

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

FORM C

UNDER THE SECURITIES ACT OF 1933

(Mark one.)

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

***Name of Issuer:***

CB Therapeutics, Inc.

***Legal status of Issuer:***

***Form:***

Corporation

***Jurisdiction of Incorporation/Organization:***

Delaware

***Date of Organization:***

March 20, 2015

***Physical Address of Issuer:***

2463 Impala Drive  
Carlsbad, CA, 92010

***Website of Issuer:***

www.cbthera.com

***Is there a co-issuer?*** \_\_\_ yes X no.

***Name of Intermediary through which the Offering will be Conducted:***

OpenDeal Portal LLC dba Republic

***CIK Number of Intermediary:***

0001751525

***SEC File Number of Intermediary:***

007-00167

***CRD Number of Intermediary:***

283874

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

At the conclusion of the offering, the issuer shall pay a fee of six percent (6%) of the amount raised in the offering to the Intermediary.

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

The Intermediary will also receive compensation in the form of securities equal to two percent (2%) of the total number of the securities sold in the offering.

***Type of Security Offered:***

Crowd SAFE (Simple Agreement for Future Equity)

***Target Number of Securities to be Offered:***

25,000

***Price (or Method for Determining Price):***

\$1.00

***Target Offering Amount:***

\$25,000

***Oversubscriptions Accepted:***

- ☒ Yes  
☐ No

***Oversubscriptions will be Allocated:***

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

***Maximum offering amount (if different from Target Offering Amount):***

\$1,235,000

***Deadline to reach the Target Offering Amount:***

April 30, 2023

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

***Current Number of Employees:***

18



	<b>Most recent fiscal year-end (2021)</b>	<b>Prior fiscal year-end (2020)</b>
<b>Total Assets</b>	\$3,722,376	\$910,015
<b>Cash &amp; Cash Equivalents</b>	\$1,810,709	\$13,453
<b>Accounts Receivable</b>	\$14,066	\$0
<b>Short-term Debt</b>	\$287,110	\$677,795
<b>Long-term Debt</b>	\$188,555	\$730,988
<b>Revenues/Sales</b>	\$2,014,066	\$0
<b>Cost of Goods Sold</b>	\$0	\$0
<b>Taxes Paid</b>	\$3,017	\$1,600
<b>Net Income</b>	(\$1,772,158)	(\$2,278,343)

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

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

**CB Therapeutics, Inc.**

**A crowdfunding investment involves risk. You should not invest any funds in this Offering unless you can afford to lose your entire investment.**

**In making an investment decision, investors must rely on their own examination of the Company and the terms of the Offering, including the merits and risks involved. These Securities have not been recommended or approved by any federal or state securities commission or regulatory authority. Furthermore, these authorities have not passed upon the accuracy or adequacy of this document.**

**The U.S. Securities and Exchange Commission does not pass upon the merits of any Securities offered or the terms of the Offering, nor does it pass upon the accuracy or completeness of any Offering document or literature.**

**These Securities are offered under an exemption from registration; however, the U.S. Securities and Exchange Commission has not made an independent determination that these Securities are exempt from registration.**

THESE SECURITIES INVOLVE A HIGH DEGREE OF RISK THAT MAY NOT BE APPROPRIATE FOR ALL INVESTORS. THERE ARE ALSO SIGNIFICANT UNCERTAINTIES ASSOCIATED WITH AN INVESTMENT IN THIS OFFERING AND THE SECURITIES. THE SECURITIES OFFERED HEREBY ARE NOT PUBLICLY TRADED. THERE IS NO PUBLIC MARKET FOR THE SECURITIES AND ONE MAY NEVER DEVELOP. AN INVESTMENT IN THIS OFFERING IS HIGHLY SPECULATIVE. THE SECURITIES SHOULD NOT BE PURCHASED BY ANYONE WHO CANNOT BEAR THE FINANCIAL RISK OF THIS INVESTMENT FOR AN INDEFINITE PERIOD OF TIME AND WHO CANNOT AFFORD THE LOSS OF THEIR ENTIRE INVESTMENT. SEE THE SECTION OF THIS FORM C TITLED "*RISK FACTORS*".

THE SECURITIES OFFERED HEREBY WILL HAVE TRANSFER RESTRICTIONS. NO SECURITIES MAY BE PLEDGED, TRANSFERRED, RESOLD OR OTHERWISE DISPOSED OF BY ANY INVESTOR EXCEPT PURSUANT TO RULE 501 OF REGULATION CF. PROSPECTIVE INVESTORS SHOULD BE AWARE THAT THEY WILL BE REQUIRED TO BEAR THE FINANCIAL RISKS OF THIS INVESTMENT FOR AN INDEFINITE PERIOD OF TIME. THE SECURITIES MAY HAVE FURTHER TRANSFER RESTRICTIONS NOT PROVIDED FOR BY FEDERAL, STATE OR FOREIGN LAW.

NO ONE SHOULD CONSTRUE THE CONTENTS OF THIS FORM C AS LEGAL, ACCOUNTING OR TAX ADVICE OR AS INFORMATION NECESSARILY APPLICABLE TO YOUR PARTICULAR FINANCIAL SITUATION. EACH INVESTOR SHOULD CONSULT THEIR OWN FINANCIAL ADVISER, COUNSEL AND ACCOUNTANT AS TO LEGAL, TAX AND RELATED MATTERS CONCERNING THEIR INVESTMENT.

THIS OFFERING IS ONLY EXEMPT FROM REGISTRATION UNDER THE LAWS OF THE UNITED STATES AND ITS TERRITORIES. NO OFFER IS BEING MADE IN ANY JURISDICTION NOT LISTED ABOVE. PROSPECTIVE INVESTORS ARE SOLELY RESPONSIBLE FOR DETERMINING THE PERMISSIBILITY OF THEIR PARTICIPATING IN THIS OFFERING, INCLUDING OBSERVING ANY OTHER REQUIRED LEGAL FORMALITIES AND SEEKING CONSENT FROM THEIR LOCAL REGULATOR, IF NECESSARY. THE INTERMEDIARY FACILITATING THIS OFFERING IS LICENSED AND REGISTERED SOLELY IN THE UNITED STATES AND HAS NOT SECURED, AND HAS NOT SOUGHT TO SECURE, A LICENSE OR WAIVER OF THE NEED FOR SUCH LICENSE IN ANY OTHER JURISDICTION. THE COMPANY, THE ESCROW AGENT AND THE INTERMEDIARY, EACH RESERVE THE RIGHT TO REJECT ANY INVESTMENT COMMITMENT MADE BY ANY PROSPECTIVE INVESTOR, WHETHER FOREIGN OR DOMESTIC.

