlog

as of September 30, 2019

## Commercial Backlog (Non-Licensed) – Signed Projects

Project	Estimated Revenue	Manufacturing Start Date (estimated)
Ridge Avenue Commons	\$16,900,500	Q3 2020
Other (7 projects)	\$866,670	Q1 2020
<b>Total</b>	<b>\$17,787,170</b>	

\*The other projects (7) if brought to conclusion beyond the design phase will yield an additional \$4.7M of gross revenue. Subsequent to September 30, 2019, SG Blocks executed a design build contract for potential revenue of approximately \$558K. The revenue projections above are based upon assumptions and estimates and may not be reflective of actual results. Actual results will depend upon several factors, many of which are not in our control. There can be no assurance given that these projects will be completed at the indicated sizes, within the indicated time frames, or at all. Projects remain subject to financing and other risks.

# Indicative Current Potential Royalties

*Projects our licensee intends to complete over the next 24 months*

Potential Royalty Revenue – Projects Under the License Agreement*		
Project	Estimated Potential Net Royalties (up to amounts due to SG Blocks)	Manufacturing Start Date (estimated)
Monticello Phases 1, 2 & 3	\$2,000,000	Q2 2020
Single Family Homes	\$3,500,000	Q1 2020
<b>Total</b>	<b>\$5,500,000</b>	

\* Projects under the license agreement are expected to be completed by third parties, with a royalty fee to be paid to SG Blocks based on a percentage of gross revenues generated by the licensee. For the Monticello project, the licensee has advised us that it has purchased land and committed capital resources to move the project forward, and with respect to Puerto Rico and the U.S., the licensee has expressed an intention to deliver 1,000+ single family homes within the next 24 months. The revenue projections above are based upon assumptions and estimates and may not be reflective of actual results. Actual results will depend upon several factors, many of which are not in our control. There can be no assurance given that these projects will be completed at the indicated sizes, within the indicated time frames, or at all. Projects remain subject to financing and other risks.



# Management and Delivery Team

## **PAUL GALVIN, Chairman and Chief Executive Officer**

Since inception, Mr. Galvin has played a key role in the company's growth and expansion. He brings over 25 years of experience developing and managing real estate, including residential condominiums, luxury sales and market rate and affordable rental projects. Prior to his involvement in real estate, he founded a non-profit organization that focused on public health, housing and child survival, where he served for over a decade in a leadership position. He is on the board of ToughBuilt Industries.

## **STEVAN ARMSTRONG, Chief Technology Officer**

Mr. Armstrong, appointed as CTO in 2018, was an original founder of SG Blocks. He served as President and COO of SGB and its predecessor entity from 2009 and as a director from 2007. From 2003 – 2010, he was a minority partner (owner) and Chief Construction Officer for Stratford Companies, a large senior housing development group. Prior to that, he was the EVP for Operations of Hospital Affiliates Development Corp.

## **GERALD SHEERAN, Acting Chief Financial Officer**

Mr. Sheeran has served as the Controller since March of 2018 and brings extensive experience and expertise in areas of finance and accounting. Prior to joining the Company, he was a Senior Accounting Manager for Lucid Energy Group. Before his time at Lucid Energy Group, Mr. Sheeran worked for a number of different companies in connection with their accounting, reporting and financial operations.

## **ROCKEY BUTLER, Vice President of Operations**

Mr. Butler brings more than 30 years of experience in all aspects of construction, with particular expertise in steel-based construction. Based in Texas, he is located within SG Blocks' manufacturing zone. Most recently, he served as President / Operations Manager of Business Development and Sales & Customer Relations at JARCO STEEL, INC., where his strategies led to a 20 percent increase in sales.

### **GEIS COMPANIES**

Geis Companies is a vertically integrated business that specializes in modern construction consisting of six unique businesses that function independently, but often work in any combination thereby providing identifiable efficiencies in both price and execution. Geis has more than 150 skilled professional staff.

### **GRIMSHAW ARCHITECTS**

Grimshaw is a global design practice engaged in architecture, master planning and industrial design, founded in 1980. The practice operates worldwide with offices in Los Angeles, New York, London, Paris, Dubai, Kuala Lumpur, Melbourne and Sydney employing over 650 staff.

### **ITS CONGLOBAL**

ConGlobal is North America's largest full-service supplier to the intermodal industry. ConGlobal Industries provides SG Blocks with the highest quality containers based on specific project needs from one of their 17 locations in the United States, Mexico and Costa Rica.

# Capital Structure

As of November 19, 2019

<b>SG Blocks, Inc.</b>	
Common Shares Outstanding	6,007,791
Restricted Stock Units	429,666
Options (WAEP \$4.05)	1,080,059
Warrants (WAEP \$1.63)	1,171,861
Debt	\$480,770
Cash*	\$328,203

\* As of September 30, 2019 plus the net proceeds of a senior secured debenture issued in November 2019

# Company Highlights

- Serving a \$100B+ market with **strong industry tailwinds**
- Annual operating budget of **less than \$2M**
- Residential royalty model **reduces risk and improves financial profile**
- **Disruptive methodology** for Safe & Green (SG) container-based construction
- Industry ratings and proprietary IP provide **high barriers to entry**
- **Significant backlog of \$17.8M<sup>1</sup>** with a diversity of Fortune 500 and government clients
- **Experienced management team** with deep industry experience

<sup>1</sup> Backlog as of September 30, 2019; does not include expected royalty fees





# APPENDIX

The image shows a Starbucks Coffee building with a wooden facade and a large Starbucks logo sign. Overlaid on the image is the text "The Most Recognized Companies Trust SG Blocks" and a row of logos for various companies: Puma, Verizon, MINI, Starbucks, Aman Resorts, Marriott, Equinox, NBA, and Tavistock Group. The background shows a clear sky and a parking lot.

# The Most Recognized Companies Trust SG Blocks

**PUMA** **verizon** **MINI** **STARBUCKS COFFEE** **AMAN RESORTS** **MARRIOTT** **EQUINOX** **NBA** **TAVISTOCK GROUP**

**SGBX** Nasdaq Listed

**Schneider Electric**

25



# A world class venue for NBA Academy prospects

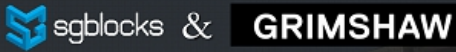
Featuring two indoor courts, a weight room dormitories and educational facilities

SGBX  
Nasdaq Listed



# Signed MSA with World-Renowned Grimshaw Architects for Exclusive Container-Based Modular Design

NYC JFK Airport – Newark Liberty Int'l Airport – Tomorrowland Shanghai Disney Resort – Dubai Expo 2020 – HS2 London



- SG Blocks signed MSA with world-renowned Grimshaw Architects in **June 2018**
- Grimshaw named SG Blocks' premier design partner for current and future opportunities
- SG Blocks to be included into Grimshaw's award-winning industrial design portfolio
- **This expands SG Blocks' A&E service offering to Grimshaw's elite client base for world-class projects**
- Thought leader for the future of industrial design integrating SG's container-based modular structures



*Pictured above: An excerpt of Grimshaw's design portfolio using SG Blocks' container-based structures. Click the above video link in the bottom left box to view an animation by Grimshaw of how containers can be used in construction.*

**SGBX**  
Nasdaq Listed

# Thank You

Let's talk about your ideas.

☎ (646) 240.4235    ✉ [info@sgblocks.com](mailto:info@sgblocks.com)

