

CORNBREAD HEMP®

2022 Report

Dear investors,

The end of 2022 marked a turning point in the growth of Cornbread Hemp as a company. In the fourth quarter, we closed on the acquisition of our processing partner in October, had our first \$1M revenue month in November, and in December, we closed the Reg D portion of our seed round with \$1,675,000 in the bank. We finished 2022 with \$5,500,000 in net revenue (after discounts), after doing \$1,900,000 in net revenue in 2021. Cornbread Hemp is in the process of growing out of a startup and into a growth-stage company as we continue to acquire new customers at an exponential rate.

We need your help!

In 2023, we will need help with CFO duties, including managing our financial reporting, maintaining our projections and budgets, and supporting our financial infrastructure. We will need HR help, including recruiting new marketing talent and defining our compensation and benefits packages. We also need help with warm introductions to the key buyers at multi-state retailers that carry CBD products.

Sincerely,

Eric J Zipperle

CEO and Co-founder

Jim Higdon

Co-founder & CCO

Our Mission

In five years, we see Cornbread Hemp is a nationally recognized CBD brand available in major retailers nationwide.

[See our full profile](#)



How did we do this year?

Report Card

A+



The Good

Closed a Reg D round with \$1,675,000 raised.

Acquired our processing partner to become vertically integrated.

Ended 2022 with \$6,500,000 in net revenue (before discounts).



The Bad

Our B2B sales team did not achieve our growth goals for the year.

A podcast that we sponsored about the "Cornbread Mafia" was pulled from the internet for reasons beyond our control.

The FDA did not issue regulations in 2022 to categorize CBD as a dietary supplement.

2022 At a Glance

January 1 to December 31



\$1,855,863 **+332%**

Revenue



-\$147,807

Net Loss



\$692,518 **+26X**

Short Term Debt



\$3,025,000

Raised in 2022



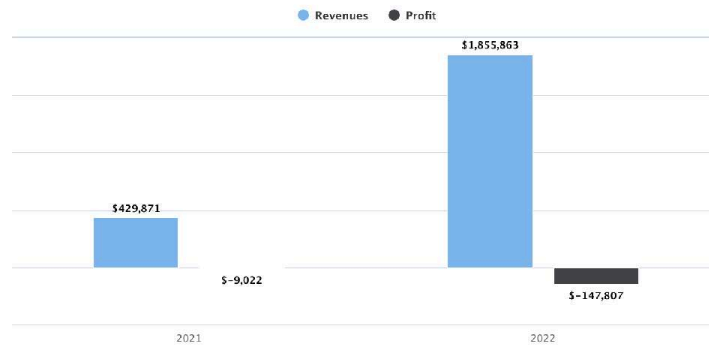
\$799,569

Cash on Hand
As of 01/26/23

INCOME

BALANCE

NARRATIVE



Net Margin: -8%

Gross Margin: 67%

Return on Assets: ~24%

Earnings per Share: -\$0.15

Revenue per Employee: \$68,736

Cash to Assets: 42%

Revenue to Receivables: 28,957%

Debt Ratio: 130%

[CBH_20_21_Financials.pdf](#)

We ♥ Our 827 Investors

Thank You For Believing In Us

Render Capital Investmen... Gill Holland
Tavares Weid Craig Brindle
Linda Jordan Advait Kulkarni
Wardell Carter Lyle Notice
Candace Mounger Anthony Mills
Michelet Saincillus Michael Everson
Tawayna Doble Scott Hinkle
Jose Acosta Craig Mercier
Andrew Newton James David Silvio
A. Vaughn Williams Sherryann Phileogene
Pieter De Waal DeWet Janice Escala
Lara Richards Adrian Garcia
Malik Hyton Ricky Bass

David Macario
Elvies Atomah
Douglas Cole Fenske
Charles Friedman
Daniel Herrera
Elizabeth Lumbattis Chal...
Shantel Johnson
Ronald Cunningham
Tina Baker
Mark Rodger Dillao
Jacob E. Spitz
Tom Harvey
David Gilie

Johan C Nowack
Craig J. Vom Lehn
Farah Trevis
Jack Powers
Wesley Wiserson
Bree Walton
Andrew Truschinski
Thomas Trikula
Kelsia Yakiemovic
Chris Varbey
Michael Rains
Paris Alami
Lyndon Winn Carter

Clay Woods
Terrance Montgomery
Jon Scott FORTINO
Victor Manuel TORRES
Daniel Carr
Joseph Ballinger
Bonnie Forsythe
Javal Whitehurst
Jared Bolden
Jesus Santiago
Salvador Briggman
Jerome Zhu
Douglas Andrew Roethig

Steve Booyens
Raymond Brown (Venture...
Anu Apte
Travis Vershar
Maggie Payton
Sara Makin
Buddha Moon
Jean Jodette
Jared Bolden
Erika Huerta-Garlington
Lee Jarvis
Takara Nicholson
Tony Wilkins

Pilar Uribe
Nancy Ramos
Alan Jacobson
Carl Blankenship
Shaundile Rind
Christopher J. Reed
Leon Davis
Sherry Cochran
Van Holt
Lance R. Mann
Charles Ellis
Philip Ward
Darron Kitterman