**SPECIAL NOTICE TO FOREIGN INVESTORS**

INVESTORS OUTSIDE OF THE UNITED STATES, TAKE NOTICE IT IS EACH INVESTOR'S RESPONSIBILITY TO FULLY OBSERVE THE LAWS OF ANY RELEVANT TERRITORY OR JURISDICTION

OUTSIDE THE UNITED STATES IN CONNECTION WITH ANY PURCHASE OF THE SECURITIES, INCLUDING OBTAINING REQUIRED GOVERNMENTAL OR OTHER CONSENTS OR OBSERVING ANY OTHER REQUIRED LEGAL OR OTHER FORMALITIES. WE RESERVE THE RIGHT TO DENY THE PURCHASE OF THE SECURITIES BY ANY FOREIGN INVESTOR.

#### **NOTICE REGARDING THE ESCROW AGENT**

THE ESCROW AGENT SERVICING THE OFFERING, HAS NOT INVESTIGATED THE DESIRABILITY OR ADVISABILITY OF AN INVESTMENT IN THIS OFFERING OR THE SECURITIES OFFERED HEREIN. THE ESCROW AGENT MAKES NO REPRESENTATIONS, WARRANTIES, ENDORSEMENTS, OR JUDGMENT ON THE MERITS OF THE OFFERING OR THE SECURITIES OFFERED HEREIN. THE ESCROW AGENT'S CONNECTION TO THE OFFERING IS SOLELY FOR THE LIMITED PURPOSES OF ACTING AS A SERVICE PROVIDER.

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## ABOUT THIS FORM C

You should rely only on the information contained in this Form C. We have not authorized anyone to provide any information or make any representations other than those contained in this Form C, and no source other than OpenDeal Portal LLC dba Republic (the “**Intermediary**”) has been authorized to host this Form C and the Offering. If anyone provides you with different or inconsistent information, you should not rely on it. We are not offering to sell, nor seeking offers to buy, the Securities (as defined below) in any jurisdiction where such offers and sales are not permitted. The information contained in this Form C and any documents incorporated by reference herein is accurate only as of the date of those respective documents, regardless of the time of delivery of this Form C or the time of issuance or sale of any Securities.

Statements contained herein as to the content of any agreements or other documents are summaries and, therefore, are necessarily selective and incomplete and are qualified in their entirety by the actual agreements or other documents. Prior to the consummation of the purchase and sale of the Securities, the Company will afford prospective Investors (defined below) an opportunity to ask questions of, and receive answers from, the Company and its management concerning the terms and conditions of this Offering and the Company. Potential purchasers of the Securities are referred to herein as “**Investors**” or “**you**”.

In making an investment decision, you must rely on your own examination of the Company and the terms of the Offering, including the merits and risks involved. The statements of the Company contained herein are based on information believed to be reliable; however, no warranty can be made as to the accuracy of such information or that circumstances have not changed since the date of this Form C. For example, our business, financial condition, results of operations, and prospects may have changed since the date of this Form C. The Company does not expect to update or otherwise revise this Form C or any other materials supplied herewith.

This Form C is submitted in connection with the Offering described herein and may not be reproduced or used for any other purpose.

## CAUTIONARY NOTE CONCERNING FORWARD-LOOKING STATEMENTS

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

The forward-looking statements contained in this Form C and any documents incorporated by reference herein are based on reasonable assumptions we have made in light of our industry experience, perceptions of historical trends, current conditions, expected future developments and other factors we believe are appropriate under the circumstances. As you read and consider this Form C, you should understand that these statements are not guarantees of performance or results. Although we believe that these forward-looking statements are based on reasonable assumptions, you should be aware that many factors could affect our actual operating and financial performance and cause our performance to differ materially from the performance anticipated in the forward-looking statements. Should one or more of these risks or uncertainties materialize, or should any of these assumptions prove incorrect or change, our actual operating and financial performance may vary in material respects from the performance projected in these forward-looking statements.

Investors are cautioned not to place undue reliance on these forward-looking statements. Any forward-looking statements made in this Form C or any documents incorporated by reference herein is accurate only as of the date of those respective documents. Except as required by law, we undertake no obligation to publicly update any forward-looking statements for any reason after the date of this Form C or to conform these statements to actual results or to changes in our expectations.

## THE OFFERING AND THE SECURITIES

### The Offering

The Company is offering a minimum amount of \$25,000 (the “**Target Offering Amount**”) and up to a maximum amount of \$1,235,000 (the “**Maximum Offering Amount**”) of Crowd SAFE (Simple Agreement for Future Equity) (the “**Securities**”) on a best efforts basis as described in this Form C (this “**Offering**”). The Minimum Individual Subscription Amount is \$250 and the Maximum Individual Subscription Amount is \$250,000. The Company reserves the right to amend the Minimum Individual Subscription Amount and Maximum Individual Subscription Amount, in its sole discretion. In particular, the Company may elect to participate in one of the Intermediary’s special investment programs and may offer alternative Minimum Individual Subscription Amounts and Maximum Individual Subscription Amounts to Investors participating in such programs without notice. The Company must raise an amount equal to or greater than the Target Offering Amount by April 30, 2023 (the “**Offering Deadline**”). Unless the Company receives investment commitments, which are fully paid for and meet all other requirements set by this Offering, in an amount not less than the Target Offering Amount by the Offering Deadline, no Securities will be sold in this Offering, all investment commitments will be cancelled and all committed funds will be returned.

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

In order to purchase the Securities, you must make a commitment to purchase by completing the subscription process hosted by the **Intermediary** (as defined above), including complying with the Intermediary’s know your customer (KYC) and anti-money laundering (AML) policies. **If an Investor makes an investment commitment under a name that is not their legal name, they may be unable to redeem their Security indefinitely, and neither the Intermediary nor the Company are required to correct any errors or omissions made by the Investor.**

Investor funds will be held in escrow with a qualified third-party escrow agent meeting the requirements of Regulation CF (“**Escrow Agent**”) until the Target Offering Amount has been met or exceeded and one or more closings occur. Investors may cancel an investment commitment until up to 48 hours prior to the Offering Deadline or an intermediate close, using the cancellation mechanism provided by the Intermediary. **Investors using a credit card to invest must represent and warrant to cancel any investment commitment(s) by submitting a request through the Intermediary at least 48 hours prior to the Offering Deadline, instead of attempting to claim fraud or claw back their committed funds. If the investor does not cancel an investment commitment before the 48-hour period prior to the Offering Deadline, the funds will be released to the Issuer and the investor will receive their Securities.**

The Company will notify Investors when the Target Offering Amount has been reached through the Intermediary. If the Company reaches the Target Offering Amount prior to the Offering Deadline, it may close the Offering early *provided* (i) the expedited Offering Deadline must be twenty-one (21) days from the time the Offering was opened, (ii) the Intermediary must provide at least five (5) business days’ notice prior to the expedited Offering Deadline to the Investors and (iii) the Company continues to meet or exceed the Target Offering Amount on the date of the expedited Offering Deadline.

