



ZAMBEZI SPORTS INC. TO MAKE A SPLASH IN THE BOOMING OUTDOOR INDUSTRY

In a world of lockdowns and restrictions, we search for freedom, so we focus where freedom was experienced before: Outdoors. As we all have spent more time at home – working, cooking, parenting – many of us feel pent-up indoors and intuitively head outside, embracing the beauty of spacious nature to feel free and alive from the inside. Riding on a tidal wave of new customers, the outdoor recreation industry is booming on the back of the pandemic. While pandemics typically don't last forever, newly built habits tend to stay. The timing could not be any better for innovative sports gear brands like Zambezi Sports Inc. to tap into this turbo-charged megatrend in outdoor recreation – a major economic sector not only in the United States but on a global scale and generally with much larger consumer spending than in other major industries such as automobiles, pharmaceuticals or household utilities – and larger than the revenues generated by the global mining industry, for example.

With a board suitable for all age groups to be active and have fun in all kinds of waters (rivers, lakes, oceans, pools), Zambezi Sports Inc. is in its final leg of entering the outdoor sports gear market with an impressive USP:

**“A Board for Everybody.
A Board for Everywhere.”**

After six years of researching and developing prototype boards in use all over the world, along with patenting, Zambezi Sports is getting ready for mass production and sales, anticipated to start in the summer of 2021. The newly designed and fine-tuned Zambezi Board is expected to be presented to the public in July 2021, along with a new internet

presence including online shop.

Vancouver-based investment issuer [Zimtu Capital Corp.](#) is assisting Zambezi Sports with its intent to go public and to trade on a stock-exchange.

Backed by a portfolio of patents, Zambezi Sports aims to be protected for a margin far and widely unseen in the largely unpatented (i.e. highly competitive) aquatic boards market. And yet, the Zambezi Board is projected to come at an affordable retail price compared to other products available in the market.

All in all, the perfect setting to disrupt with innovation. Possibly epic.

Company Details



ZAMBEZI

Sports Inc.

Zambezi Sports Inc.

Suite 1450 – 789 West Pender Street

Vancouver, BC, V6C 1H2 Canada

Phone: +1 604 681 1568

Email: justin.schroenn@zambeziworld.com

www.zambeziworld.com

Date of Incorporation: September 15, 2015

Status: Private company

Stock Symbol: Not listed

All \$-figures in CAD unless otherwise stated or quoted.

Founders & Management: The Schroenn Brothers – Justin, Matthew and Gareth – born and raised in Durban, South Africa, later emigrating to Vancouver, Canada, and after many years of research and development, they brought to perfection a new kind of water experience with the patented Zambezi Board, suitable for everybody and everywhere in aquatic environments.

Upcoming Event: Investor Presentation



Wednesday, March 31, 2021

10:00 am PST / 12:00 pm EST / 07:00 pm CET

[Click here](#) to join Zambezi Sports' President Justin Schroenn as he presents on this exciting new opportunity being introduced to the world's beaches this summer!



NOTHING IS MORE POWERFUL THAN AN IDEA WHOSE TIME HAS COME

(Victor Hugo, French poet & novelist)

The Zambezi Board was born out of the idea to revolutionize the way people experience water – the origin and elixir of all life – in a fun fashion.

The Schroenn Brothers – Justin, Matthew and Gareth – first saw the light of day in Durban, South Africa, a city known for its world-class surfing, bodyboarding, bodysurfing and kayaking.

Back in the 1980s, the three brothers were active bodyboarders, bodysurfers, swimmers and rugby players. Together, they experienced first-hand the growth of the surf scene and the ascent of its lifestyle fueled by South African surfing brands such as Gotcha and Instinct.

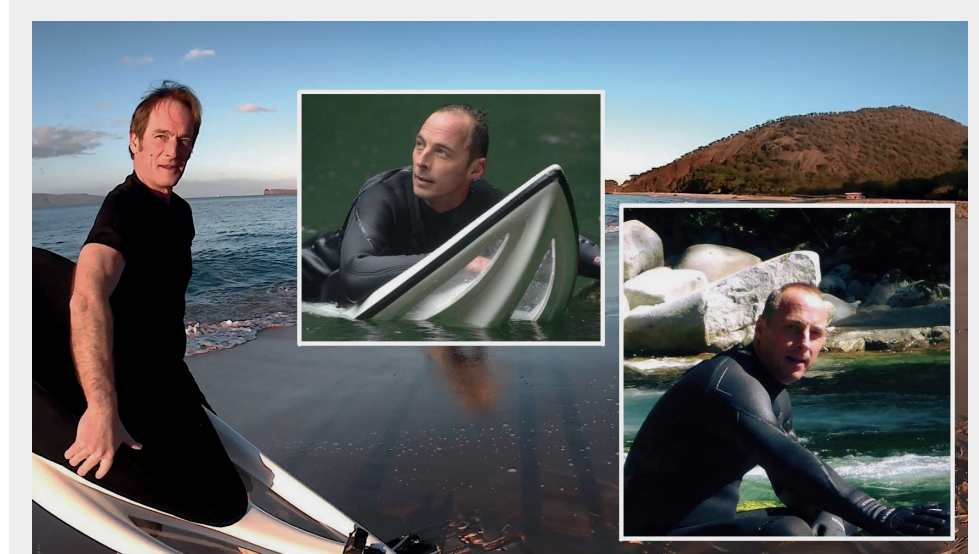
Going to the beach is always great fun with family and friends. Yet, the Schroenn Brothers soon realized that it was only them having most of the fun as other family members were either too young, too old, not in shape or not skilled enough to take a chance at surfing, bodyboarding or kayaking. The three brothers asked themselves:

“Wouldn’t it be so much cooler if the entire family – young and old, skilled and unskilled – could be together in the waters having fun?”

“How much bigger could the aquatic boards industry grow if there were no such high entry barriers (fitness, skills)?”

They intimately knew that people connecting with people during a fun activity in beautiful nature is what we all desire, without excluding anyone. They recognized a problem and were looking for a solution. And they were not the only ones.

At that time, aquatic sports boards, paddleskis and kayaks were undergoing rapid transformations in terms of design and manufacturing. The Schroenns were surrounded by



other water fanatics, many of whom were crafting their own surfboards, bodyboards, paddleboards and kayaks to increase the fun.

Unfortunately, all the innovation that happened ever since didn’t really solve the problem of aquatic sports activities being limited to just few people with high skills and fitness. As a consequence, the surfing industry never made it above and beyond a niche sports market, although the spirit and lifestyle is (commercially) lived by many more.

Fortunately, the Schroenn Brothers had an idea, along with the passion and perfectionism to make that dream come true, albeit decades later.

Following the family’s emigration to Vancouver, Canada, the Schroenns continued their love for water activities, including kayaking, stand-up paddling and swimming, while having successful careers in the Canadian hospitality and tourism industries.

After trying out all kinds of new board shapes, the Schroenns finally discovered something groundbreaking: A simple, natural and familiar way of gliding through the water – with a board that is the perfect extension (or missing link) for the human body to move through waters more effectively than ever experienced before.

The fun part: The power of the legs and/or arms allows the rider to propel with torque speed through all kinds of waters. Young and old, skilled and unskilled, learn within minutes how to use the Zambezi Board and most fascinatingly, share the same degree of fun instantly.

As the board and body glide through the water smoothly and quickly, the Zambezi Board is best suited for places with beautiful scenery, such as rivers, lakes and oceans with an exciting shoreline waiting to get discovered.

Thanks to its relatively small size, the Zambezi Board is perfectly fitted for use also in outdoor and indoor pools, either for exercising or relaxing afloat.

It appears as for the first time ever there is (soon) an auxiliary device available suitable for (virtually) everybody to be active, or inactive, in all kinds of aquatic environments – no matter how most of us are in shape.

It’s the Zambezi Board’s unique shape that makes individual body shapes (and fitness levels) somewhat irrelevant – that’s seems magic, however it’s real. And simple. But patented. And produced by one of the world’s highest quality manufacturers in the water sports industry: The perfect partner sharing the same spirit for a disruptive innovation to hit the market this summer.



THE PROTOTYPE

Zambezi Sports Inc. has successfully produced a demonstration fleet of fully functioning boards, which have been in vigorous real-world use in Hawaii, Canada and Greece for more than three years.

These prototype Zambezi Boards can be seen in all the videos and pictures throughout this report as well as on Zambezi Sports' website and social media channels. The prototypes have been fine-tuned further and the final product for market entry will have a slightly different design (shorter, lighter and of high quality).

The company is now preparing to begin large-scale mass production of the Zambezi Board with retail sales to the public and institutional sales to hotel resorts, beach clubs and rentals around the world. With a compelling marketing and sales strategy, Zambezi Sports expects to significantly increase user growth and revenue within short time once the newly designed, improved boards hit the market.

The Zambezi Board is not a just another board – it's an entirely new way for everybody to interact with each other and within every type of aquatic environment.

The company is developing Zambezi into a global aquatic sports and lifestyle brand built around the new sport of **Zambezi Boarding**. By virtue of its design, the Zambezi Board is arguably the most versatile, easy-to-use and consumer-friendly aquatic sports board in the world.

In essence, the physical action of Zambezi Boarding can be described as **an organic synthesis of cycling and swimming**. The Zambezi Boarding experience – on the basis of the leg motion used – is also very similar to **running, skating and snorkeling/scuba**. By contrast, stand-up paddling (SUP), surfing and bodyboarding are entirely different from these popular sports and are neither natural nor organic motions.



As such, the Zambezi Board has the vast advantage of being natural, organic, familiar, and easy to learn, coupled with the previously unknown empowerment that the board delivers to the rider.

The Zambezi Board is an unique human-powered aquatic sports board: The board enables the rider – in a prone or lying-down position – to use its arms and legs in the propulsion of the board across the surface of a body of water using natural, intuitive motions similar to a fusion of conventional swimming strokes with the deep rotational leg movement of cycling.

While the board may also be used to ride waves, it differs from surfboards, bodyboards, kneeboards and the like, in that it is optimized to be propelled by the rider alone, without the help of waves, paddles or sails.

The Zambezi Board allows the rider's arms to stroke through the water more closely alongside the body than is the case with traditional surfboards or bodyboards, while at the same time helping to restrain the rider from pulling themselves off the board. These features also allow for a wide variety of positions to be adopted by the rider.

A further advantage is that the Zambezi Board is very compact in size, making it maneuverable as well as being easier to transport and store than most other boards.

Thanks to its unique characteristics, the Zambezi Board is well positioned to compete with, and potentially outsell current aquatic sports boards.

By focusing exclusively on developing aquatic sports products that enable the vast majority of consumers to enjoy the widest spectrum of aquatic environments – with the greatest ease of use and ownership – Zambezi Sports is positioning itself to penetrate the aquatic outdoor recreation market more successfully than any other aquatic sports board company.