Patrick Henshaw	Rae Lynn Nettles	Akil Fudali	Vincent Scott	Jasper Gallo	Leonardo Pagon	Douglas Cole Fenske
Terri Chagnon	Amos R Henry III	Christina Truax	Raquel Thomas	Don Harrison	Hatem Rowalhy	Anthony A Cook
Johnson Hor	Dr. Pete I. Maduka-Olafor	Wendy D. Jeffers	Asdrin Navarro	Luke Williams	Lambio Asiwod	Tony Gulliford
Peter Dercals	John Aniside	Jay Boice	Bruce Turunpaa	Lo Rynn Mitchell	Neli Edward Lumiss	Larry Anderson
Michael S Anderson	Kevin Koo Seng Kiat	Zachary Hansen	Michael Phillips	Malek Badawi	Frank Kollarsic	David Ross Boswell III
Emmanuel Oloosi	Jack Neneman	Mary Helen Ayres	Jordan Leach	Adrian David Williams	Ethan Stuckmayer	Mandree Zachary
Sean Stobart	Antonio Galvan	Maggie Payton	Travis Versher	Darron Kitterman	Craig Mercier	Terrance Montgomery
Erika Huerta-Garlington	Pam Higdon Doyle	Anthony Kutzer	Beulah Smith	Jeffrey TURNER	William Dillon	Leisa Seibert
Paul R Grace	Chris Rayford	Christopher Nebeils	Chris Rayford	Len Szalai	Sofrus Saechao	Suzannah Ibrahim
Everette SPIGNER	Yeshua Alexander	Andrew Swartz	Louie Lopez	Ryann Meddcox	Joseph CHRISTY	Zachary Weiner
Matthew J Vinez	Jerry D. Boyette	Greg Brenzel	David Pasady	Melissa Locke	Debra Blisset	Chad Rosen
Joy Danalewicz	Jonathan Bates	Ben Sykes	Glenn Sullivan	Shawn Eric Walker	Gwendolyn Jones	Joan Rodriguez
Jennifer Laird-Jackson	Aaron Portie	Vilmaiana Tunukutulu	Jimmy Woods	Fran Lopez	Morika VanderSmith	Phillip E Bolin
William Fleming	Tasia McCoy	Naboma Upadui	Brett Crathern	Jamie Lee Watkins	Adrian Harney	Jerry Walker
Ross Willard	Ta Tanisha Miller	Monbill Fung	Mary Harrington	Dawn Chapman	Tracey Raditz	Princess Pretty NPink
Bill Bauck	Neville George	Michele Fischer	Michele Fischer	Shaun Donovan	Dr Blackmoor	Gordon Lemond
Gene Rachmansk	Zach Thompson	Theron Charles	Francis Kaiolani Kamaka ...	DM Diver	Robert Canina	Frank Neundorf
Jamez Santiago	Amber Jackson	Nathaniel L. Moulton	Nathaniel L. Moulton	Timothy Danielson	Juan Flores	Nicole Noyan
Ormar A Molina	Madlyn Moorman	Jose Mojica Lemus	Kristopher Edelman	Brittany Kasirali	Phillips Stoddard	Amelia Hafer
Aisha Goodwin	Tobias Berens	Steven Campbell	Tommy Acree	Therese Maynard-Calloway	Leon Sekkarran	Nani Muhammad
Michael Krieger	Noalie Lynne	Suneel Kumar Parvathare...	Petr Olmer	Yannis Bessiris	Bob Oliver	John E Maston
Vincent Frazier	Justin Jarman	Heidi Gollidge	Angela Perry	Joseph E. Naudus Sr.	Eduard Abramov	Neil Young
Frank Pfeiffer	Amor Jackson	Aesook Hong	Ben Paul	Keith Guerin	Shamir Anwar	Craig Huey
Abie Mintz	Michael Bates	Corbett Kroehler	John Gray Brittain	John Gray Brittain	Ken Manni	Kylli Peoples
Daniel McNamee	Gwendolyn Jones	Ariel Jay Newman	John Launlus	Robert Costic	Robert Costic	Roderick Herron
Corey Johnson	Charlene Sealy	Kevin M Green	Pete Rosskam	Michael Asaro	Michael Asaro	Donald C Freytag
Michael Gaeta	Ian Buxton	Ewan Argo	Jody Geisweidt	Daniya Ali	Daniya Ali	Chris Birmingham
Michael Isore	Chris Billups	Oliver James Damian	Adam Kim Meang	Adam Kim Meang	Amir Nader A. Gharzini	Nicolas Radin
P Savice	Mark Zieringer	Allan Terry	Aditya Guthrie Caperton	Amir Nader A. Gharzini	Sandra Estrada	Kevin Granger
Jo Hemmerlein	J.R. Coleman	Darlene Glee Hill	Eric M. Childs	Sandra Estrada	Jim Wahi	Shawn Meyer
Fabe Chan	Andrew Wall	Dylan Barnhardt	Oswin M Browne	Dr Blackmoor	Nathaniel HOLLOMAN	Jim Higdon
Jake Bertram	Jeff Renfaldt	Bob Oliver	Len Szalai	Steven Darabont	Dr Blackmoor	John R Rust
Jeff Renfaldt	Jeff Caspino	Kerry Lafforte	Mike Skinson	Dee Tiffany-Lane	James W Bumb	Angel Investments
Arthur Bautista	Everett H Barnett	Roger Shambaugh	Roosevelt Durham	Euston Henry	Dolph Watson	Percy W Venn, II
John Zambrowicz	Justin K Drew	Lisa Jacayara Antas Videla	Cole Bahakel	Chris Goodwin	Darlin N Wells	Dannye Spencer
Matthew Brown	Gary Huckabee	Herman Awai	Tyler Gilmore	Harold Wilson	Jim Wahi	Christopher Lamont
Jessica Morgado	Roger Coates	Alston Kaleshahnd	Greg B.	Judy Sample DECHALUS	Mario Hernandez	Joyce Dwyer
Lena Charles	Howard Bell	Richard G. Davis	Karen Hernandez	David Widrick	Dee Tiffany-Lane	William Mendez
Luis Mateo	Kingsley Asore	Fredah Malinoh	Angel May	Chris Goodwin	Euston Henry	Leslie MUDD
Mark Warner	Devon W Yoder	Glenn Vanderkloot	Chris Smith	Harold Wilson	Lorrie Rogers	Leo John Flackenstein
Nick Skouralis	Richard Bentley	Banner Pittshead	Susan Biskley Coxo	Trevor Gordon	Zandrus Kennell	William Larkin
James Garner	Seiche Hano	Michael Rubin	Timothy Dickens	Scott Cam	Ryan Baker	Robert J. Mosley
Stella Szostek	Gene Zipperle	Kevin Mueller	John Ariatti	Mary Jo Zipperle	Cecil & Alice Higdon Fami...	Antoinette Scott Briscoe
Brenda J Miles	Karen Muller	Brian Fischer	David C. Volf	Larry Horn	Jana Groda	Nida Casuga
Alanie Guirao	James Wolfe	James Wolfe	James Denny	Jerry A. Wilson	Lawrence Deck	Stephen Baker
Dianne Brown	Michael Scott Peterson	David MATA	Jeffrey Allen Blackwell	Shelvia Elyn Robinson	Zachary Young	Heather Beckler