### The Deal Page

A description of our products, services and business plan can be found on the Company’s profile page on the Intermediary’s website under <https://republic.com/cb-therapeutics> (the “**Deal Page**”). The Deal Page can be used by prospective Investors to ask the Company questions and for the Company to post immaterial updates to this Form C as well as make general announcements. You should view the Deal Page at the time you consider making an investment commitment. Updates on the status of this Offering can also be found on the Deal Page.

### Material Changes

If any material change occurs related to the Offering prior to the current Offering Deadline the Company will provide notice to Investors and receive reconfirmations from Investors who have already made commitments. If an Investor does not reconfirm their investment commitment after a material change is made to the terms of the Offering within five (5) business days of receiving notice, the Investor’s investment commitment will be cancelled and the committed funds will be returned without interest or deductions.



## **Intermediate Closings**

In the event an amount equal to two (2) times the Target Offering Amount is committed and meets all required terms of the Offering prior to the Offering Deadline on such date or such later time the Company designates pursuant to Rule 304(b) of Regulation CF, the Company may conduct the first of multiple closings of the Offering early, *provided* (i) the early closing date must be twenty-one (21) days from the time the Offering opened and (ii) that all Investors will receive notice of such early closing date at least five (5) business days prior to such new offering deadline (absent a material change that would require an extension of the Offering and reconfirmation of all investment commitments). Investors who committed on the date such notice is provided or prior to the issuance of such notice will be able to cancel their investment commitment until 48 hours before such early closing date.

If the Company conducts an initial closing (the “**Initial Closing**”), the Company agrees to only withdraw seventy percent (70%) of the proceeds that are in escrow and will only conduct such Initial Closing if there are more than twenty-one (21) days remaining before the Offering Deadline as of the date of the Initial Closing. The Company may only conduct another close (a “**Subsequent Closing**”) before the Offering Deadline if the amount of investment commitments made as of the date of such Subsequent Closing exceeds two times the Target Offering Amount as of the date of the Initial Closing and there are more than twenty-one (21) days remaining before the Offering Deadline as of the date of such Subsequent Closing.

Any investment commitments received after an intermediate closing will be released to the Company upon a subsequent closing and the Investor will receive evidence of the Securities via electronic certificate/PDF in exchange for their investment commitment as soon as practicable thereafter.

The Company has agreed to return all funds to Investors in the event a Form C-W is ultimately filed in relation to this Offering, regardless of whether multiple closings are conducted.

Investment commitments are not binding on the Company until they are accepted by the Company, which reserves the right to reject, in whole or in part, in its sole and absolute discretion, any investment commitment. If the Company rejects all or a portion of any investment commitment, the applicable prospective Investor’s funds will be returned without interest or deduction.

## **The Securities**

We request that you please review this Form C and the Instrument attached as Exhibit B, in conjunction with the following summary information.

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

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

### ***Not Currently Equity Interests***

The Securities are not currently equity interests in the Company and merely provide a right to receive equity at some point in the future upon the occurrence of certain events (which may or may not occur).

### ***Dividends and/or Distributions***

The Securities do not entitle Investors to any dividends.

### ***Nominee***

The Nominee (as defined below) will act on behalf of the Investors as their agent and proxy in all respects. The Nominee will be entitled, among other things, to exercise any voting rights (if any) conferred upon the holder of Securities or any securities acquired upon their conversion, to execute on behalf of an investor all transaction documents related to the transaction or other corporate event causing the conversion of the Securities, and as part of the conversion process the Nominee has the authority to open an account in the name of a qualified custodian, of the Nominee’s sole discretion, to take custody of any securities acquired upon conversion of the Securities. The Nominee will take direction from a pre-disclosed party selected by the Company and designated below on any matter in which

affects the Investors' economic rights. The Nominee is not a fiduciary to the Investors and the Investors agree to indemnify the Nominee per the terms of the Security.

### ***Conversion***

Upon the next sale (or series of related sales) by the Company of its Capital Stock to one or more third parties resulting in gross proceeds to the Company of not less than \$1,000,000 cash and cash equivalent (each an "**Equity Financing**"), the Securities are convertible into shares of the securities issued in said Equity Financing, at the option of the Company.

### ***Conversion Upon the First Equity Financing***

If the Company elects to convert the Securities upon the first Equity Financing following the issuance of the Securities, the Investor will receive the number of securities equal to the greater of the quotient obtained by dividing the amount the Investor paid for the Securities (the "**Subscription Amount**") by (a) or (b) immediately below:

(a) the quotient of \$45,000,000 ("**Valuation Cap**") divided by the aggregate number of issued and outstanding shares of capital stock, assuming full conversion or exercise of all convertible and exercisable securities then outstanding, including shares of convertible preferred stock and all outstanding vested or unvested options or warrants to purchase capital stock, but excluding (i) shares of capital stock reserved for future issuance under any equity incentive or similar plan, (ii) convertible promissory notes, (iii) any Simple Agreements for Future Equity, including the Securities (collectively, "**SAFEs**"), and (iv) any equity securities that are issuable upon conversion of any outstanding convertible promissory notes or **SAFEs**;

OR

(b) the price per share of the securities sold in such Equity Financing multiplied by 80%.

Such conversion price shall be deemed the "**First Equity Financing Price**".

### ***Conversion After the First Equity Financing***

If the Company elects to convert the Securities upon an Equity Financing other than the first Equity Financing following the issuance of the Securities, at the Company's discretion the Investor will receive, the number of converted securities equal to the quotient obtained by dividing (a) the Subscription Amount by (b) the First Equity Financing Price.

### ***Conversion Upon a Liquidity Event Prior to an Equity Financing***

In the case of the Company's undergoing an **IPO** (as defined below) of its Capital Stock (as defined in the Security) or a **Change of Control** (as defined below) of the Company (either of these events, a "**Liquidity Event**") prior to any Equity Financing, the Investor will receive, at the option of the Investor and within thirty (30) days of receiving notice (whether actual or constructive), either (i) a cash payment equal to the Subscription Amount subject to the following paragraph (the "**Cash Out Option**") or (ii) a number of shares of Common Stock of the Company equal to the Subscription Amount divided by the quotient of (a) \$45,000,000 divided by (b) the number, as of immediately prior to the Liquidity Event, of shares of the Company's capital stock outstanding (on an as-converted basis), assuming the exercise or conversion of all outstanding vested and unvested options, warrants and other convertible securities, but excluding: (w) shares of capital stock reserved for future issuance under any equity incentive or similar plan; (x) any **SAFEs**; (y) convertible promissory notes; and (z) any equity securities that are issuable upon conversion of any outstanding convertible promissory notes or **SAFEs**.