Apart from the unique boarding experience, Zambezi Sports sets itself apart from other majors in the aquatic boards sector by owning a significant array of patents: One billion consumers, and multiple design variations are covered by Zambezi Sports' numerous international patents. Coupled with its unique brand identity, these patents aim to protect the company from certain competitive forces.



Click above image or [here](#) to watch a short video about Zambezi Boarding. More detailed videos of the prototype Zambezi Boards can be found [here](#), [here](#) and [here](#).



MASS PRODUCTION

The Zambezi Board was designed to be manufactured using any of the various methods currently employed in the production of surfboards, bodyboards, SUPs, windsurfboards and kayaks.

Zambezi Sports has concluded that both thermoforming methods (single sheet and twin sheet) are optimal for producing the Zambezi Board.

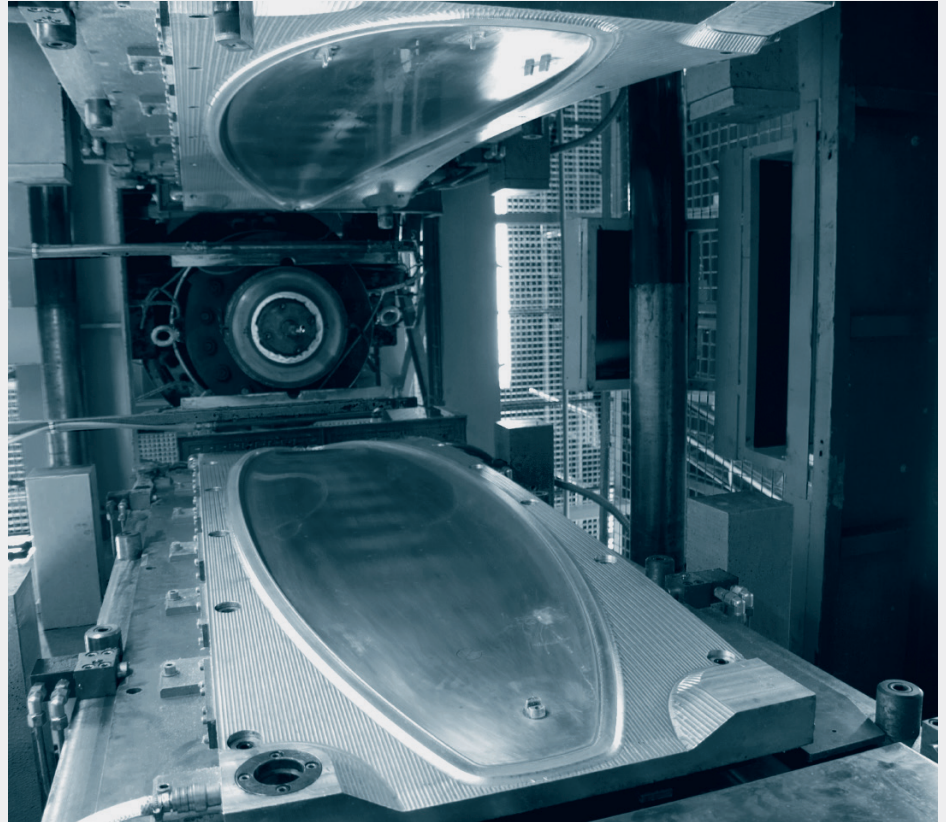
Thermoforming Production Technologies:

- 1) Provides the best performance-weight-strength-price relationship.
- 2) Yields a high-quality gloss or semi-gloss appearance comparable to composite fibreglass over foam core.
- 3) Much faster to produce with no curing time required.
- 4) Requires less expensive high-volume molds than roto-molding.
- 5) Delivers a dramatically lighter product than roto-molding.
- 6) Embraced as the definitive plastics manufacturing system in both Europe and North America.
- 7) Evolving far more rapidly in terms of high-tech plastics use than any other method.

Having completed a thorough evaluation of the costs and time that would be required for Zambezi Sports to launch its own production facility, the company decided that OEM (Original Equipment Manufacturer) agreements with existing thermoforming manufacturers is a far preferable strategy for the company at this stage.

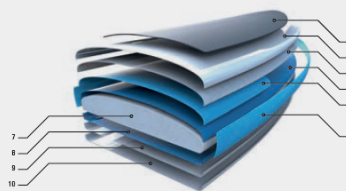
Zambezi Sports has already signed a definitive 3-year OEM manufacturing agreement with a major aquatic boards manufacturer from Europe with decades of experience in producing and retailing high-quality surfboards, SUPs, windsurfboards and kayaks.

Preparations are well underway with senior design engineers for the production of design files and molds to manufacture the Zambezi Board. Each mold can produce more than a million boards in its lifetime.



A typical aluminium mold for the production of SUPs. Under heat and pressure in such aluminium molds, thermoforming yields a durable, impact-resistant skin over fiberglass, epoxy resin and a molded, watertight EPS foam core. The board is then extracted from the mold and sent for finishing.

Thermoformed Technologies

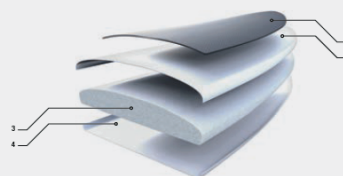


1- Deck Pad / 2&10- Thermoformed plastic skin (ASA) / 3- 50g/m² Fiberglass wrap. 4&8- 200g/m² Woven Fiberglass. / 5- 200g/m² Woven Fiberglass Reinforcement Patch in standing area. / 6- 200g/m² Woven Fiberglass Rail Reinforcement. 7- Molded, Watertight EPS Foam Core. / 9- 50g/m² Fiberglass wrap.

Thermoforming around a Polystyrene Core

- Molded, light weight and watertight 15 kg/m³ EPS Foam Core.
- Fiberglass reinforcement for improved stiffness and performance.
- ASA Polymer outer skin for unmatched durability and impact resistance.
- Embossed EVA foam pad for maximum comfort.
- Molded external inserts – no penetrations through outer shell and maximum strength.

Products using this technique:
Designated Windsurf and SUP boards



1- Deck pad.
2- Rugged Polyethylene Outer Shell.
3- Molded, Watertight EPS Foam Core.
4- Polyethylene outer shell.

Thermoforming around a Polystyrene Core

- Molded, Watertight EPS Foam Core for structural integrity and stiffness.
- Extremely tough outer polyethylene skin for extreme impact resistance.
- Embossed EVA foam pad for maximum comfort.
- Molded external inserts – no penetrations through outer shell and maximum strength.

Products using this technique:
Designated Windsurf and SUP boards

Examples of high-quality thermoforming manufacturing methods for SUPs and windsurfboards.

BRANDING: THE ART OF DIFFERENTIATION

Not only in the United States but in many countries around the globe, the outdoor recreation industry contributes more to national GDPs than many other major industries. **Aquatic activity remains a major component of the outdoor sector worldwide, specifically in:**

- **Sports**
- **Recreation**
- **Tourism**
- **Wellness & Rehabilitation**

Aquatic sports boards are a significant and familiar part of all the above, both as privately owned products and as rentals available at resorts, public beaches and pools.

To date, the aquatic sports board industry has focussed on using wave power, wind power or various types of paddles as the primary source of locomotive power. Essentially, the idea of the surfboard and kayaks have been developed further into:

1) Windsurfboards

(a surfboard using wind power)

2) Bodyboards

(shortened surfboards meant to ride waves in a prone position)

3) Paddleskis

(a thicker surfboard with a seat, on which the rider uses a kayak-style paddle)

4) SUPs or Paddleboards


(longer, thicker surfboards, on which the rider uses a paddle)


None of these products are able to naturally and intuitively empower the user in the water, using legs and core body strength (torque) to meaningfully propel the rider. Furthermore, the size, inconvenience, and lack of versatility when using conventional aquatic boards have limited large numbers of potential consumers to own them.

The limitations of current aquatic board sports products are most clearly evident in family vacation environments: Resorts, hotels, 'lake country' cottages etc. In these contexts, the learning curve for



Zambezi: Where's the Competition?

	Any water (ocean / waves, rivers, lakes, pools)	Any Condition	Any Age (7 to +85)	Compact (less than 125 cm)	Light (less than 5 kg)	Brace Core to empower legs + arms
ZAMBEZI	YES	YES	YES	YES	YES	YES
SUP	NO	NO	NO	NO	NO	NO
Surfboard	NO	NO	NO	NO	YES	NO
Bodyboard	NO	NO	YES	YES	YES	NO
Kayak	NO	YES	NO	NO	NO	NO

	Similar motion to Running	Similar motion to Cycling	Similar motion to Skating	Similar motion to Swimming	Similar motion to Scuba	Learn in less than 10 minutes
ZAMBEZI	YES	YES	YES	YES	YES	YES
SUP	NO	NO	NO	NO	NO	NO
Surfboard	NO	NO	NO	NO	NO	NO
Bodyboard	NO	NO	NO	NO	NO	YES
Kayak	NO	NO	NO	NO	NO	NO

existing aquatic boards for most people is long and usually difficult. This means that much vacation time is wasted just trying to learn the basics. This also means that all family members are unable to participate together (particularly the very young, or elderly, or those who are not physically in good condition).

The most popular aquatic sports boards currently on the market are not, and cannot be, patented. This means that the companies producing these products are open to vigorous price competition with each other in the same markets. At their lowest price points however, most of these products are still expensive, especially when coupled with the need for specific transportation (car with roof racks, or truck), or the need to travel distances in order to locate the appropriate water conditions for the product.

The Market Gap: A small, user-friendly, easy-to-own board that appeals to the vast majority of consumers, which can be used in any aquatic environment (including swimming pools) and has similarities of motion to already popular sports such as running, swimming, cycling, skating, snorkeling/scuba – and which is patented – commands a far larger target group than existing aquatic sports products. This is especially true in resort and vacation areas.

The Zambezi Solution: Achieving the above criteria was not an easy feat and required years of experimentation to achieve a success in design and appraisal by year-long users of the prototype Zambezi Boards. Once achieved, the performance and versatility of the Zambezi Board surpassed even the founders' expectations.



It is the first board ever to fully activate the full potential of the human core muscles and legs while at the same time enabling unrestricted arm movement in such swim styles as freestyle, butterfly, breaststroke, and even doggy paddle – all without nose-diving the board regardless of downward pressure of the upper body. The Zambezi Board achieves this through its unique design of the **stern area** (which delivers a dynamic, controllable upward thrust against the lower torso and hips, rocker or curvature) as well as its unique design of the **keel** and the narrow **bow**.

The Zambezi Board is more versatile, practical, and swimmable than any other board in the market. As it enables the rider to use a powerful and natural rotational drop-knee kick coupled with authentic swim strokes of the arms, shoulders and chest, using all four limbs and core body strength (torque), the rider can propel and control the board far more effectively and organically than other boards in a far wider range of settings.

The Zambezi Board can be used in – and purchased for – a far greater diversity of environments, water conditions, user age and ability than any other aquatic sports board in the market. It is specifically designed to fit into the modern consumer's lifestyle, by being small, compact, portable, easy to store and useable in any aquatic environment and condition.