George Wright	Robert Albert	Emmanuel S Kollie	Michele Welscher	Mario M Teel Jr.	Davender Bhardwaj	Don Henry Robinson
Stuart Hansen	Yasmin Thompson	Tracie Howard Womack	Zachary Sabillon	Viet Nguyen	Tyler Dix	Jim Peimieri
Bradford Chan	Shallene Austin	Theresa M Skurka	James Johnson	Michael Venuto	Anthony Penwright	Sherron R Austin
Theresa M Skurka	Sonny Olsfor	Michael Huff	James Johnson	Scott Sanford	Stephe Peltton	Scott Hunter
Michael Huff	Toni Mantheil	Edgar Meneses	Tim Hafner	Briggs Crocote	Joel Berger	Meredith Downey
Edgar Meneses	Tim Hafner	James Wolfe	James Wolfe	James Wolfe	James Wolfe	John Attaberry
Tim Hafner	James Wolfe	James Wolfe	James Wolfe	James Wolfe	James Wolfe	Robert Shane Wilder
James Wolfe	James Wolfe	James Wolfe	James Wolfe	James Wolfe	James Wolfe	Jesse Spears
James Wolfe	James Wolfe	James Wolfe	James Wolfe	James Wolfe	James Wolfe	Robert J. Patrissi
James Wolfe	James Wolfe	James Wolfe	James Wolfe	James Wolfe	James Wolfe	Olakunmi Olanisanya
James Wolfe	James Wolfe	James Wolfe	James Wolfe	James Wolfe	James Wolfe	Daniel Rodriguez
James Wolfe	James Wolfe	James Wolfe	James Wolfe	James Wolfe	James Wolfe	Navan Bansal
James Wolfe	James Wolfe	James Wolfe	James Wolfe	James Wolfe	James Wolfe	Miguel Cantarero
James Wolfe	James Wolfe	James Wolfe	James Wolfe	James Wolfe	James Wolfe	Danica Zoradic
James Wolfe	James Wolfe	James Wolfe	James Wolfe	James Wolfe	James Wolfe	Timur Kozhakanov
James Wolfe	James Wolfe	James Wolfe	James Wolfe	James Wolfe	James Wolfe	Steven Stanton
James Wolfe	James Wolfe	James Wolfe	James Wolfe	James Wolfe	James Wolfe	Charles Bringe
James Wolfe	James Wolfe	James Wolfe	James Wolfe	James Wolfe	James Wolfe	William Courtright
James Wolfe	James Wolfe	James Wolfe	James Wolfe	James Wolfe	James Wolfe	Anastia P Khanel
James Wolfe	James Wolfe	James Wolfe	James Wolfe	James Wolfe	James Wolfe	Alan R Peterson
James Wolfe	James Wolfe	James Wolfe	James Wolfe	James Wolfe	James Wolfe	Wilfredo Ramos-Prado
James Wolfe	James Wolfe	James Wolfe	James Wolfe	James Wolfe	James Wolfe	Gerardo Rios
James Wolfe	James Wolfe	James Wolfe	James Wolfe	James Wolfe	James Wolfe	Venus Downs
James Wolfe	James Wolfe	James Wolfe	James Wolfe	James Wolfe	James Wolfe	Steven Angus
James Wolfe	James Wolfe	James Wolfe	James Wolfe	James Wolfe	James Wolfe	CM Soltero
James Wolfe	James Wolfe	James Wolfe	James Wolfe	James Wolfe	James Wolfe	Gentry Lynn Fugate
James Wolfe	James Wolfe	James Wolfe	James Wolfe	James Wolfe	James Wolfe	Asorya Fluitit
James Wolfe	James Wolfe	James Wolfe	James Wolfe	James Wolfe	James Wolfe	Marcus Jacobs Cobb
James Wolfe	James Wolfe	James Wolfe	James Wolfe	James Wolfe	James Wolfe	Vagner De Moraes Perez
James Wolfe	James Wolfe	James Wolfe	James Wolfe	James Wolfe	James Wolfe	Ivan Maurice Mance
James Wolfe	James Wolfe	James Wolfe	James Wolfe	James Wolfe	James Wolfe	Sean Lamanna
James Wolfe	James Wolfe	James Wolfe	James Wolfe	James Wolfe	James Wolfe	Sonny Okafor
James Wolfe	James Wolfe	James Wolfe	James Wolfe	James Wolfe	James Wolfe	Matt Winkle
James Wolfe	James Wolfe	James Wolfe	James Wolfe	James Wolfe	James Wolfe	Judith Greenberg
James Wolfe	James Wolfe	James Wolfe	James Wolfe	James Wolfe	James Wolfe	Javier J Rosa
James Wolfe	James Wolfe	James Wolfe	James Wolfe	James Wolfe	James Wolfe	Joseph Yalme
James Wolfe	James Wolfe	James Wolfe	James Wolfe	James Wolfe	James Wolfe	Jo Smith
James Wolfe	James Wolfe	James Wolfe	James Wolfe	James Wolfe	James Wolfe	Terrance Brooms
James Wolfe	James Wolfe	James Wolfe	James Wolfe	James Wolfe	James Wolfe	Vinodh Rajapopalan
James Wolfe	James Wolfe	James Wolfe	James Wolfe	James Wolfe	James Wolfe	Rebecca Ucluluo
James Wolfe	James Wolfe	James Wolfe	James Wolfe	James Wolfe	James Wolfe	Gopalakrishnan Subraman...
James Wolfe	James Wolfe	James Wolfe	James Wolfe	James Wolfe	James Wolfe	Russ Nehmer
James Wolfe	James Wolfe	James Wolfe	James Wolfe	James Wolfe	James Wolfe	Keith MATTHEWS
James Wolfe	James Wolfe	James Wolfe	James Wolfe	James Wolfe	James Wolfe	Michael Ratcliffe
James Wolfe	James Wolfe	James Wolfe	James Wolfe	James Wolfe	James Wolfe	Paul Sachs
James Wolfe	James Wolfe	James Wolfe	James Wolfe	James Wolfe	James Wolfe	Christopher Bartley
James Wolfe	James Wolfe	James Wolfe	James Wolfe	James Wolfe	James Wolfe	Matthew Hendricks
James Wolfe	James Wolfe	James Wolfe	James Wolfe	James Wolfe	James Wolfe	Ken Rudominer
James Wolfe	James Wolfe	James Wolfe	James Wolfe	James Wolfe	James Wolfe	Elizabeth Johnston
James Wolfe	James Wolfe	James Wolfe	James Wolfe	James Wolfe	James Wolfe	Patricia Fromer
James Wolfe	James Wolfe	James Wolfe	James Wolfe	James Wolfe	James Wolfe	Michael Graham
James Wolfe	James Wolfe	James Wolfe	James Wolfe	James Wolfe	James Wolfe	Antoinette Scott Briscoe
James Wolfe	James Wolfe	James Wolfe	James Wolfe	James Wolfe	James Wolfe	Diane Kestner