In connection with the Cash Out Option, the Subscription Amount (or a lesser amount as described below) will be due and payable by the Company to the Investor immediately prior to, or concurrent with, the consummation of the Liquidity Event. If there are not enough funds to pay the Investors and the holders of other **SAFEs** (collectively, the "**Cash-Out Investors**") in full, then all of the Company's available funds will be distributed with equal priority and pro rata among the Cash-Out Investors in proportion to their Subscription Amounts.

"**Change of Control**" as used above, means (i) a transaction or series of related transactions in which any person or group becomes the beneficial owner of more than fifty percent (50%) of the outstanding voting securities entitled to



elect the Company's board of directors, (ii) any reorganization, merger or consolidation of the Company, in which the outstanding voting security holders of the Company fail to retain at least a majority of such voting securities following such transaction or (iii) a sale, lease or other disposition of all or substantially all of the assets of the Company.

"**IPO**" as used above, means: (A) the completion of an underwritten initial public offering of Capital Stock by the Company pursuant to: (I) a final prospectus for which a receipt is issued by a securities commission of the United States or of a province of Canada, or (II) a registration statement which has been filed with the United States Securities and Exchange Commission and is declared effective to enable the sale of Capital Stock by the Company to the public, which in each case results in such equity securities being listed and posted for trading or quoted on a recognized exchange; (B) the Company's initial listing of its Capital Stock (other than shares of Capital Stock not eligible for resale under Rule 144 under the Securities Act) on a national securities exchange by means of an effective registration statement on Form S-1 filed by the Company with the SEC that registers shares of existing capital stock of the Company for resale, as approved by the Company's board of directors, where such listing shall not be deemed to be an underwritten offering and shall not involve any underwriting services; or (C) the completion of a reverse merger or take-over whereby an entity (I) whose securities are listed and posted for trading or quoted on a recognized exchange, or (II) is a reporting issuer in the United States or the equivalent in any foreign jurisdiction, acquires all of the issued and outstanding Capital Stock of the Company.

#### *Conversion Upon a Liquidity Event Following an Equity Financing*

In the case of a Liquidity Event following any Equity Financing, the Investor will receive, at the option of the Investor and within thirty (30) days of receiving notice (whether actual or constructive), either (i) the Cash Out Option or (ii) a number of shares of the most recently issued capital stock equal to the Subscription Amount divided by the First Equity Financing Price. Shares of capital stock granted in connection therewith shall have the same liquidation rights and preferences as the shares of capital stock issued in connection with the Company's most recent Equity Financing.

If there are not enough funds to pay the Investors and the other Cash-Out Investors in full, then all of the Company's available funds will be distributed with equal priority and pro rata among the Cash-Out Investors in proportion to their Subscription Amounts.

If the Company's board of directors (or other applicable governing body if the Company is a limited liability company) determines in good faith that delivery of equity securities to the Investor pursuant to Liquidity Event paragraphs above would violate applicable law, rule or regulation, then the Company shall deliver to Investor in lieu thereof, a cash payment equal to the fair market value of such capital stock, as determined in good faith by the Company's board of directors (or other applicable governing body if the Company is a limited liability company).

#### ***Dissolution***

If there is a **Dissolution Event** (as defined below) before the Securities terminate, subject to the preferences applicable to any series of preferred stock then outstanding, the Company will distribute all proceeds legally available for distribution with equal priority among the (i) holders of the Securities (on an as converted basis based on a valuation of Common Stock as determined in good faith by the Company's board of directors at the time of the Dissolution Event), (ii) all other holders of instruments sharing in the distribution of proceeds of the Company at the same priority as holders of Common Stock upon a Dissolution Event and (iii) all holders of Common Stock.

A "**Dissolution Event**" means (i) a voluntary termination of operations by the Company, (ii) a general assignment for the benefit of the Company's creditors or (iii) any other liquidation, dissolution or winding up of the Company (excluding a Liquidity Event), whether voluntary or involuntary.

#### ***Termination***

The Securities terminate (without relieving the Company of any obligations arising from a prior breach of or non-compliance with the Securities) upon the earlier to occur of: (i) the issuance of shares in the converted securities to the Investor pursuant to the conversion provisions of the Crowd SAFE agreement or (ii) the payment, or setting aside for payment, of amounts due to the Investor pursuant to a Liquidity Event or a Dissolution Event.

#### ***Voting and Control***

Neither the Securities **nor the securities issuable upon the conversion** of the Securities have voting rights unless otherwise provided for by the Company. In addition, to facilitate the Offering Crowd SAFE Investors being able to act together and cast a vote as a group, to the extent any securities acquired upon conversion of the Securities confer the holder with voting rights (whether provided by the Company's governing documents or by law), the Nominee (as defined above) will act on behalf of the holders as agent and proxy in all respects. The Nominee will vote consistently with the majority of the voting power of Capital Stock.

### ***Anti-Dilution Rights***

The Securities do not have anti-dilution rights, which means that future equity issuances and other events will dilute the ownership percentage that Investors may eventually have in the Company.

### ***Restrictions on Transfer***

Any Securities sold pursuant to Regulation CF being offered may not be transferred by any Investor of such Securities during the one-year holding period beginning when the Securities were issued, unless such Securities are transferred: (1) to the Company; (2) to an accredited investor, as defined by Rule 501(d) of Regulation D promulgated under the Securities Act; (3) as part of an IPO; or (4) to a member of the family of the Investor or the equivalent, to a trust controlled by the Investor, to a trust created for the benefit of a member of the family of the Investor or the equivalent, or in connection with the death or divorce of the Investor or other similar circumstances. "Member of the family" as used herein means a child, stepchild, grandchild, parent, stepparent, grandparent, spouse or spousal equivalent, sibling, mother/father/daughter/son/sister/brother-in-law, and includes adoptive relationships. Each Investor should be aware that although the Securities may legally be able to be transferred, there is no guarantee that another party will be willing to purchase them.

In addition to the foregoing restrictions, prior to making any transfer of the Securities or any capital stock into which they are convertible, such transferring Investor must either make such transfer pursuant to an effective registration statement filed with the SEC or provide the Company with an opinion of counsel reasonably satisfactory to the Company stating that a registration statement is not necessary to effect such transfer.