Comparison with SUPs: As most people do not have reliable access to surf environments, and generally prefer calmer, less dangerous aquatic environments, the only existing aquatic board that can be somewhat compared to the Zambezi Board is the SUP (stand-up paddleboard), which come in many different forms (depending on the environment to be used in), sizes and skill-levels. As a matter of fact, SUPs designed for high performance or surf applications are not relevant to the average consumer because of the difficulty involved in using them, as well as the high price of such speciality SUP boards.



PRICE COMPARISON

	Construction	EUC	
ZAMBEZI	Twin Thermoformed	500	
Mid-range dive fins		18	
			518
Mid-Range 11' SUP	Twin Thermoformed	1,099	
Mid-Range Paddle		139	
SUP Leash and Coil		39	
			1,277

Mid-Range Twin Thermoformed Boards, priced as on 19 March 2021.

Note:

- SUPs under 11' are not suitable for average adult rental or resort boards.
- 'Surf' and 'performance' SUPs are not suitable for beginners.



11' Mid-Range Twin Thermoformed SUP

By comparison to a standard SUP board, the consumer-grade Zambezi Board will be only **122 cm** in length, weighing a comfortable **4.5 kg**. Even the current Search-and-Rescue version of the Zambezi Board is just **128 cm** long and weighs **6.8 kg**. In order to provide a stable benchmark for comparison, the prices and SUPs shown above are all in EUR and are priced as for sale in France. When such products are distributed outside of Europe, the costs increase. However, the much smaller and lighter Zambezi Board is significantly more economical to transport, store and distribute than the far larger and heavier SUPs. Therefore, the price advantage of the Zambezi Board over the SUP is only to increase the further away the final consumer is from the factory in Europe.

The SUP market is dominated by general purpose SUP boards, averaging about **335-366 cm** for adult riders and weighing about **14-16 kg** (depending on construction). Smaller SUP versions are available for smaller adults and children, but particularly at beach rentals or resorts these are far less available than standard adult SUPs.

Inflatable SUPs are currently surging in market share, underlining the average user's demand for light and easy-to-transport boards. While the Zambezi Board is always ready to go, inflatable SUPs must be pumped up before use (and deflated after use) and come with more trade-offs such as wobbly, less stable feel and low board speed, performance and longevity.



MARKETING & SALES

The Zambezi Boards are expected to be shipped worldwide by mail or containers directly from the factory in Europe and to be sold through three principal distribution channels:

- 1) Resorts & Institutional Sales
- 2) Resort Retail Outlets
- 3) Online Sales (through Zambezi Sports' e-commerce shop)

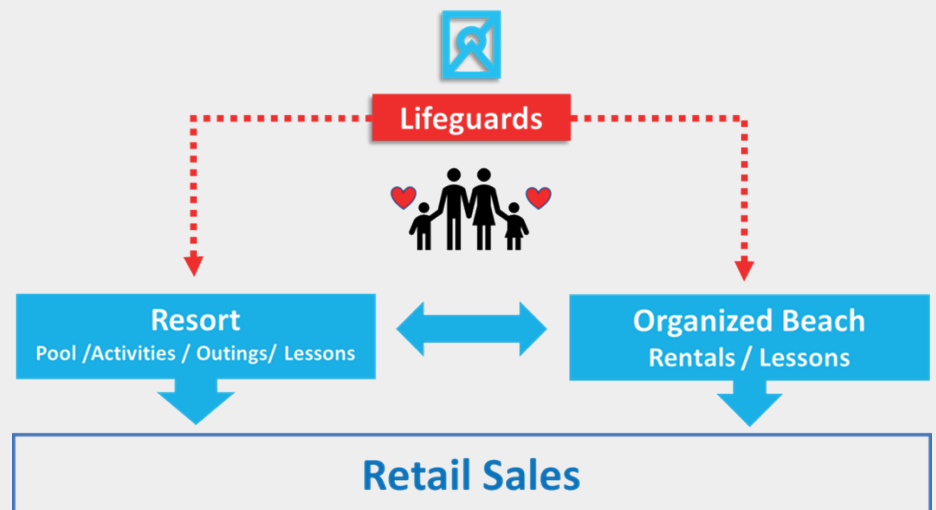
Zambezi Sports does not intend to sell its products through traditional brick-and-mortar retailers. The modern consumer is now very familiar with the process of ordering online.

By avoiding the enormous complexities of catering to big box stores and chains, the Zambezi Board can be kept at a very competitive and attractive price point.

Resorts, hotels and organized beaches go to great lengths and expenses to improve the experience of their guests. Most of these entities offer a wide range of aquatic sports boards and equipment rentals, and many also offer guided tours, lessons and other activities for which aquatic sports boards are required and preferred.

It is common for medium to large sized beach resorts to have on-site retail stores, selling all kinds of vacation related products. Where such on-site stores do not exist, it is common to find such products at stand-alone beach stores nearby, usually on the same beach-front strip as the resort is located on. This also gives people living in the area access to such products, another large target group for the Zambezi Board.

Particularly in Europe, vacationers are oftentimes at one resort for a couple of weeks. Given that the Zambezi Board is small and light enough to be easily and inexpensively transported as regular baggage on most airline flights, it is anticipated that some consumers will choose to buy a Zambezi Board during the vacation once having tried it.





Impact of COVID-19: The current pandemic and associated lockdowns have impacted resorts and hotels in Zambezi Sports' target markets throughout the summer of 2020 and early 2021. While tourism in resort areas has been impaired, local populations have continued to use beaches, lakes and rivers in great numbers, albeit under greater regulation. Zambezi Sports is working to put these oftentimes large local populations in touch with the Zambezi Board as it is an ideal product to enjoy the beach, lake or river away from the crowd. Organized beach rentals have oftentimes remained in operation during the pandemic.

In many places around the world, board sports participation and sales have actually improved under COVID-19 as people seek ways to exercise and recreate outdoors safely. This phenomenon is clearly evident in outdoor sectors such as **cycling** (strong similarities to the Zambezi Board in terms of motion, convenience and experience). Numerous articles and market reports have illustrated a dramatic increase in demand for bicycles as a consequence of the COVID-19 situation, such as:

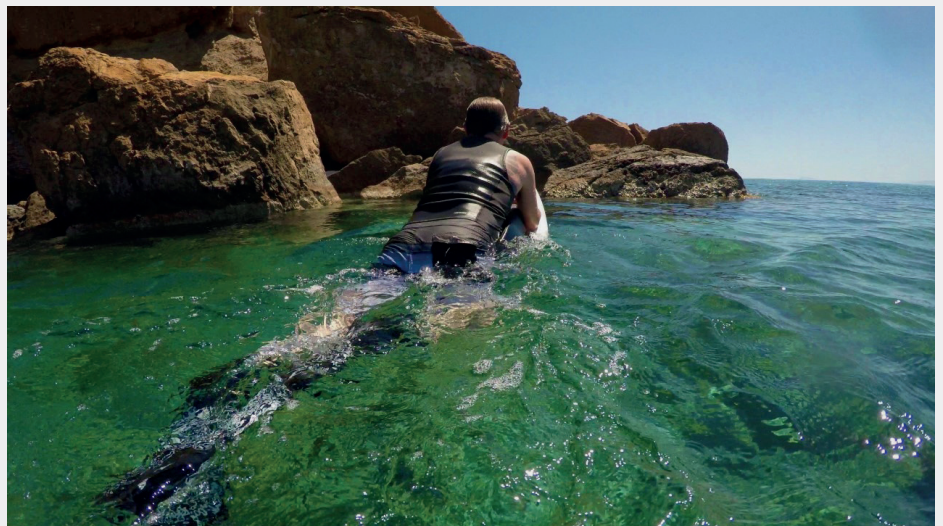
["Thinking of Buying a Bike? Get Ready for a Very Long Wait"](#) (The New York Times, May 2020)

["Bike sales spike as Vancouverites look for fitness and travel alternatives during COVID-19"](#) (CBC News, May 2020)

["677% Year-On-Year Sales Uplift Of £500+ Bicycles Due To Lockdown"](#) (Forbes, May 2020)

STRATEGIC ALLIANCE: LIFEGUARDS

Already, Zambezi Sports has the attention of lifeguards all over the world. The remarkable power, versatility and agility of the Zambezi Board, coupled with its small size, make it the perfect choice for lifeguards who are an important (i.e. influential) marketing ally in the company's future interactions with resorts and its guests. As they protect beachgoers, lifeguards are highly



visible, engaging, admired and attractive, as is the Zambezi Board.

A fleet of Zambezi Boards is already in use by [Lifeguard Hellas](#), the largest lifeguard organization in Greece employing more than 300 lifeguards in the Athens Riviera region and on

the Greek islands. The organization also operates an important lifeguard school and certification program.

All of the lifeguard organizations at select resort destinations worldwide are targeted by Zambezi Sports at the very beginning of the rollout.



STRATEGIC TARGET GROUP: RESORTS & HOTELS

Zambezi Sports' priority market is "Fun-in-the-Sun" people of all ages, shapes and sizes – having a good time outdoors with friends and family. It is in major resort areas that this priority target group intersects with Zambezi Sports' other target markets:

- Swimmers, Cyclists & Triathletes
- Scuba & Snorkeling
- Wellness & Rehab

Engaging large numbers of such target groups in the world's most influential resort areas is seen as the most effective way of spreading demand for the Zambezi Board globally.

Zambezi Sports has identified 9 high-priority resort areas, each of which exerts enormous influence globally.

Each of these resort areas meet the following criteria:

- **Premier world-class destination** with consistent major media coverage (Conde Nast Traveller, Trip Advisor, etc.).

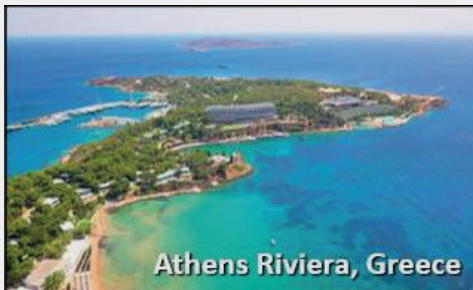
- **A spectrum of affordability**, ranging from 3-5 stars with significant luxury resort presence.

- **A safe and attractive swimming environment** perfectly suited for Zambezi Boarding.

- **An extremely pro-active mentality** in providing high-quality recreation opportunities to guests with state-of-the-art products including the latest fashion in the outdoor recreation industry.

- **Dedicated resort activities staff** members.

- **Significant on-site or local beach** retail outlets.



THE GIFT THAT KEEPS ON GIVING

With up to 400 promo boards, Zambezi Sports plans to intensively target 2 high-priority resort and hotel areas in the first 12 months of production:

The [Athens Riviera](#) in Greece and the [Balearic Islands \(Ibiza, Formentera, Mallorca, Menorca\)](#) in Spain.

Already, the company has built dedicated teams of strategic alliances and representatives in both regions.