Thank You!
From the Cornbread Hemp® Team



Eric Zipperle
Co-founder & CEO

Jim Higdon
Co-founder & CCO



Jon Katz
Marketing Board Advisor

As the Chief Marketing Officer of Fanchest, Jon oversaw the startup's growth from \$100K to \$10M over three years before his exit in 2019. He is now VP of marketing at Build. He advises Cornbread on our marketing efforts.



Dr. Leslie Mudd
Pharmaceutical & Medical Research Board Advisor

Dr. Mudd led the oncology pharmacy team at the Brown Cancer Center at the University of Louisville Hospital. She advises the Cornbread leadership team and our customers on CBD-drug interactions, as well as consulting on product development.



Tanya Hahn
Wholesale Manager

Tanya comes to Cornbread with experiencing launching new products into Kroger and Whole Foods. To date, her biggest accomplishment at Cornbread is getting Cornbread Hemp products into the Dorothy Lane stores in Ohio.



Melissa Ryan Chipman
Customer Service and Community Engagement

With experience in other Louisville-based start-ups, Melissa has taken the lead in our category-leading customer service department and community engagement through social media management.



James Reid
Brand Director

James is a Gold Clio award-winning producer, whose expertise ranges from feature documentaries to brand development to commercials for global brands including AT&T, Nissan, Bud Light, Honda, and Salesforce.



Donald C Freytag
Advisor and EOS consultant

Don helps the Cornbread leadership team implement the Entrepreneur Operating System as designed by Gino Wickham's Traction book.



Details

The Board of Directors

DIRECTOR	OCCUPATION	JOINED
Jim Higdon	vice-president @ Cornbread CBD, PBC	2019
Eric J Zipperle	President @ Cornbread CBD, PBC	2019

Officers

OFFICER	TITLE	JOINED
Jim Higdon	Vice President	2019
Eric Zipperle	President	2019

Voting Power [Ⓢ]

HOLDER	SECURITIES HELD	VOTING POWER
Eric J Zipperle	287,712 Common	28.9%
James C Higdon	287,712 Common	28.9%

Past Equity Fundraises

DATE	AMOUNT	SECURITY	EXEMPTION
01/2019	\$100,000	Common Stock	Section 4(a)(2)
05/2020	\$4,437		Other
06/2020	\$54,200		Other
10/2020	\$392,871		4(a)(6)
04/2021	\$100,000		Other
12/2021	\$369,650		Other
06/2022	\$150,000		Other
09/2022	\$300,000		Other
10/2022	\$900,000		Other
12/2022	\$1,675,000	Preferred Stock	Regulation D, Rule 506(b)

The use of proceeds is to fund general operations.