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

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

If a transfer, resale, assignment or distribution of the Security should occur prior to the conversion of the Security or after, if the Security is still held by the original purchaser directly, the transferee, purchaser, assignee or distribute, as relevant, will be required to sign a new Nominee Rider (as defined in the Security) and provide personally identifiable information to the Nominee sufficient to establish a custodial account at a later date and time. Under the Terms of the Securities, the Nominee has the right to place shares received from the conversion of the Security into a custodial relationship with a qualified third party and have said Nominee be listed as the holder of record. In this case, Investors will only have a beneficial interest in the equity securities derived from the Securities, not legal ownership, which may make their resale more difficult as it will require coordination with the custodian and Republic Investment Services.

### ***Other Material Terms***

- The Company does not have the right to repurchase the Securities.
- The Securities do not have a stated return or liquidation preference.
- The Company cannot determine if it currently has enough capital stock authorized to issue upon the conversion of the Securities, because the amount of capital stock to be issued is based on the occurrence of future events.

## COMMISSION AND FEES

### Cash Commission

At the conclusion of the Offering, the issuer shall pay a cash fee of six percent (6%) of the amount raised in the Offering to the Intermediary.

### Other Compensation

The Intermediary will also receive compensation in the form of the Securities equal to two percent (2%) of the total number of the Securities sold in the offering. The total number of Securities outstanding after the Offering is subject to increase in an amount equal to the Intermediary's fee of two percent (2%) of the Securities issued in this Offering.

## RISK FACTORS

*Investing in the Securities involves a high degree of risk and may result in the loss of your entire investment. Before making an investment decision with respect to the Securities, we urge you to carefully consider the risks described in this section and other factors set forth in this Form C. In addition to the risks specified below, the Company is subject to same risks that all companies in its business, and all companies in the economy, are exposed to. These include risks relating to economic downturns, political and economic events and technological developments (such as hacking and the ability to prevent hacking). Additionally, early-stage companies are inherently riskier than more developed companies. Prospective Investors should consult with their legal, tax and financial advisors prior to making an investment in the Securities. The Securities should only be purchased by persons who can afford to lose all of their investment.*

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

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

The Company is still in an early phase and we are just beginning to implement our business plan. There can be no assurance that we will ever operate profitably. The likelihood of our success should be considered in light of the problems, expenses, difficulties, complications and delays usually encountered by early stage companies. The Company may not be successful in attaining the objectives necessary for it to overcome these risks and uncertainties.

*Global crises and geopolitical events, including without limitation, COVID-19 can have a significant effect on our business operations and revenue projections.*

With shelter-in-place orders and non-essential business closings potentially happening intermittently throughout 2022 and into the future due to COVID-19, the Company's revenue may have been, and may continue to be, adversely affected.

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

In order to achieve the Company's near and long-term goals, the Company may need to procure funds in addition to the amount raised in the Offering. There is no guarantee the Company will be able to raise such funds on acceptable terms or at all. If we are not able to raise sufficient capital in the future, we may not be able to execute our business plan, our continued operations will be in jeopardy and we may be forced to cease operations and sell or otherwise transfer all or substantially all of our remaining assets, which could cause an Investor to lose all or a portion of their investment.

*We may face potential difficulties in obtaining capital.*

We may have difficulty raising needed capital in the future as a result of, among other factors, our lack of revenues from sales, as well as the inherent business risks associated with our Company and present and future market conditions. Current and future sources of revenue may not be sufficient to meet our future capital requirements. We

will likely require additional funds to execute our business strategy and conduct our operations. If adequate funds are unavailable, we may be required to delay, reduce the scope of or eliminate one or more of our research, development or commercialization programs, product launches or marketing efforts, any of which may materially harm our business, financial condition and results of operations.

Unless we increase our authorized capital stock, we may not have enough authorized capital stock to issue shares of common stock to investors upon the conversion of any security convertible into shares of our common stock, including the Securities, but we anticipate ensuring that sufficient additional capital stock is authorized once we close this offering of Securities.

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

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

***We rely on other companies to provide components and services for our products.***

We depend on suppliers and contractors to meet our contractual obligations to our customers and conduct our operations. Our ability to meet our obligations to our customers may be adversely affected if suppliers or contractors do not provide the agreed-upon supplies or perform the agreed-upon services in compliance with customer requirements and in a timely and cost-effective manner. Likewise, the quality of our products may be adversely impacted if companies to whom we delegate manufacture of major components or subsystems for our products, or from whom we acquire such items, do not provide components which meet required specifications and perform to our and our customers' expectations. Our suppliers may be unable to quickly recover from natural disasters and other events beyond their control and may be subject to additional risks such as financial problems that limit their ability to conduct their operations. The risk of these adverse effects may be greater in circumstances where we rely on only one or two contractors or suppliers for a particular component. Our products may utilize custom components available from only one source. Continued availability of those components at acceptable prices, or at all, may be affected for any number of reasons, including if those suppliers decide to concentrate on the production of common components instead of components customized to meet our requirements. The supply of components for a new or existing product could be delayed or constrained, or a key manufacturing vendor could delay shipments of completed products to us adversely affecting our business and results of operations.

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

The Company relies on certain intellectual property rights to operate its business. The Company's intellectual property rights may not be sufficiently broad or otherwise may not provide us a significant competitive advantage. In addition, the steps that we have taken to maintain and protect our intellectual property may not prevent it from being challenged, invalidated, circumvented or designed-around, particularly in countries where intellectual property rights are not highly developed or protected. In some circumstances, enforcement may not be available to us because an infringer has a dominant intellectual property position or for other business reasons, or countries may require compulsory licensing of our intellectual property. Our failure to obtain or maintain intellectual property rights that convey competitive advantage, adequately protect our intellectual property or detect or prevent circumvention or unauthorized use of such property, could adversely impact our competitive position and results of operations. We also rely on nondisclosure and noncompetition agreements with employees, consultants and other parties to protect, in part, trade secrets and other proprietary rights. There can be no assurance that these agreements will adequately protect our trade secrets and other proprietary rights and will not be breached, that we will have adequate remedies for any breach, that others will not independently develop substantially equivalent proprietary information or that third parties will not otherwise gain access to our trade secrets or other proprietary rights. As we expand our business, protecting our intellectual property will become increasingly important. The protective steps we have taken may be inadequate to deter our competitors from using our proprietary information. In order to protect or enforce our patent rights, we may be required to initiate litigation against third parties, such as infringement lawsuits. Also, these third parties may assert



claims against us with or without provocation. These lawsuits could be expensive, take significant time and could divert management's attention from other business concerns. The law relating to the scope and validity of claims in the technology field in which we operate is still evolving and, consequently, intellectual property positions in our industry are generally uncertain. We cannot assure you that we will prevail in any of these potential suits or that the damages or other remedies awarded, if any, would be commercially valuable.