As quickly as possible, Zambezi Sports also plans to target the rest of the 9 strategically located holiday destinations worldwide.

By supplying promotional (free of charge) boards to select resorts, rental companies and lifeguard



organizations, Zambezi Sports is convinced to quickly become the dominant board activity in these markets.

The cost-and-benefit calculation of this possibly brilliant marketing and sales strategy illustrate the vast potential to be unlocked within short time:

June 2022		Cycle 1	Cycle 2	Cycle 3	Cycle 4	Cycle 5	
20 resorts	Each resort influences 2 resorts to buy	40 resorts	80 resorts	160 resorts	320 resorts	640 resorts	(There are 471 Hotels and Resorts in the Bahamas alone)
	Average 20 boards per resort	800 resort boards	1,600 resort boards	3,200 resort boards	6,400 resort boards	12,800 resort boards	
	Each resort board is ridden by hundreds (and in some cases, thousands) of guests per year, every year, of which 10 guests per year are influenced to purchase	8,000 boards	16,000 boards	32,000 boards	64,000 boards	128,000 boards	
			8,000 boards	16,000 boards	32,000 boards	64,000 boards	
		Each resort repeats these results every subsequent year		8,000 boards	16,000 boards	32,000 boards	
				8,000 boards	16,000 boards	32,000 boards	
					8,000 boards	16,000 boards	
						8,000 boards	
	Every one of these new owners influences an average of 2 retail sales in their home market	16,000 boards	48,000 boards	112,000 boards	240,000 boards	496,000 boards	
	Total	24,800 boards	73,600 boards	171,200boards	366,400 boards	756,800 boards	

The chart illustrates the compounding effects of Zambezi Sports' proposed marketing and sales strategy. These cycles may coincide with calendar years following commencement of production but may also unfold in a shorter period of time.

By giving away free promo boards, Zambezi Sports shows full confidence in the adoption of its product at select recreation destinations, perfectly suited for the Zambezi Boarding experience.

To provide 400 promo boards to about 20 estates (averaging 20 boards each), Zambezi Sports estimates a required budget of approximately \$400,000 which includes the cost of boards, fins, shipping, and travel if required.

Zambezi Sports bets that each of the 20 estates influences on average 2 other resorts to buy 20 boards each. This would result in 40 resorts being added in the first cycle, 80 additional resorts in the second cycle, (and so forth) and 640 new resorts added during the fifth cycle. That’s a total of 1,240 resorts having bought 24,800 boards in 5 cycles.

On top of that: Each board is ridden by hundreds (in some cases thousands) of guests every year, of which some might be inspired to purchase their own Zambezi Board (directly at the resort or at near-by rentals/stores, or online). Let’s assume 10 guests per each resort board purchase the Zambezi Board per cycle: That’s 8,000 additional boards sold in first cycle or 128,000 boards in the fifth cycle.

On top of that: Every one of these new owners might influence more retail sales (friends, family, or others seeing the board in action). Let’s assume every new retail owner influences 2 more sales in their home market per cycle: That’s 16,000 additional boards sold in the first cycle or 496,000 boards in the fifth cycle.

With each resort repeating these results every cycle, Zambezi Sports expects to sell 756,800 boards in the fifth cycle, generating potential revenues of \$454 million with a projected gross margin of \$227 million.

The marketing and sales strategy of placing 400 promo boards in the first year of operation is anticipated to lead to rapidly compounding results.

The Zambezi Board: Projected Retail Price & Margins

<i>(FOREX as on March 21, 2021)</i>		EUR	USD	CAD
Retail Pricing (estimated)	Adult-sized standard board	500	599	749
Cost of Goods (estimated Ex-Factory in Europe)		275	329	411
Gross Margin		225	270	338

Projected prices are based on preliminary estimates from the OEM manufacturer in Europe.

As final design files are completed and mass production starts, the Cost of Goods might be further reduced by improved efficiencies.





Market Analysis: According to [Ken Research](#), the global aquatic sports equipment market is estimated to reach \$18 billion USD by 2022 with a CAGR estimated at 6.8%.

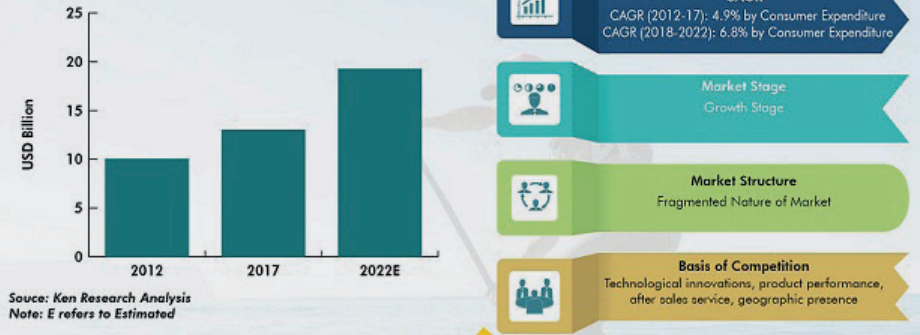
As the total number of aquatic boards sold globally each year is difficult to quantify, a much referenced summation is a report compiled by [AskWonder](#):

- Approximately 400,000 **surfboards** are sold annually alone in the US for total revenues of \$220-\$400 million USD. Globally, some 13-24 million surfboards are sold every year for total revenues of about \$13.2 billion USD.
- Approximately 750,000 **bodyboards** are sold annually in the US yielding revenues of \$30-\$90 million USD, while around 3 million bodyboards are sold per year globally with sales in the range of \$98.5 million USD.
- Approximately 20,000 **skimboards** are sold every year globally for revenues of about \$1-6 million USD.
- Approximately 130,000 **paddleboards** are sold annually in the US and Europe for total revenues of about \$143 million USD. Paddleboards sales and revenues are mentioned here because – given that surfboards, bodyboards and skimboards are restricted to surfing/wave environments – the paddleboard is Zambezi Sports' only other competitor in the much larger still-water market.

- The global **scuba and snorkeling** market is expected to reach \$2.14 billion USD by 2022. The snorkeling sector is also of relevance to Zambezi Sports as the Zambezi Board is uniquely suited to the activity of snorkeling in that the board provides a safe, secure and easy-to-use means of supporting the activities of the snorkeler who can climb on and off the Zambezi Board with ease, can quickly move to different snorkeling areas and can easily hold the board while snorkeling, providing a stable reassuring platform for the scuba and snorkeling activity.

Global Water Sports Equipment Market is Expected to Reach Around USD 18 Billion by 2022: Ken Research

Figure: Global Water Sports Equipment Market Market Size by consumer expenditure, 2012, 2017 and 2022E



"The global water sports equipment market [surfing, scuba diving, jet skiing, snorkeling, kite boarding, canoeing and kayaking, rafting and parasailing] has showcased a substantial growth [...] in terms of consumer expenditure. The market growth was supported by the factors like increasing number of water sport facilities, **technological advancements in the products manufactured** and growing interest among people for recreational activities and soft adventure sports. In various countries, several initiatives are being undertaken to promote the growth and expansion of water-sports facilities in order to advance water-sports infrastructure. For instance, countries such as UK, France and Germany in Europe have been increasingly coming up with initiatives that are aimed at strengthening the water sports industry. On a whole, the global consumer expenditure incurred on water sports equipments has expanded significantly [...] Americas accounted for the largest share [...] The US represents the largest contributor to the market revenue from this region followed by Canada, Brazil, Argentina, Mexico and Colombia. Europe accounted for the second largest share in the global water sports equipment market [...] The presence of large number of outdoor sports enthusiasts and water sporting sites across Europe make it the second-largest revenue contributor to the global water sports equipment market. [...] Countries such as India, Japan, Brazil, Thailand, UAE, South Africa, China, Singapore, Scotland, Italy and others are in their emerging market stages. [...] The global water sports equipment market is dominated by the people aged between 18 years and 30 years followed by age group between 31-50 years [...] **Global surfing equipment market has been experiencing a strong evolution driven by sustained efforts of surfing equipment manufacturers, distributors and the associations and institutions putting greater efforts in making the sport more accessible to the people.**" (["Global Water Sports Equipment Market Outlook to 2022"](#), Ken Research)





• **Swimming** is the second most popular human activity of all (the most popular activity is “going for a walk”). With good reason, the Zambezi Board is frequently referred to a “swimboard”: It is the only board in the world on which a person can closely approximate the action of swimming: Freestyle, butterfly, breaststroke, and even doggy paddle. Therefore, it is reasonable for Zambezi Sports to reference the global swimming market in determining future demand for the board. It is possible that consumers who participate in swimming will more naturally gravitate to an aquatic sports board that is more alike swimming than any other board.

• **The Triathlon Connection:** Thanks to its unique relationship with swimming, running and cycling, the Zambezi Board is already being used to lifeguard major triathlon and swimming races. The board allows the lifeguards to closely monitor the condition of swimmers, without fear of hitting contestants with a paddle (such as with a SUP or kayak). This is particularly vital at critical turning markers in the race, where intense congestion increases risk of injury. The high torque and acceleration of the board means that the lifeguard can respond instantly to an emergency, entering the flow of swimmers seamlessly and safely. Triathlons and major swimming races are highly visible and oftentimes take place at resort area beaches. These events, coupled with the eye-catching design of the Zambezi Board, provide for significant cross-marketing opportunities.

• **Aquatic Rehabilitation and Sports Therapy:** The Zambezi Board is the only aquatic sports board that can be used meaningfully and powerfully in a swimming pool (indoor and outdoor). It is also the only board that can be used by the elderly, by the very young, or by individuals with physical challenges or injuries. The broader implications for the Zambezi Board in rehab and sports therapy are significant and represent another large target market. The referenced letter by a well-known Vancouver sports therapist serves to illustrate the importance of this target group.



CITY SPORTS AND PHYSIOTHERAPY CLINIC

420 - 890 West Pender Street, Vancouver B.C. V6C 1J9
Telephone: 606-1420 • Fax: 606-1488

September 25, 2017

Vancouver, BC

As a physiotherapist, I was extremely intrigued to find a new activity that promotes activation of the core with normal physiological movements. The Zambezi swim board is an effective and challenging way to promote activation of the body's core muscles. It is unique because it incorporates the natural rhythm of swimming with the stability demands of riding a board. Additional physiological benefits include: low impact on joints, cardiovascular load and promotion of controlled breathing. Controlled breathing helps core activation through the diaphragm. The design of the Zambezi board provides support to the upper body but allows unobstructed breathing and movement through the lumbar spine and pelvis. The overall effect is a supported swim posture that gives the rider complete control over the board.

I believe there are many uses for the swim board in rehabilitation and sport. The future of the Zambezi swim board is very bright and I look forward to seeing it unfold.