Outstanding Debts

LENDER	ISSUED	AMOUNT	OUTSTANDING	INTEREST	MATURITY	CU
U.S. Treasury [Ⓢ]	05/01/2020	\$4,437	\$0 [Ⓢ]	0.0%	07/12/2021	
U.S. Small Business Administration [Ⓢ]	06/09/2020	\$54,200	\$52,691 [Ⓢ]	3.75%	06/09/2050	Ye
Lawrence Doyle [Ⓢ]	04/15/2021	\$100,000	\$50,000 [Ⓢ]	0.0%	04/15/2024	Ye
Wayflyer [Ⓢ]	12/20/2021	\$369,650	\$0 [Ⓢ]	3.25%		
Lawrence Doyle [Ⓢ]	06/30/2022	\$150,000	\$0 [Ⓢ]	10.0%	06/30/2023	
Gill Holland [Ⓢ]	09/20/2022	\$300,000	\$300,000 [Ⓢ]	7.0%	09/30/2025	Ye
Henry Scott Baesler [Ⓢ]	10/04/2022	\$900,000	\$830,862 [Ⓢ]	6.0%	09/30/2025	Ye

Related Party Transactions

None.

Capital Structure

CLASS OF SECURITY	SECURITIES (OR AMOUNT) AUTHORIZED	SECURITIES (OR AMOUNT) OUTSTANDING	VOTING RIGHTS
Common Stock	1,000,000	755,727	Yes
Preferred	1,000,000	214,131	No
SECURITIES RESERVED FOR ISSUANCE UPON EXERCISE OR CONVERSION			
Warrants:	0		
Options:	83415 Common Stock Shares		

Risks

Coronavirus's effect on the economy causes the CBD industry irreparable harm due to a sharp dip in consumer spending.

FDA could never issue regulations, which prevents major retailers from stocking CBD, which causes the CBD market to shrivel on the vine.

Because the Investor holds no voting rights, the holders of a majority-in-interest of voting rights in the Company could limit the Investor's rights in a material way. For example, those interest holders could vote to change the terms of the agreements governing the Company's operations or cause the Company to engage in additional offerings (including potentially a public offering).

These changes could result in further limitations on the voting rights the Investor will have as an owner of equity in the Company, for example by diluting those rights or limiting them to certain types of events or consents.

To the extent applicable, in cases where the rights of holders of convertible debt, SAFES, or other outstanding options or warrants are exercised, or if new awards are granted under our equity compensation plans, an Investor's interests in the Company may be diluted. This means that the pro-rata portion of the Company represented by the Investor's securities will decrease, which could also diminish the Investor's voting and/or economic rights. In addition, as discussed above, if a majority-in-interest of holders of securities with voting rights cause the Company to issue additional equity, an Investor's interest will typically also be diluted.

Based on the risk that an Investor's rights could be limited, diluted or otherwise qualified, the Investor could lose all or part of his or her investment in the securities in this offering, and may never see positive returns.

Our future success depends on the efforts of a small management team. The loss of services of the members of the management team may have an adverse effect on the company. There can be no assurance that we will be successful in attracting and retaining other personnel we require to successfully grow our business.

Banking Risks. There have been many stories of certain banks suddenly shutting down and freezing certain accounts. A financial event may occur that will negatively impact the operation of the Corporation and its profitability. Such risks include having funds frozen by the Corporation's bank, shutting down the payment processor so that transactions fail to process, and charging higher prices to provide banking and financing services that may be out of the realm of profitability for the Corporation.

Environmental Liabilities. The Corporation may be exposed to substantial risk of loss arising from the selling CBD products having undisclosed or unknown environmental, health or occupational safety issues, or arising from inadequate reserves, insurance or insurance proceeds for such matters that have been previously identified. Under various federal, state and local laws, ordinances and regulations, an owner of a hemp related business potentially may be liable to consumers purchasing products made from affected hemp. Such laws may now or hereafter impose joint and several liability, which can result in a party being obligated to pay for greater than its share, or even all, of the liability involved. Such liability also potentially could be imposed without regard to whether the owner knew of, or was responsible for, the presence of such hazardous or toxic substances. The presence of such substances may adversely affect the owner's ability to sell hemp products or to borrow funds using inventory as collateral, which could have an adverse effect on the Corporation's returns. The Corporation is also at risk of any catastrophic environmental event that may lead to a shortage of Kentucky grown hemp that would be detrimental to the availability of Cornbread CBD products.

Unavailability of Insurance against Certain Catastrophic Losses. The Corporation intends to maintain property, commercial general liability and workers compensation insurance with limits and policy specifications that Company Management believes are customary for this industry. However, certain losses of a catastrophic nature, such as wars, natural disasters, terrorist attacks or other similar events, may be either uninsurable or, insurable at such high rates that to maintain such coverage would cause an adverse impact on the related investments. In general, losses related to terrorism are becoming harder and more expensive to insure. Most insurers are excluding terrorism coverage from their all-risk policies. In some cases, the insurers are offering significantly limited coverage against terrorist acts for additional premiums, which can increase greatly the total costs of casualty insurance for a property. As a result, the Corporation's business and properties may not be insured against terrorism.