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

We are dependent on our board of directors, executive officers and key employees. These persons may not devote their full time and attention to the matters of the Company. The loss of our board of directors, executive officers and key employees could harm the Company's business, financial condition, cash flow and results of operations.

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

We are dependent on certain key personnel in order to conduct our operations and execute our business plan, however, the Company has not purchased any insurance policies with respect to those individuals in the event of their death or disability. Therefore, if any of these personnel die or become disabled, the Company will not receive any compensation to assist with such person's absence. The loss of such person could negatively affect the Company and our operations. We have no way to guarantee key personnel will stay with the Company, as many states do not enforce non-competition agreements, and therefore acquiring key man insurance will not ameliorate all of the risk of relying on key personnel.

***Damage to our reputation could negatively impact our business, financial condition and results of operations.***

Our reputation and the quality of our brand are critical to our business and success in existing markets, and will be critical to our success as we enter new markets. Any incident that erodes consumer loyalty for our brand could significantly reduce its value and damage our business. We may be adversely affected by any negative publicity, regardless of its accuracy. Also, there has been a marked increase in the use of social media platforms and similar devices, including blogs, social media websites and other forms of internet-based communications that provide individuals with access to a broad audience of consumers and other interested persons. The availability of information on social media platforms is virtually immediate as is its impact. Information posted may be adverse to our interests or may be inaccurate, each of which may harm our performance, prospects or business. The harm may be immediate and may disseminate rapidly and broadly, without affording us an opportunity for redress or correction.

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

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

***Security breaches of confidential customer information, in connection with our electronic processing of credit and debit card transactions, or confidential employee information may adversely affect our business.***

Our business requires the collection, transmission and retention of personally identifiable information, in various information technology systems that we maintain and in those maintained by third parties with whom we contract to provide services. The integrity and protection of that data is critical to us. The information, security and privacy

requirements imposed by governmental regulation are increasingly demanding. Our systems may not be able to satisfy these changing requirements and customer and employee expectations, or may require significant additional investments or time in order to do so. A breach in the security of our information technology systems or those of our service providers could lead to an interruption in the operation of our systems, resulting in operational inefficiencies and a loss of profits. Additionally, a significant theft, loss or misappropriation of, or access to, customers' or other proprietary data or other breach of our information technology systems could result in fines, legal claims or proceedings.

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

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

***The Company is not subject to Sarbanes-Oxley regulations and may lack the financial controls and procedures of public companies.***

The Company may not have the internal control infrastructure that would meet the standards of a public company, including the requirements of the Sarbanes Oxley Act of 2002. As a privately-held (non-public) Company, the Company is currently not subject to the Sarbanes Oxley Act of 2002, and its financial and disclosure controls and procedures reflect its status as a development stage, non-public company. There can be no guarantee that there are no significant deficiencies or material weaknesses in the quality of the Company's financial and disclosure controls and procedures. If it were necessary to implement such financial and disclosure controls and procedures, the cost to the Company of such compliance could be substantial and could have a material adverse effect on the Company's results of operations.

***We operate in a highly regulated environment, and if we are found to be in violation of any of the federal, state, or local laws or regulations applicable to us, our business could suffer.***

We are also subject to a wide range of federal, state, and local laws and regulations, such as local licensing requirements, and retail financing, debt collection, consumer protection, environmental, health and safety, creditor, wage-hour, anti-discrimination, whistleblower and other employment practices laws and regulations and we expect these costs to increase going forward. The violation of these or future requirements or laws and regulations could result in administrative, civil, or criminal sanctions against us, which may include fines, a cease and desist order against the subject operations or even revocation or suspension of our license to operate the subject business. As a result, we have incurred and will continue to incur capital and operating expenditures and other costs to comply with these requirements and laws and regulations.

#### **Risks Related to the Offering**

***State and federal securities laws are complex, and the Company could potentially be found to have not complied with all relevant state and federal securities law in prior offerings of securities.***

The Company has conducted previous offerings of securities and we believe that we have complied with all relevant state and federal securities laws. However, if a court or regulatory body with the required jurisdiction ever concluded that the Company may have violated state or federal securities laws, any such violation could result in the Company being required to offer rescission rights to investors in such offering. If such investors exercised their rescission rights,

the Company would have to pay to such investors an amount of funds equal to the purchase price paid by such investors plus interest from the date of any such purchase. No assurances can be given the Company will, if it is required to offer such investors a rescission right, have sufficient funds to pay the prior investors the amounts required or that proceeds from this Offering would not be used to pay such amounts.

***The Company could potentially be found to have not complied with securities law in connection with this Offering related to a Reservation Campaign (also known as "Testing the Waters")***

Prior to filing this Form C, the Company engaged in a Reservation Campaign (also known as "testing the waters") permitted under Regulation Crowdfunding (17 CFR 227.206), which allows issuers to communicate to determine whether there is interest in the offering. All communication sent is deemed to be an offer of securities for purposes of the antifraud provisions of federal securities laws. Any Investor who expressed interest prior to the date of this Offering should read this Form C thoroughly and rely only on the information provided herein and not on any statement made prior to the Offering. The communications sent to Investors prior to the Offering are attached as Exhibit D. Some of these communications may not have included proper disclaimers required for a Reservation Campaign.

In addition, if the Company violated federal or state securities laws in connection with a prior offering and/or sale of its securities, federal or state regulators could bring an enforcement, regulatory and/or other legal action against the Company which, among other things, could result in the Company having to pay substantial fines and be prohibited from selling securities in the future.

***The U.S. Securities and Exchange Commission does not pass upon the merits of the Securities or the terms of the Offering, nor does it pass upon the accuracy or completeness of any Offering document or literature.***

You should not rely on the fact that our Form C is accessible through the U.S. Securities and Exchange Commission's EDGAR filing system as an approval, endorsement or guarantee of compliance as it relates to this Offering. The U.S. Securities and Exchange Commission has not reviewed this Form C, nor any document or literature related to this Offering.

***Neither the Offering nor the Securities have been registered under federal or state securities laws.***

No governmental agency has reviewed or passed upon this Offering or the Securities. Neither the Offering nor the Securities have been registered under federal or state securities laws. Investors will not receive any of the benefits available in registered offerings, which may include access to quarterly and annual financial statements that have been audited by an independent accounting firm. Investors must therefore assess the adequacy of disclosure and the fairness of the terms of this Offering based on the information provided in this Form C and the accompanying exhibits.