Yours truly,

David Ridgewell
Registered Physiotherapist
BSc Kin, MPT, CAFCI



THE OUTDOOR INDUSTRY

Excerpts from [“Why is being stuck indoors boosting outdoor product sales?”](#) (Retail Wire, August 2020):

The stay-at-home economy has supported strong trends toward home cooking and home improvement projects, but it has also more surprisingly led to a surge in sales in outdoor categories, from running shoes to bikes, kayaks, tents, swimming pools and motorhomes.

NPD Group’s in-store POS [tracking data](#) showed sales for the month of June jumped 63 percent in bicycles; 56 percent across paddle sports (kayaks, paddleboards, rafts and canoes); 51 percent in golf equipment; 31 percent in camping gear and 22 percent in binoculars for bird watching.

Consumers are believed to be looking for activities that can be done in open spaces while playing team sports and heading to gyms, movie theaters, beaches and shopping malls are restricted or off-limits.

Helen Johnson-Leipold, CEO at Johnson Outdoors, a maker of kayaks and camping equipment, said on her company’s recent quarterly conference call that people “are eager for recreational activities that are rejuvenating to the mind, body and spirit and safe to enjoy.”

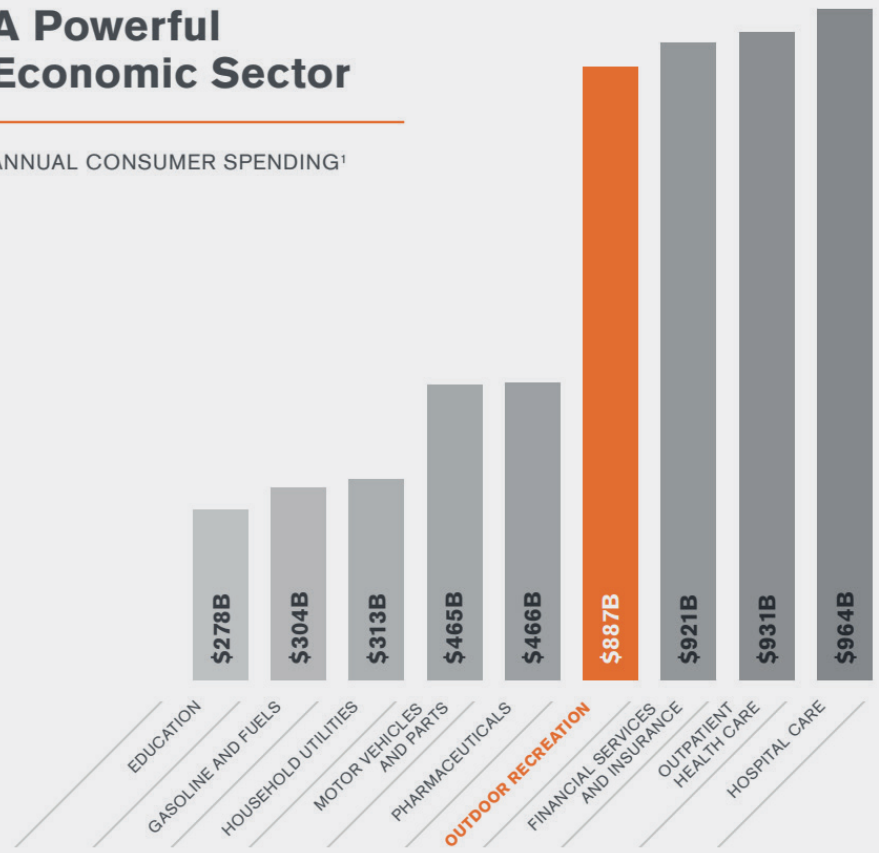
Many outdoor brands are also hopeful that those discovering or rediscovering outdoor activities will develop life-long interests.

“The silver lining in the pandemic is that Americans now, more than ever, have reunited and rediscovered outdoor activities,” said Christopher Metz, CEO of Vista Outdoor, the parent of Bell Helmets, Giro, CamelBak, Blackburn and other outdoor brands, on his company’s recent quarterly call.

“We believe the structural change is not three or six months within our country and lifestyles, but the beginning of a new norm and a way of life.”

A Powerful Economic Sector

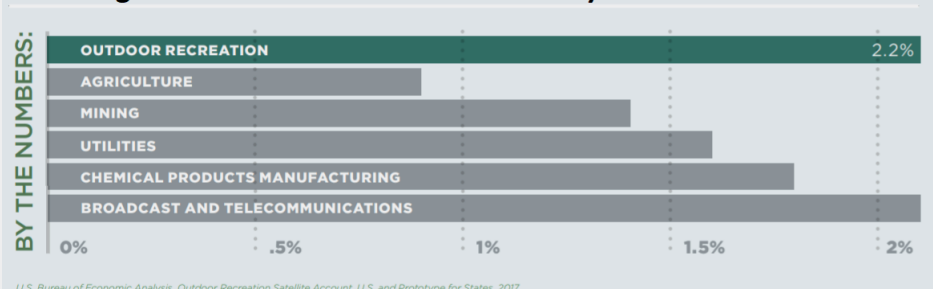
ANNUAL CONSUMER SPENDING¹



¹ Bureau of Economic Analysis, Personal Consumption Expenditures by Type of Product

According to the [Outdoor Industry Association](#): “This \$887 billion in annual consumer spending [in the US] creates the **outdoor recreation economy** that directly supports 7.6 million American jobs and generates \$125 billion in federal, state and local tax revenue. Every year, American consumers spend more on outdoor recreation than they do on pharmaceuticals and fuel, combined. In fact, the impact of outdoor recreation on America’s economy is almost as big as that of hospital care.” The global outdoor industry is much bigger than the global [exploration](#) and [mining](#) industry, for example. In the US, the livelihoods of 7.6 million Americans depend on outdoor recreation – that’s more American jobs compared to other domestic industries (e.g. computer technology: 6.7 million jobs; construction: 6.4 million; finance & insurance: 6 million; transportation & warehousing: 4.8 million; food & beverage service: 4.7 million; education: 3.5 million; real estate, rentals & leasing: 2.1 million).

Before the pandemic, outdoor recreation accounted for 2.2% of the GDP, according to the US Bureau of Economic Analysis



U.S. Bureau of Economic Analysis, Outdoor Recreation Satellite Account, U.S. and Prototype for States, 2017.

“We know we were growing faster than the economy as a whole before all of this and we’re seeing people flock to the outdoors like never before. Our vehicles, gear and equipment are flying off the shelves.” (Jessica Turner, Executive Director of the [Outdoor Recreation Roundtable](#) in the [Denver Post](#), August 2020)



Excerpts from “America Outdoors: Consumers Are Flocking to These 5 Activities” (The NPD Group Inc., August 2020):

Consumers are looking for activities to help them stay occupied and healthy as COVID-19 necessitates social distancing. As a result, a number of outdoor categories have experienced explosive growth, our Retail Tracking Service data shows.

The paddle sport category (kayaks, paddleboards, rafts, and canoes) faced declines prior to COVID-19.

Additionally, as bulky, expensive products, traditional paddle sport products have historically presented a challenge to retailers from an inventory management standpoint. More recently, however, existing inventory quickly converted into sales, as consumers sought activities that would keep them active and socially distant. Sales of paddle sport products increased 56% in June 2020 versus the prior year.

Inflatable versions of kayaks and paddleboards gained popularity as consumers found they were easier to store and less expensive. In June 2017, inflatables represented 19% of paddleboard unit sales and 9% of recreational kayak unit sales. In June 2020, those figures stood at 66% and 26%, respectively.

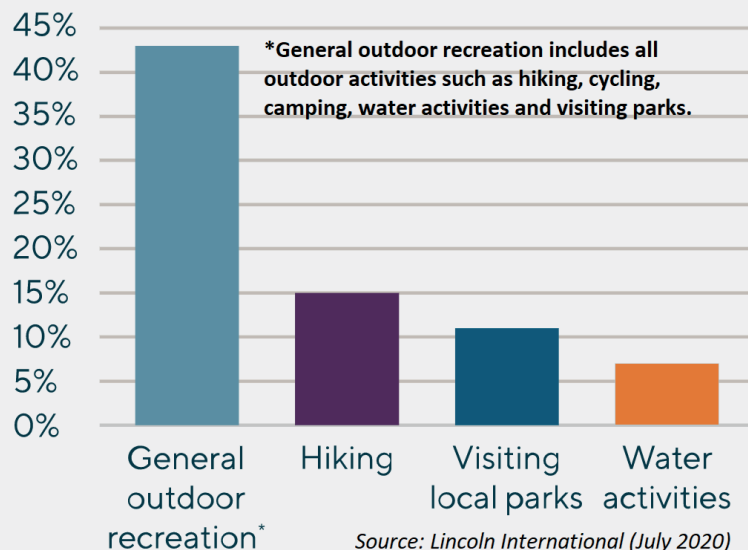
The combined effect of inflatables increasing in popularity and heightened demand for outdoor activity has created a perfect storm that has both increased paddle sport sales and transformed the types of products that comprise the category. With higher turnover in the short term, many retailers will need to reset their inventories, monitoring industry trends to ensure they stock products that will be both popular and profitable in the future.

Excerpts from “As Outdoor Recreation Increases, So Does Opportunity for Investors” (Lincoln International LLC, July 2020):

EACH YEAR AMERICANS SPEND MORE ON	 TRAIL SPORTS GEAR (\$20 BILLION)	THAN ON	HOME ENTERTAINMENT (\$18 BILLION) ¹⁷	
	 WATER SPORTS GEAR (\$14 BILLION)	THAN ON	MOVIE TICKETS (\$11 BILLION) ¹⁸	
	 CYCLING AND SKATEBOARDING (\$97 BILLION)	THAN ON	VIDEO GAMES (\$61 BILLION) ¹⁹	

“Outdoor recreation is the economy of the future. Its universality is part of what makes it so powerful, as an economic engine and an agent of positive change. And the outdoor recreation economy continues to grow more diverse and stronger over time. Outdoor recreation is something a majority of Americans embrace in some fashion or another. It crosses every demographic line: age, income, gender, race, political, orientation, nationality and culture.” ([Outdoor Industry Association](#))

Recent survey results indicate 43% of Americans will increase participation in certain outdoor activities



“Scientific studies have shown that natural environments can have remarkable benefits for human health. Natural environments are more likely to promote positive emotions; walking in nature has been associated with heightened physical and mental energy.” (Eva M. Selhub, M.D., and Alan C. Logan, N.D., authors of “[Your Brain on Nature](#)”)

Over the past several years, an increasing number of US consumers have focused on living healthier lifestyles, driving growth for active and outdoor recreation sectors. This trend has continued despite COVID-19, shelter in place and social distancing and creates several opportunities for both business owners and investors. Going forward, Lincoln expects outdoor recreation brands and service-oriented companies to benefit from these trends and seek capital to support continued growth.

CONSUMERS ARE SHIFTING TO OUTDOOR FITNESS: Outdoor recreation became increasingly popular as both a fitness and socially distant activity and encompassed running, hiking, cycling, boating, fishing, camping and walking. This has led to increased demand for products and services in these sectors, with strong likelihood for sustained demand going forward. Even as gyms re-open and indoor fitness resumes, many consumers are expected to continue to participate in outdoor recreation to replace or supplement their previous gym-based routines.