Insolvency and Lack of Liquidity. For a variety of reasons, it is possible that the Corporation may run out of cash prior to reaching a sales volume that yields sufficient cash inflow to pay the Corporation's debts and expenses as they come due in the ordinary course of business.

No Market for Stock; Restrictions on Transfers. Stock in the Corporation has not been registered under the 1933 Act, the securities laws of any U.S. state or the securities laws of any other jurisdiction and, therefore, cannot be sold unless they are subsequently registered under the 1933 Act and other applicable securities laws, or an exemption from registration is available. The Corporation does not contemplate making a registration under the 1933 Act or other securities laws. There is no public market for Stock in the Corporation, and one is not expected to develop. A Shareholder will not be permitted to assign, sell, exchange or transfer any of the Shareholder's Stock, except as provided in the Shareholder Agreement. Shareholders must be prepared to bear the risks of owning Stock for an extended period of time.

Dilution from Issuances of Additional Stock. If the Corporation issues additional shares of its stock other than in accordance with existing ownership percentages, a Shareholder's ownership interest in the Corporation will be diluted.

Public Benefit Corporation Risks. The Corporation is a public benefit corporation, meaning the Corporation takes into account the interest of all stakeholders, not just shareholders. As such, the Corporation will make decisions based on the morality and efficacy of the issue at hand, and not necessarily the profitability of such decision. Therefore, there can be no assurance that the Corporation will continue to remain profitable after its social initiatives are accounted for and realized.

No Assurance of Investment Return. The Corporation cannot provide assurance that the Corporation will be profitable, that it will be able to generate returns for its Shareholders, or that the returns will be commensurate with the risks of investing in the Stock. There can be no assurance that any Shareholder will receive any distribution from the Corporation. Accordingly, an investment in the Corporation should only be considered by persons who can afford a loss of their entire investment.

Taxation and Other Causes of Price Increases. Federal, state and local governments may create and assess new forms of taxes on the sale, processing and/or storage of hemp and CBD products, thereby making the cost to the consumer prohibitive. As witnessed in the domestic tobacco industry, these taxes could substantially decrease the demand for the Corporation's products. Furthermore, because the Corporation anticipates selling a substantial portion of retail products to millennials, any factor that adversely impacts a millennial's disposable income could adversely impact the Corporation.

Highly Competitive Market. The activity of buying a large amount of hemp CBD inventory for resale is highly competitive and involves a high degree of uncertainty. The Corporation will be competing for customers with other local and national hemp CBD brands, as well as the numerous large players that continue to enter the market every day. Hemp CBD is a limited commodity, and there can be no assurance that a large scale retailer will not buy the entire supply, leaving small businesses out of business. There can be no assurance that governmental intervention into the market will not have a negative impact on the profitability and success of the Corporation.

Market Conditions. The Corporation's strategy may be based, in part, upon the premise that qualifying hemp will be available for purchase by the Corporation at a price that the Corporation considers favorable. Further, the Corporation's strategy relies, in part, upon local hemp farmers outperforming other geographical areas. No assurance can be given that hemp CBD will always be obtainable at favorable prices or that the market for such hemp will hold in value, as the case may be, since this will depend, in part, upon events and factors outside the control of the Corporation.

Reliance on Third Party Processors. The Corporation will not process any green hemp materials, and therefore the Corporation will rely on one or more third parties to process the hemp. As such, there can be no assurance that these processors will be able to produce consistent, top of the line products that customers will purchase, or that the processors will sell to the Corporation. CBD generally remains a Schedule I controlled substance. There is a narrow exception for CBD produced in a manner consistent with the 2018 federal Farm Bill, associated federal regulations, and associated state regulations. There is no assurance that the Corporation's third-party processors will comply with applicable laws and regulations.

Potential Regulation of the Hemp Industry. There has not been any significant discussion recently regarding enhanced governmental scrutiny and/or increased regulation of the hemp industry. However, it is uncertain what form and in what jurisdictions such enhanced scrutiny, if any, ultimately may take. As a result, there can be no assurance that the foregoing will not have an adverse impact on the Corporation or otherwise impede the Corporation's ability to effectively achieve its business objectives.

Reliance on the Management Team. The Corporation will be managed by Eric J. Zipperle, as President, and James Cecil Higdon, III, as Vice President (the "Management Team"). The Corporation's future profitability will depend largely upon the business acumen of the Management Team generally, and the President specifically. The President has the power to fill any vacancies caused by the death, disability, or resignation of a member of the Management Team. Although additional persons may join the Corporation's Management Team, the Corporation's success is dependent in part on the continued availability to the Corporation of the services of the President. Likewise, the Corporation's success will depend, to a great extent, on the judgment and ability of the Management Team and its key personnel. The loss of the services of a member of the Management Team could have a materially adverse effect on the ability of the Management Team to successfully manage the Corporation's business.

Backlash from the Healthcare Industry. Existing players in the U.S. health care system who could lose sales volume or revenues due to increased sales of CBD products pose a continuing short-term and long-term threat to the CBD industry because of their tremendous financial resources and lobbying capabilities.

Problems with Shared State-Federal Regulatory Power. The Farm Bill contemplates the ability of a state government and the federal government to cooperate and effectively work together to facilitate the growth and maintenance of the CBD industry. Delays and breakdowns at the federal level, state level or both could adversely affect the Corporation.

Restrictions on Promoting CBD Products. The FDA and the pharmaceutical industry have grown increasingly concerned at the proliferation of CBD products claiming to treat or cure certain diseases or conditions. Existing and future restrictions and controversies over what legally can and cannot be said about a CBD product could have a chilling effect on sales and could expose the Corporation to litigation.