***The Company's management may have broad discretion in how the Company uses the net proceeds of the Offering.***

Unless the Company has agreed to a specific use of the proceeds from the Offering, the Company's management will have considerable discretion over the use of proceeds from the Offering. You may not have the opportunity, as part of your investment decision, to assess whether the proceeds are being used appropriately.

***The Company has the right to limit individual Investor commitment amounts based on the Company's determination of an Investor's sophistication.***

The Company may prevent any Investor from committing more than a certain amount in this Offering based on the Company's determination of the Investor's sophistication and ability to assume the risk of the investment. This means that your desired investment amount may be limited or lowered based solely on the Company's determination and not in line with relevant investment limits set forth by the Regulation CF rules. This also means that other Investors may receive larger allocations of the Offering based solely on the Company's determination.

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

The Company may extend the Offering Deadline beyond what is currently stated herein. This means that your investment may continue to be held in escrow while the Company attempts to raise the Target Offering Amount even after the Offering Deadline stated herein is reached. While you have the right to cancel your investment in the event the Company extends the Offering Deadline, if you choose to reconfirm your investment, your investment will not be

accruing interest during this time and will simply be held until such time as the new Offering Deadline is reached without the Company receiving the Target Offering Amount, at which time it will be returned to you without interest or deduction, or the Company receives the Target Offering Amount, at which time it will be released to the Company to be used as set forth herein. Upon or shortly after the release of such funds to the Company, the Securities will be issued and distributed to you.

***The Company may also end the Offering early.***

If the Target Offering Amount is met after 21 calendar days, but before the Offering Deadline, the Company can end the Offering by providing notice to Investors at least 5 business days prior to the end of the Offering. This means your failure to participate in the Offering in a timely manner, may prevent you from being able to invest in this Offering – it also means the Company may limit the amount of capital it can raise during the Offering by ending the Offering early.

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

If the Company meets certain terms and conditions, an intermediate close (also known as a rolling close) of the Offering can occur, which will allow the Company to draw down on seventy percent (70%) of Investor proceeds committed and captured in the Offering during the relevant period. The Company may choose to continue the Offering thereafter. Investors should be mindful that this means they can make multiple investment commitments in the Offering, which may be subject to different cancellation rights. For example, if an intermediate close occurs and later a material change occurs as the Offering continues, Investors whose investment commitments were previously closed upon will not have the right to re-confirm their investment as it will be deemed to have been completed prior to the material change.

**Risks Related to the Securities**

***Investors will not have voting rights, even upon conversion of the Securities and will grant a third-party nominee broad power and authority to act on their behalf.***

In connection with investing in this Offering to purchase a Crowd SAFE ((Simple Agreement for Future Equity) investors will designate Republic Investment Services LLC (f/k/a NextSeed Services, LLC) (the “**Nominee**”) to act on their behalf as agent and proxy in all respects. The Nominee will be entitled, among other things, to exercise any voting rights (if any) conferred upon the holder of the Securities or any securities acquired upon their conversion, to execute on behalf of an investor all transaction documents related to the transaction or other corporate event causing the conversion of the Securities, and as part of the conversion process the Nominee has the authority to open an account in the name of a qualified custodian, of the Nominee’s sole discretion, to take custody of any securities acquired upon conversion of the Securities. Thus, by participating in the Offering, investors will grant broad discretion to a third party (the Nominee and its agents) to take various actions on their behalf, and investors will essentially not be able to vote upon matters related to the governance and affairs of the Company nor take or effect actions that might otherwise be available to holders of the Securities and any securities acquired upon their conversion. Investors should not participate in the Offering unless he, she or it is willing to waive or assign certain rights that might otherwise be afforded to a holder of the Securities to the Nominee and grant broad authority to the Nominee to take certain actions on behalf of the investor, including changing title to the Security.

***The Securities will not be freely tradable under the Securities Act until one year from the initial purchase date. Although the Securities may be tradable under federal securities law, state securities regulations may apply, and each Investor should consult with their attorney.***

You should be aware of the long-term nature of this investment. There is not now and likely will not ever be a public market for the Securities. Because the Securities have not been registered under the Securities Act or under the securities laws of any state or foreign jurisdiction, the Securities have transfer restrictions and cannot be resold in the United States except pursuant to Rule 501 of Regulation CF. It is not currently contemplated that registration under the Securities Act or other securities laws will be effected. Limitations on the transfer of the Securities may also adversely affect the price that you might be able to obtain for the Securities in a private sale. Investors should be aware of the long-term nature of their investment in the Company. Each Investor in this Offering will be required to represent that they are purchasing the Securities for their own account, for investment purposes and not with a view to resale or distribution thereof. If a transfer, resale, assignment or distribution of the Security should occur prior to the conversion of the Security or after, if the Security is still held by the original purchaser directly, the transferee, purchaser, assignee



or distribute, as relevant, will be required to sign a new Nominee Rider (as defined in the Security) and provide personally identifiable information to the Nominee sufficient to establish a custodial account at a later date and time. Under the Terms of the Securities, the Nominee has the right to place shares received from the conversion of the Security into a custodial relationship with a qualified third party and have said Nominee be listed as the holder of record. In this case, Investors will only have a beneficial interest in the equity securities derived from the Securities, not legal ownership, which may make their resale more difficult as it will require coordination with the custodian and Republic Investment Services.

***Investors will not become equity holders until the Company decides to convert the Securities or until there is a change of control or sale of substantially all of the Company's assets. The Investor may never directly hold equity in the Company.***

Investors will not have an ownership claim to the Company or to any of its assets or revenues for an indefinite amount of time and depending on when and how the Securities are converted, the Investors may never become equity holders of the Company. Investors will not become equity holders of the Company unless the Company receives a future round of financing great enough to trigger a conversion and the Company elects to convert the Securities. The Company is under no obligation to convert the Securities. In certain instances, such as a sale of the Company or substantially all of its assets, an initial public offering or a dissolution or bankruptcy, the Investors may only have a right to receive cash, to the extent available, rather than equity in the Company. Further, the Investor may never become an equity holder, merely a beneficial owner of an equity interest, should the Company or the Nominee decide to move the Crowd SAFE or the securities issuable thereto into a custodial relationship.

***Investors will not have voting rights, even upon conversion of the Securities.***

Investors will not have the right to vote upon matters of the Company even if and when their Securities are converted (the occurrence of which cannot be guaranteed). Under the terms of the Securities, a third-party designated by the Company will exercise voting control over the Securities. Upon conversion, the Securities will **continue** to be voted in line with the designee identified or pursuant to a voting agreement related to the equity securities the Security is converted into. For example, if the Securities are converted in connection with an offering of Series B Preferred Stock, Investors would directly or beneficially receive securities in the form of shares of Series B-CF Preferred Stock and such shares would be required to be subject to the terms of the Securities that allows a designee to vote their shares of Series B-CF Preferred Stock consistent with the terms of the Security. Thus, Investors will essentially never be able to vote upon any matters of the Company unless otherwise provided for by the Company.