“WORKING FROM HOME” FURTHER DRIVING OUTDOOR RECREATION:

Current shifts in the US employment landscape are also contributing to the increase in outdoor recreation. Many consumers are now working from home and, with the absence of daily commutes, have more free time for recreation. They are also no longer spending on vacations, dining out or other social activities, so are more willing to spend their additional disposable income on outdoor recreation and related products. Even individuals facing unemployment are turning to outdoor fitness options like running, hiking and camping as more cost-conscious means to stay active. While these activities require significantly less expenditures than alternatives, there will be demand for apparel / footwear and related products still necessary to participate.

THE NEW AGE OF OUTDOOR

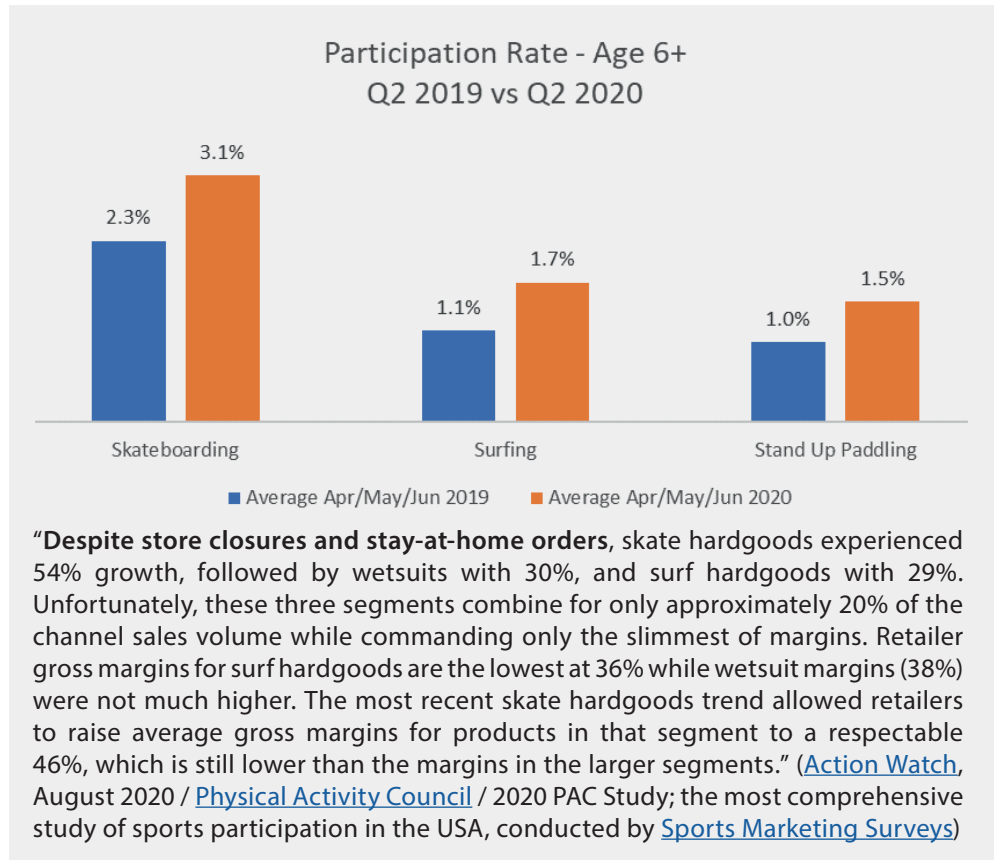
ACTIVITIES: [...] This increased demand will drive the need for investment to fund continued expansion. Lincoln expects strong valuations going forward and an active M&A market for companies surrounding outdoor recreation. For example, several public companies focused on outdoor recreation have returned to or exceeded pre-COVID EV / EBITDA valuation levels, including Lululemon, Shimano, Johnson Outdoors, Yeti Holdings, Clarus Corporation and Polaris.

Excerpts from [“Outdoor activities surge during COVID-19”](#) (The Herald, August 2020):

Retail sales of kayaks are also going through the roof, according to Bass Pro Shop and Dunham Sports Websites. Some manufacturers are having trouble keeping watercraft in stock.

“Boat launch permit sales are up, too, as the Fish and Boat Commission has already sold 41, 667 more launch permits in 2020 (125,693 total) than in all of 2019, for a nearly 50 % increase overall,” according to Frantz.

So, all the dark clouds you’ve experienced with the COVID-19



pandemic have at least this one silver lining. Why not get out there and go hiking, or try fishing or camping or kayaking? There’s a whole beautiful world out there in the great outdoors, and you’re missing it by being stuck in front of the TV at home.

Excerpts from [“Outdoor recreation increases during pandemic; local outfitters try to keep up”](#) (Fox19, August 2020):

For several months now we’ve reported on empty racks at bike stores as more people turn to outdoor recreation during the pandemic. But it’s not only bikes that are hard to find.

More and more people are getting outside. If you didn’t already own a canoe, kayak or bicycle before the pandemic, you were left waiting a long time to get your hands on one.

Bryan Wolf is owner of Roads, Rivers and Trails in Milford. “We’re starting to catch up on inventory,” he said. “We’re starting to get kayaks back in.” Wolf explains beginning in March,

the store saw an increased interest in outdoor activities like hiking, kayaking and camping. “If we’re going to look at some of the positives of COVID and the pandemic, it’s that people are reconnecting with nature,” Wolf said. “And they’re getting out and a lot of those people are getting out for the first time or first time in a long time.”

Excerpts from [“The New Panic Buys: Kayaks, Pools, Tents and Trampolines”](#) (The New York Times, August 2020):

Americans seeking getaways (or staycations) in the pandemic are putting outdoor retailers in a supply crunch.

In January [2020; just before the pandemic started], the Outdoor Foundation, the nonprofit arm of the Outdoor Industry Association, shared some gloomy statistics. According to its annual survey, fewer than 20 percent of Americans were recreating outside at least once a week, working out to an estimated billion fewer outdoor activities a year compared



to a decade earlier. Just under half of the population, the organization estimated, was not participating in outdoor recreation at all.

Overall, a “historical downward trend” indicated that “Americans will likely continue spending less time outdoors” due in part to “work and family demands as well as technology and cost of entry.”

As many of these Americans would soon find out, preferring not to go outside is quite a different thing from being told to stay inside.

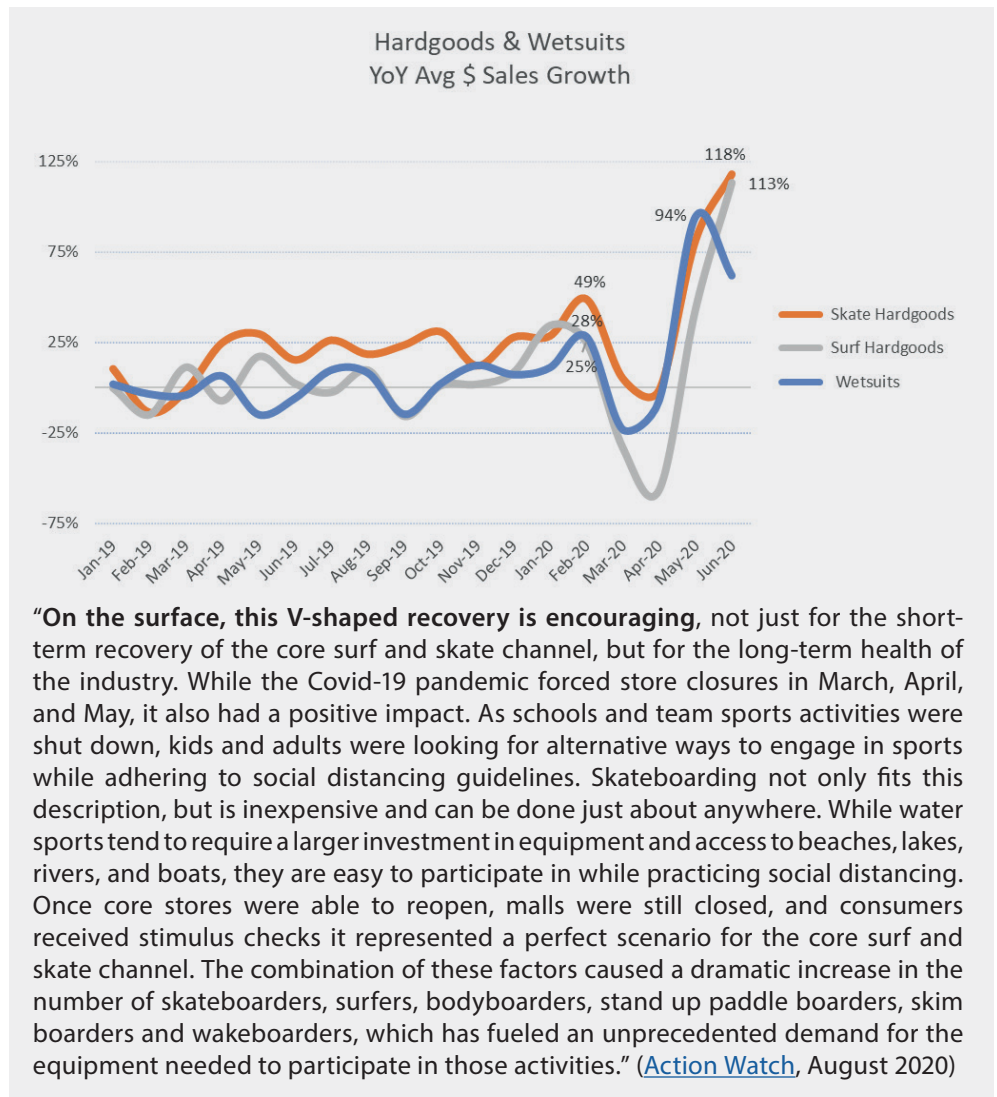
“For us, it’s been a bit of a mirror of the human condition,” said Paul Calandrella, a merchandising manager at REI. First, he said, people came for survival gear: freeze-dried food, water filtration and backup power supplies. “They surprised us out of the gate.”

First came the bike rush, which caused shortages that began in March and have extended, for some brands, into next year. Next to run low were kayaks and stand-up paddle boards. Soon, running shoes were picked over. Sales at outdoor retailers were up almost across the board, with a few exceptions in specialized categories (indoor climbing gear, for example). Next up: camping gear. In the space of a few months, outdoor retailers went from solving a marketing problem to wrestling with supply chain problems.

Demand for boats – tandem kayaks stood out as a surprising example – was “through the roof,” with orders soon outpacing production. People were fishing more, or taking it up for the first time.

For much of the outdoor recreation industry, this is generally good news: lots of people buying lots of things, potentially finding hobbies or forming habits that will last for years. “The participation rate will grow,” said Mrs. Johnson-Leipold.