Marketing Risks. To date, CBD companies have been unable to take advantage of certain marketing tools like Google Adwords and Facebook Ads. Because of the nature of business of hemp companies, large corporations like Facebook and Google have refused to allow the marketing of such products. As such, there can be no assurance that the rules related to the current marketing model (Instagram) will not change. As the market changes every day, new rules and regulations are being implemented that could have a negative effect on the Corporation and its profitability.

General Economic and Market Conditions. The hemp industry generally and the success of the Corporation's business activities both will be affected by general economic and market conditions, as well as by changes in laws and national, international and state political and socioeconomic circumstances. A sustained downturn in the United States or global economy (or any particular segment thereof) could adversely affect the Corporation's profitability or impede the Corporation's ability to maintain or continue any growth in sales.

Hemp Industry Risks Generally. The Corporation's business will be subject to the risks inherent in the ownership and operation of hemp-related business. These risks include, but are not limited to, those associated with the burdens of ownership of a hemp related business; general and local economic conditions; changes in supply of and demand for hemp and hemp CBD products (as a result, for instance, of a market collapse); the financial resources of consumers; changes in hemp policy, environmental and other laws; supply shortages; various uninsured or uninsurable risks; natural disasters; changes in government regulations (such as shipping hemp products across state lines); changes in hemp related taxes; negative developments in the economy that depress buying activity; environmental liabilities; terrorist attacks; war; and other factors that are beyond the control of the Corporation's board of directors and officers ("Company Management").

Reliance on Third Party Growers. The Corporation will not grow hemp, and therefore the Corporation will rely upon licensed farmers to grow and provide the hemp. There can be no assurance that these farmers will be able to produce hemp in any given season, that they will comply with applicable laws, that they will be able to produce consistent, high quality hemp, or that they will sell an adequate supply of hemp to the Corporation's processors. Farmland availability, farmer availability, weather conditions, insects, human error, and government regulation and intervention are among many factors that could limit the production of hemp. Excessive demand for hemp by competitors, exclusive supply contracts with competitors, and high crop prices are among many factors that could impact the ability of the Corporation's processors to obtain the hemp raw material they need to produce their products. Furthermore, every hemp plant is different, and therefore every batch of hemp CBD products will be different. Thus, consistency in quality of both the hemp and the CBD product could be a problem.

Description of Securities for Prior Reg CF Raise

Additional issuances of securities. Following the Investor's investment in the Company, the Company may sell interests to additional investors, which will dilute the percentage interest of the Investor in the Company. The Investor may have the opportunity to increase its investment in the Company in such a transaction, but such opportunity cannot be assured. The amount of additional financing needed by the Company, if any, will depend upon the maturity and objectives of the Company. The declining of an

opportunity or the inability of the investor to make a follow-on investment, or the lack of an opportunity to make such a follow-on investment, may result in substantial dilution of the Investor's interest in the Company.

Issuer repurchases of securities. The Company may have authority to repurchase its securities from shareholders, which may serve to decrease any liquidity in the market for such securities, decrease the percentage interests held by other similarly situated investors to the Investor, and create pressure on the Investor to sell its securities to the Company concurrently.

A sale of the issuer or of assets of the issuer. As a minority owner of the Company, the investor will have limited or no ability to influence a potential sale of the Company or a substantial portion of its assets. Thus, the investor will rely upon the executive management of the Company and the Board of Directors of the Company to manage the Company so as to maximize value for shareholders. Accordingly, the success of the investor's investment in the Company will depend in large part upon the skill and expertise of the executive management of the Company and the Board of Directors of the Company. If the Board Of Directors of the Company authorizes a sale of all or a part of the Company, or a disposition of a substantial portion of the Company's assets, there can be no guarantee that the value received by the Investor, together with the fair market estimate of the value remaining in the Company, will be equal to or exceed the value of the Investor's initial investment in the Company.

Transactions with related parties. The Investor should be aware that there will be occasions when the Company may encounter potential conflicts of interest in its operations. On any issue involving conflicts of interest, the executive management and Board of Directors of the Company will be guided by their good faith judgement as to the Company's best interests. The Company may engage in transactions with affiliates, subsidiaries or other related parties, which may be on terms which are not arm's-length, but will be in all cases consistent with the duties of the management of the Company to its shareholders. By acquiring an interest in the Company, the Investor will be deemed to have acknowledged the existence of any such actual or potential conflicts of interest and to have waived any claim with respect to any liability arising from the existence of any such conflict of interest.

Minority Ownership

An Investor in the Company will likely hold a minority position in the Company, and thus be limited as to its ability to control or influence the governance and operations of the Company.

The marketability and value of the Investor's interest in the Company will depend upon many factors outside the control of the Investor. The Company will be managed by its officers and be governed in accordance with the strategic direction and decision-making of its Board Of Directors, and the Investor will have no independent right to name or remove an officer or member of the Board Of Directors of the Company.

Following the Investor's investment in the Company, the Company may sell interests to additional investors, which will dilute the percentage interest of the Investor in the Company. The Investor may have the opportunity to increase its investment in the Company in such a transaction, but such opportunity cannot be assured.

The amount of additional financing needed by the Company, if any, will depend upon the maturity and objectives of the Company. The declining of an opportunity or the inability of the investor to make a follow-on investment, or the lack of an opportunity to make such a follow-on investment, may result in substantial dilution of the Investor's interest in the Company.