Shortages also have consequences. A lot of outdoor gear is produced overseas, ordered a year ahead and



sold seasonally, meaning some sold-out items won’t reappear until 2021.

Excerpts from “Amid A Deep Recession, Outdoor Equipment Is Flying Off The Shelves” (NPR, September 2020):

Heather Larson has enjoyed kayaking for several years. Before the pandemic, she’d often rent a kayak for the weekend and ride it at state parks in Illinois and nearby Wisconsin. But the Des Plaines, Ill., resident has had no luck finding one for the past three months.

On secondhand sites like Craigslist, she sees used kayaks priced at \$100 over what a new one would typically cost. As soon as new shipments hit stores, the camping and outdoor Facebook groups she’s in light up. People post

that they’re driving for hours just to get their hands on them. Practically as soon as the news arrives, the kayaks are all gone.

And it’s not just kayaks that are in high demand.

People who were lucky enough to keep their jobs – and those who, until recently, received expanded unemployment benefits – have been driving demand, analysts say. And much of the surge came from people who were trying a hobby for the first time.

Sales of bicycles jumped 63% in June from a year earlier, data from the NPD Group shows. Spending on paddle sports such as kayaking, which had faced declines before the pandemic, bounced up 56%.



The tremendous demand for outdoor products comes from consumers who now have extra time and money because they aren't spending it on other things, says Craig Kennison, director of research operations at Baird.

"Consumers who had summer plans – maybe planning on hotels, planes, cruises, concerts – those people have been forced to cancel those plans and they're looking for something different to do with those discretionary dollars," he said. Those cancellations mean people have a lot of free time to fill.

[As] healthy habits persist even after the pandemic ends, he says, many of these new customers will keep up with their newfound pursuits and keep boosting the sports and outdoor industries.

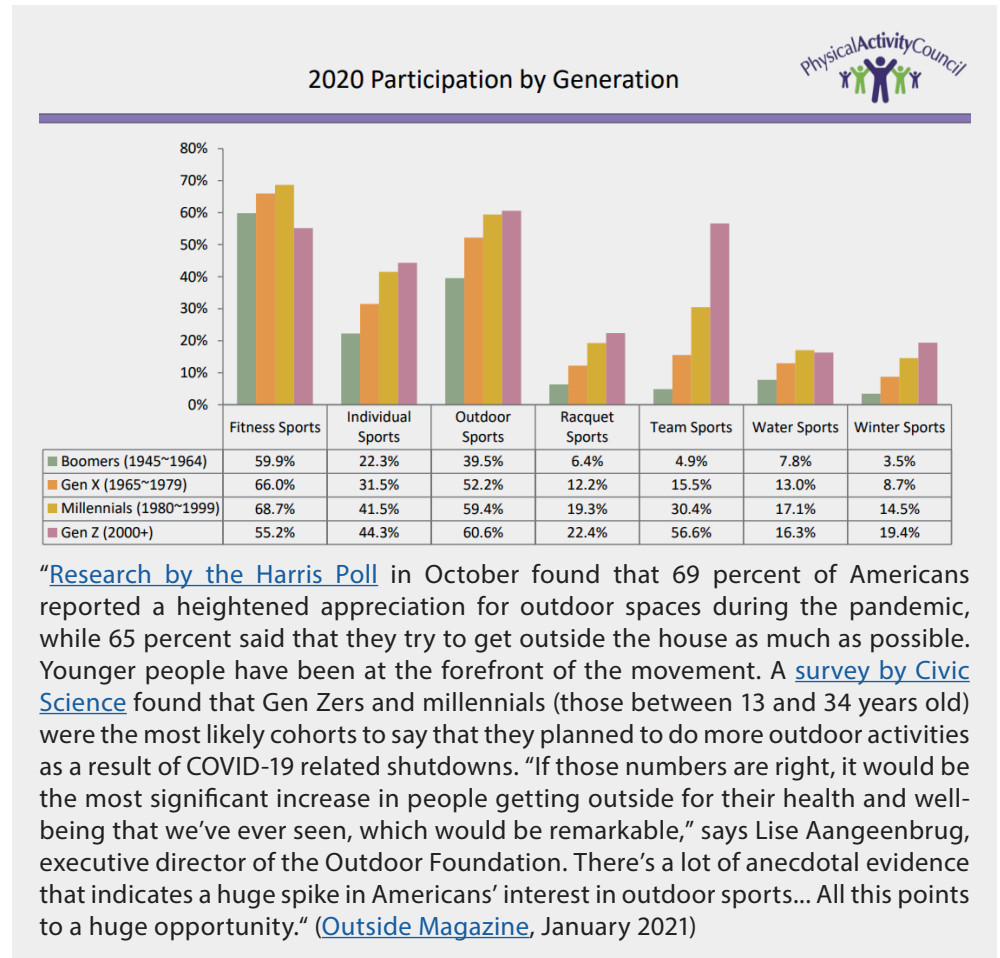
"There's so much out there to experience even in this difficult time."

Excerpts from ["Outdoor recreation shops enjoy boom amid pandemic"](#) (Northland Outdoors, January 2021):

Where many industries are struggling to keep viable, outfitters are making hay during an unusually prosperous January.

Since COVID-19 hit American shores last spring, the environment for business has been challenging, to put it lightly. Consider the industry of outdoor recreation a definitive exception to that trend... There's plenty of reasons why this success is happening now and to this degree, but the No. 1 factor may be this: There is no easier, nor more enjoyable way to social distance than to hit the trails, hang out on the ice, or vanish into the wilderness.

"It is incredible. We had a good January last year and we're four times better than we were last year. Last year, we had a phenomenal year and it is just rolling into this year being an incredible year," said Cory Frantzick, a sales associate at Power Lodge, a Brainerd-based boat dealership. "I think a lot of people are coming to the area because they're able to work



remotely, so why wouldn't you want to work at your cabin in the Brainerd lakes area? A lot of people in the Twin Cities apparently want something new, so they come see us and we get them out there and into some fun stuff so that they can social distance."

Excerpts from ["The outdoors boom spared many retailers from the harshest impacts of COVID"](#) (Retail Dive, February 2021):

Outdoor companies faced their share of ups and downs during the pandemic, but a tidal wave of new customers could prime the space for future growth.

2020 was a year of taking away. People lost small comforts like browsing leisurely through stores, sitting for hours at a coffee shop, visiting family and friends. It was a year where many learned to get excited about other things instead, like making sourdough bread, no matter how short-lived.

As months dragged on, the search for things to do and activities to pour oneself into reminded the general populace of something that had been there all along, but now suddenly seemed like an escape of the most remarkable kind: the outdoors. In between couch surfing and Zoom calls, people started looking out the window at the vast, unenclosed spaces around them, and realizing, "Hey – that's somewhere safe I could go."

That's meant a boom for some retailers specializing in outdoor products.

"The personal watercraft business was really good. The bicycle business has been really good. Running shoes showing some signs of life, hiking shoes showing signs of life," Matt Powell, senior industry adviser for sports with the NPD Group, said.

After the outdoors business – like many things – shut down last spring, the renewed interest in getting



outside has come as a momentum boost for companies that have pinned themselves to active lifestyles.

“It’s kind of been a lifesaver in a lot of ways,” Steve Stout, vice president of retail at Fjällräven, said of being positioned in the outdoors space. “People have really wanted to get out. They’re traveling domestically – I mean, the national parks are full and the trails are full and people are not taking those trips where they maybe went to Europe or Hawaii or tropical destinations. They’re more confined to what they have available to them – a road trip or going to a national park.”

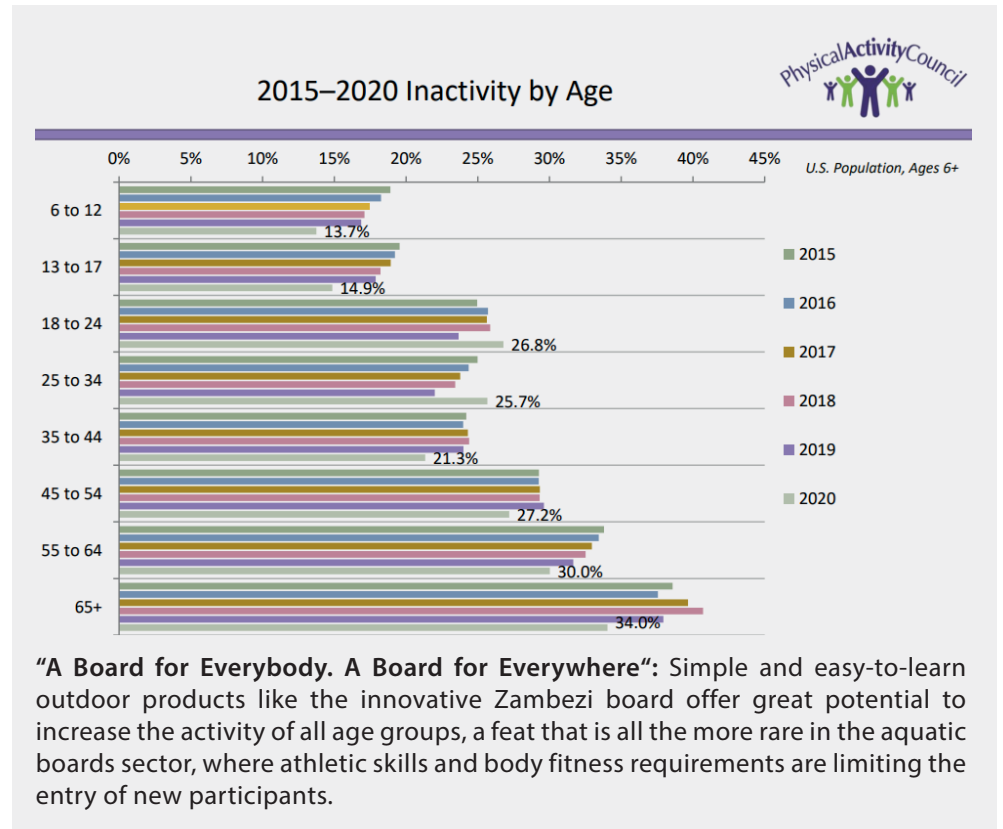
Overall, though, the overwhelming feeling has been one of excitement for outdoor retailers as consumers head outside more, and often as new participants.

“I think the feeling is this: There’s so many more people out there and some are having first-time experiences,” Aangeenbrug said. “There is always an opportunity to introduce somebody to a new experience... So we don’t see it as a zero-sum game, we see it as an opportunity to grow the pie and grow opportunities for people to experience the outdoors.”

Going into the new year, the number of newcomers that began outdoor activities in 2020 is expected to continue fueling growth in the sector, but it could be buoyed further by people committing to living healthier lifestyles after seeing the outsized impact COVID has on people with preexisting conditions, according to Powell.

“I think these activities are very sticky,” Powell said. “Someone said to me the other day that if you do something for 60 days in a row, it becomes a habit. And I think we’ve learned lots of new habits under COVID and forgotten some other ones that we used to do.”