Exercise of Rights Held by Principal Shareholders

As holders of a majority-in-interest of voting rights in the Company, the shareholders may make decisions with which the investor disagrees, or that negatively affect the value of the Investor's securities in the Company, and the Investor will have no recourse to change these decisions. The Investor's interests may conflict with those of other investors, and there is no guarantee that the Company will develop in a way that is optimal for or advantageous to the Investor. For example, the shareholders may change the terms of the articles of incorporation for the company, change the terms of securities issued by the Company, change the management of the Company, and even force out minority holders of securities. The shareholders may make changes that affect the tax treatment of the Company in ways that are unfavorable to you but favorable to them. They may also vote to engage in new offerings and/or to register certain of the Company's securities in a way that negatively affects the value of the securities the Investor owns. Other holders of securities of the Company may also have access to more information than the Investor, leaving the Investor at a disadvantage with respect to any decisions regarding the securities he or she owns. The shareholders have the right to redeem their securities at any time. Shareholders could decide to force the Company to redeem their securities at a time that is not favorable to the Investor and is damaging to the Company. Investors' exit may affect the value of the Company and/or its viability. In cases where the rights of holders of convertible debt, SAFES, or other outstanding options or warrants are exercised, or if new awards are granted under our equity compensation plans, an Investor's interests in the Company may be diluted. This means that the pro-rata portion of the Company represented by the Investor's securities will decrease, which could also diminish the Investor's voting and/or economic rights. In addition, as discussed above, if a majority-in-interest of holders of securities with voting rights cause the Company to issue additional stock, an Investor's interest will typically also be diluted.

Restrictions on Transfer

The securities offered via Regulation Crowdfunding may not be transferred by any purchaser of such securities during the one year period beginning when the securities were issued, unless such securities are transferred:

- to the issuer;
- to an accredited investor^①;
- as part of an offering registered with the U.S. Securities and Exchange Commission; or
- to a member of the family of the purchaser or the equivalent, to a trust controlled by the purchaser, to a trust created for the benefit of a member of the family of the purchaser or the equivalent, or in connection with the death or divorce of the purchaser or other similar circumstance.

Valuation Methodology for Prior Reg CF Raise

The offering price for the securities offered pursuant to this Form C has been determined arbitrarily by the Company, and does not necessarily bear any relationship to the Company's book value, assets, earnings or other generally accepted valuation criteria. In determining the offering price, the Company did not employ investment banking firms or other outside organizations to make an independent appraisal or evaluation. Accordingly, the offering price should not be considered to be indicative of the actual value of the securities offered hereby.

The initial amount invested in a Convertible Note is determined by the investor, and we do not guarantee that the Convertible Note will be converted into any particular number of shares.

As discussed in Question 13, when we engage in an offering of equity involving Stock, Investors may receive a number of shares of Preferred Stock calculated as either the conversion price equal to the lesser of (i) 85% of the price paid per share for Equity Securities by the Investors in the Qualified Financing or (ii) the price equal to the quotient of the valuation cap of \$4,000,000.00 (the "Valuation Cap") divided by the aggregate number of outstanding shares of the Company's stock as of immediately prior to the initial closing of the Qualified Financing (assuming full conversion or exercise of all convertible and exercisable securities then outstanding, but excluding the shares of equity securities of the Company issuable upon the conversion of the Notes or any other debt).

Because there will likely be no public market for our securities prior to an initial public offering or similar liquidity event, the price of the Stock that Investors will receive, and/or the total value of the Company's capitalization, will be determined by our board of directors. Among the factors we may consider in determining the price of Stock are prevailing market conditions, our financial information, market valuations of other companies that we believe to be comparable to us, estimates of our business potential, the present state of our development and other factors deemed relevant. In the future, we will perform valuations of our units that take into account, as applicable, factors such as the following:

- unrelated third party valuations;
- the price at which we sell other securities in light of the relative rights, preferences and privileges of those
- our results of operations, financial position and capital resources;
- current business conditions and projections;
- the marketability or lack thereof of the securities;
- the hiring of key personnel and the experience of our management;
- the introduction of new products;
- the risk inherent in the development and expansion of our products;
- our stage of development and material risks related to our business;
- the likelihood of achieving a liquidity event, such as an initial public offering or a sale of our company given the
- market conditions and the nature and history of our business;
- industry trends and competitive environment;
- trends in consumer spending, including consumer confidence;
- overall economic indicators, including gross domestic product, employment, inflation and interest rates; and
- the general economic outlook.

We will analyze factors such as those described above using a combination of financial and market-based methodologies to determine our business enterprise value. For example, we may use methodologies that assume that businesses operating in the same industry will share similar characteristics and that the Company's value will correlate to those characteristics, and/or methodologies that compare transactions in similar securities issued by us that were conducted in the market.

Company

Cornbread CBD, PBC

- Kentucky Public Benefit Corporation
- Organized January 2019
- 27 employees

2517 Data Drive

Louisville KY 40299

<https://www.cornbreadhemp.com>

Business Description

Refer to the [Cornbread Hemp[®]](#) profile.

EDGAR Filing

The Securities and Exchange Commission hosts the [official version of this annual report](#) on their EDGAR web site. It looks like it was built in 1989.

Compliance with Prior Annual Reports

Cornbread Hemp[®] is current with all reporting requirements under Rule 202 of Regulation Crowdfunding.

All prior investor updates

You can refer to the company's [updates page](#) to view all updates to date. Updates are for investors only and will require you to log in to the Wefunder account used to make the investment.