Aangeenbrug agreed that, given how much safer being outside is compared to other activities, the pandemic has given ample time for people not only



to get outside, but to have multiple repeat experiences outdoors that build the habit and make them more likely to keep it. She cited a Harris Poll from October that indicated close to 70% of Americans wanted to spend time outdoors, an almost 20% increase over what the firm has tracked for the past 10 years. Aangeenbrug added that if those numbers hold, it would be the largest annual increase in outdoor participation OIA has ever seen.

Even locations in core outdoor spaces couldn’t save retailers from the shift to online, though — and the importance of having a robust presence there. According to Powell, sales at outdoor specialty brick-and-mortar stores for the 12 months ending November 2020, were down 26%, while e-commerce sales for that sector were up 23%. The net result is still down 8%, given how much bigger the physical retail side is, and having a strong digital presence will continue to be key, Powell said.

But it’s not just about which channels outdoor retailers are selling through, and where their physical stores are located. It’s also about who they’re

building their experience for, and mostly, who they might not be building their experience for. Powell believes some in the outdoor industry are too focused on the “pinnacle” consumer, who’s already deeply ingrained in their chosen activity.

“That’s not who has boosted this industry under COVID,” Powell said. “It’s been new entrants to the category. And the industry really has to pivot to thinking really hard about, ‘How do I address this entry-level consumer who maybe I turned my nose up to pre-COVID who now has saved my industry?’”

Serving the entry-level consumer means changing assortments to offer entry-level products rather than selling a newcomer something above their skill level, Powell added. If retailers can do that, they can capitalize on a lot of new interest in their sector.

Nice weather pushed consumers outside, and they bought the gear they needed to have a good time, including paddleboards, kayaks, bikes and running shoes.



ZAMBEZI
Sports Inc.

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INVESTOR PRESENTATION

Wednesday, March 31, 2021

10:00 am PST / 12:00 pm EST / 07:00 pm CET

Click here to join Zambezi Sports' President Justin Schroenn as he presents on this exciting new opportunity being introduced to the world's beaches this summer!

Summer 2021

ZAMBEZI

FREE TO MOVE

DISCLAIMER AND INFORMATION ON FORWARD LOOKING STATEMENTS

Rockstone Research, Zimtu Capital Corp. ("Zimtu") and Zambezi Sports Inc. ("Zambezi") caution investors that any forward-looking information provided herein is not a guarantee of future results or performance, and that actual results may differ materially from those in forward-looking information as a result of various factors. The reader is referred to Zambezi's public filings for a more complete discussion of such risk factors and their potential effects which may be accessed through Zambezi's documents filed on SEDAR at www.sedar.com. All statements in this report, other than statements of historical fact, should be considered forward-looking statements. Statements in this report that are forward looking include that Zambezi will be making a splash in the aquatic outdoor market in the summer of 2021; that the outdoor recreation industry will continue to boom on the back of the pandemic or once the pandemic has ended; that the Zambezi Board will be suitable for all age groups; that Zambezi will enter the outdoor market and that mass production will start; that the new Zambezi Board will be presented in July 2021 along with a new internet presence including online shop; that Zambezi will be successful in going public and to trade on a stock-exchange; that Zambezi's patents will protect the company for a margin far and widely unseen in the largely unpatented (i.e. highly competitive) aquatic boards market, and that the Zambezi Board will come at an affordable retail price compared to other products available in the market; that currently the perfect setting exists to disrupt the market with innovation, possibly epic; that Zambezi has found the perfect OEM manufacturing partner sharing the same spirit for a disruptive innovation to hit the market this summer; that the final product for market entry will have a slightly different design (shorter, lighter and of high quality); that mass production and retail sales to the public and institutional sales to hotel resorts, beach clubs and rentals around the world will start, and that user growth and revenue will be increased within short time once the newly designed, improved boards hit the market, if at all; that the company will be successful in developing Zambezi into a global aquatic sports and lifestyle brand built around the new sport of Zambezi Boarding; that the Zambezi Board is well positioned to compete with, and potentially outsell current aquatic sports boards; that Zambezi is positioning itself to penetrate the aquatic outdoor recreation market more successfully than any other aquatic sports board company; that its patents will prove effective and to protect Zambezi from certain competitive forces, including high margins; that any of the various methods currently employed in the production of surfboards, bodyboards, SUPs, windsurfboards and kayaks will prove effective for the production of the Zambezi Board; that both thermoforming methods (single sheet and twin sheet) will prove to be optimal for producing the Zambezi Board; that OEM (Original Equipment Manufacturer) agreements with existing thermoforming manufacturers is a far preferable strategy for Zambezi at this stage and that such agreements will prove successful; that each mold can produce more than a million boards in its lifetime; that Zambezi has the solution to a market gap; that the Zambezi Board will have a price advantage to other products; that any of the three proposed distribution channels will prove effective; that Zambezi will keep its products at a very competitive and attractive price point; that local populations will continue to be able to access oceans, lakes or rivers; that board sports participation and sales will continue to increase; that Zambezi will intensively target high-priority resort and hotel areas in the first 12 months of production; that Zambezi will quickly become the dominant board activity in these markets; that any potential can be unlocked within short time from its marketing and sales strategy; that any assumptions and projections made in its marketing and sales plan will show any of the mentioned results; that the marketing and sales strategy of placing promo boards will lead to rapidly compounding results; that the projected retail pricing and margins will be achievable. Such forward-looking statements are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking information. Risks that could change or prevent these statements from coming to fruition include that Zambezi and/or its partners will not find adequate financing to proceed with its plans; that the OEM manufacturing agreement will not be fulfilled by either party; that there will be circumstances to hinder a product launch and targeting of proposed markets. There are certain risks associated with the business of the Company and with an investment in its securities including the following: proposed regulatory reforms; involvement in an early stage industry; publicity or consumer perception; ongoing needs for financing; future fluctuations in the Company's quarterly results of operations; limited market for the Company's securities; dilution to existing shareholders; no history of paying dividends; the Company's limited operating history upon which its business can be evaluated; the Company's ability to achieve or maintain profitability; the Company's ability to attract new customers or to sell additional products and services to its existing customers; competition; failure to develop or market new products or services; the Company's plans to achieve growth in future periods and its ability to execute its business plan, maintain high levels of service, or address competitive challenges adequately; the Company's ability to effectively expand sales and marketing capabilities; reliance on intellectual property; use and potential infringement of intellectual property; potential conflicts of interest; reliance on others and key personnel; litigation; changes in laws; insurance coverage; reliance on licensing; market acceptance; acquisitions; and potential delay or future impairment. The risks and uncertainties described above are those the Company currently believes to be material, but they are not the only ones faced by the Company. If any of the following risks, or any other risks and uncertainties that the Company has not yet identified, that the Company currently considers not to be material or of which the Company is not aware, actually occur or become material risks, the business, prospects, financial condition, results of operations and cash flows of the Company, and the value of the securities of the Company, may be materially and adversely affected. The Company's management team has considered possible risks that could arise in this business. Any start-up or established business struggles when the cash runs out and total current liabilities exceed liquid assets. Every busi-

ness idea is prone to competition by bigger players in the market. If there is money to be made by filling a market gap, there are plenty of others aiming to capture the market share. In the initial stages of mold manufacturing and board production, spanning at least the first 12 to 18 months of production, Zambezi will be dependant on one OEM manufacturer, and its suppliers. Therefore, in these initial stages, the Company's strategic plan will be vulnerable to potential disruptions to this manufacturer. Such disruptions to the OEM manufacturer include fire or flood, bankruptcy, labour disputes, regulatory violations, and lockdown due to COVID-19. For this reason, it is a strategic priority of the Company, to secure a second, and ultimately third OEM manufacturer for the Zambezi Board as rapidly as possible. This diversification of production will be dependant upon available capital, however. Therefore, until such capital is raised from investors, or generated by board sales, the Company will be reliant on the initial OEM manufacturer. The Company may become excessively dependent on one or more employee(s), manager(s) or strategic partner(s). Aquatic sports boards are not heavily regulated in Canada, the USA, or European Union. There might come the requirement for Zambezi to certify the Zambezi Board in some way. Individual jurisdictions within the Company's target market may ultimately require that the board be certified in some way. Zambezi may not be able to comply fully with all such requirements as they arise. The Zambezi Board may turn out unsafe, dangerous and/or useless. The company may get sued by others. Zambezi may not obtain insurance against third party liability etc., and other legal risks. Other risks include that management members, directors or partners will leave the company; that Zambezi will not fulfill its contractual obligations; there may be no or little similarities between the Zambezi Board and other products available in the market; changing costs for marketing and sales and other matters; increased capital costs; interpretations based on current data that may change with more detailed information; potential production methods based on limited real-world use; intended production methods and planned marketing and sales procedures may not be feasible because of cost or other reasons; the availability of labour, equipment and markets for the products produced; world and local prices for components and other products; that advisory or contractual terms may be changed or no positive results from the advisory or contracts are reached; and even if there will be sales generated by Zambezi, these may not be significant or profitable; the products may prove to be unworthy of further expenditure; there may not be an economic business plan; methods and strategies thought would be effective may not prove to be in practice; economic, competitive, governmental, environmental and technological factors may affect Zambezi's operations, markets, products and prices; Zambezi's specific plans and timing of them may change; Zambezi may not have access to or be able to develop any markets and sales because of cost factors or being accessible, or availability of equipment and technology; and Zambezi may also not raise sufficient funds to carry out its plans. The writer assumes no responsibility to update or revise such information to reflect new events or circumstances, except as required by law. Cautionary notes: Stated comparisons with other products in the target markets of Zambezi are not necessarily indicative of the potential of Zambezi and its plans and should not be understood or interpreted to mean that similar results will be obtained from Zambezi. Data, results, and projections of stated products are not necessarily indicative of the potential of Zambezi's proposed products and should not be understood or interpreted to mean that similar results will be obtained from the Zambezi. The information on Zambezi's competitors / similar products is relevant only as an indication that some similarity exists.

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Author Profile & Contact

Stephan Bogner (Dipl. Kfm., FH)
Rockstone Research
8260 Stein am Rhein, Switzerland
Phone: +41 44 5862323
Email: sb@rockstone-research.com



Stephan Bogner studied Economics, with specialization in Finance & Asset Management, Production & Operations, and Entrepreneurship & International Law, at the

International School of Management (Dortmund, Germany), the European Business School (London, UK) and the University of Queensland (Brisbane, Australia). Under Prof. Dr. Hans J. Bocker, Stephan completed his diploma thesis ("Gold In A Macroeconomic Context With Special Consideration Of The Price Formation Process") in 2002. A year later, he marketed and translated into German Ferdinand Lips' bestseller "Gold Wars". After working in Dubai's commodity markets for 5 years, he now lives in Switzerland and is the CEO of [Elementum International AG](#) specialized in the storage of gold and silver bullion in a high-security vaulting facility within the St. Gotthard Mountain in central Switzerland.

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