***Investors will not be entitled to any inspection or information rights other than those required by law.***

Investors will not have the right to inspect the books and records of the Company or to receive financial or other information from the Company, other than as required by law. Other security holders of the Company may have such rights. Regulation CF requires only the provision of an annual report on Form C and no additional information. Additionally, there are numerous methods by which the Company can terminate annual report obligations, resulting in no information rights, contractual, statutory or otherwise, owed to Investors. This lack of information could put Investors at a disadvantage in general and with respect to other security holders, including certain security holders who have rights to periodic financial statements and updates from the Company such as quarterly unaudited financials, annual projections and budgets, and monthly progress reports, among other things.

***Investors will be unable to declare the Security in "default" and demand repayment.***

Unlike convertible notes and some other securities, the Securities do not have any "default" provisions upon which Investors will be able to demand repayment of their investment. The Company has ultimate discretion as to whether or not to convert the Securities upon a future equity financing and Investors have no right to demand such conversion. Only in limited circumstances, such as a liquidity event, may Investors demand payment and even then, such payments will be limited to the amount of cash available to the Company.

***The Company may never elect to convert the Securities or undergo a liquidity event and Investors may have to hold the Securities indefinitely.***

The Company may never conduct a future equity financing or elect to convert the Securities if such future equity financing does occur. In addition, the Company may never undergo a liquidity event such as a sale of the Company or an initial public offering. If neither the conversion of the Securities nor a liquidity event occurs, Investors could be

left holding the Securities in perpetuity. The Securities have numerous transfer restrictions and will likely be highly illiquid, with no secondary market on which to sell them. If a transfer, resale, assignment or distribution of the Security should occur prior to the conversion of the Security or after, if the Security is still held by the original purchaser directly, the transferee, purchaser, assignee or distribute, as relevant, will be required to sign a new Nominee Rider (as defined in the Security) and provide personally identifiable information to the Nominee sufficient to establish a custodial account at a later date and time. Under the terms of the Securities, the Nominee has the right to place shares received from the conversion of the Security into a custodial relationship with a qualified third party and have said Nominee be listed as the holder of record. In this case, Investors will only have a beneficial interest in the equity securities derived from the Securities, not legal ownership, which may make their resale more difficult as it will require coordination with the custodian and Republic Investment Services. The Securities are not equity interests, have no ownership rights, have no rights to the Company's assets or profits and have no voting rights or ability to direct the Company or its actions.

***Any equity securities acquired upon conversion of the Securities may be significantly diluted as a consequence of subsequent equity financings.***

The Company's equity securities will be subject to dilution. The Company intends to issue additional equity to employees and third-party financing sources in amounts that are uncertain at this time, and as a consequence holders of equity securities resulting from the conversion of the Securities will be subject to dilution in an unpredictable amount. Such dilution may reduce the Investor's control and economic interests in the Company.

The amount of additional financing needed by the Company will depend upon several contingencies not foreseen at the time of this Offering. Generally, additional financing (whether in the form of loans or the issuance of other securities) will be intended to provide the Company with enough capital to reach the next major corporate milestone. If the funds received in any additional financing are not sufficient to meet the Company's needs, the Company may have to raise additional capital at a price unfavorable to their existing investors, including the holders of the Securities. The availability of capital is at least partially a function of capital market conditions that are beyond the control of the Company. There can be no assurance that the Company will be able to accurately predict the future capital requirements necessary for success or that additional funds will be available from any source. Failure to obtain financing on favorable terms could dilute or otherwise severely impair the value of the Securities.

In addition, the Company has certain equity grants and convertible securities outstanding. Should the Company enter into a financing that would trigger any conversion rights, the converting securities would further dilute the equity securities receivable by the holders of the Securities upon a qualifying financing.

***Any equity securities issued upon conversion of the Securities may be substantially different from other equity securities offered or issued by the Company at the time of conversion.***

In the event the Company decides to exercise the conversion right, the Company will convert the Securities into equity securities that are materially different from the equity securities being issued to new investors at the time of conversion in many ways, including, but not limited to, liquidation preferences, dividend rights, or anti-dilution protection. Additionally, any equity securities issued at the Conversion Price (as defined in the Crowd SAFE agreement) shall have only such preferences, rights, and protections in proportion to the Conversion Price and not in proportion to the price per share paid by new investors receiving the equity securities. Upon conversion of the Securities, the Company may not provide the holders of such Securities with the same rights, preferences, protections, and other benefits or privileges provided to other investors of the Company.

The forgoing paragraph is only a summary of a portion of the conversion feature of the Securities; it is not intended to be complete, and is qualified in its entirety by reference to the full text of the Crowd SAFE agreement, which is attached as Exhibit B.

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

The Offering price was not established in a competitive market. We have arbitrarily set the price of the Securities with reference to the general status of the securities market and other relevant factors. The Offering price for the Securities should not be considered an indication of the actual value of the Securities and is not based on our asset value, net worth, revenues or other established criteria of value. We cannot guarantee that the Securities can be resold at the Offering price or at any other price.

***In the event of the dissolution or bankruptcy of the Company, Investors will not be treated as debt holders and therefore are unlikely to recover any proceeds.***

In the event of the dissolution or bankruptcy of the Company, the holders of the Securities that have not been converted will be entitled to distributions as described in the Securities. This means that such holders will only receive distributions once all of the creditors and more senior security holders, including any holders of preferred stock, have been paid in full. No holders of any of the Securities can be guaranteed any proceeds in the event of the dissolution or bankruptcy of the Company.

***While the Securities provide mechanisms whereby holders of the Securities would be entitled to a return of their subscription amount upon the occurrence of certain events, if the Company does not have sufficient cash on hand, this obligation may not be fulfilled.***

Upon the occurrence of certain events, as provided in the Securities, holders of the Securities may be entitled to a return of the principal amount invested. Despite the contractual provisions in the Securities, this right cannot be guaranteed if the Company does not have sufficient liquid assets on hand. Therefore, potential Investors should not assume a guaranteed return of their investment amount.

***There is no guarantee of a return on an Investor's investment.***

There is no assurance that an Investor will realize a return on their investment or that they will not lose their entire investment. For this reason, each Investor should read this Form C and all exhibits carefully and should consult with their attorney and business advisor prior to making any investment decision.

**IN ADDITION TO THE RISKS LISTED ABOVE, RISKS AND UNCERTAINTIES NOT PRESENTLY KNOWN, OR WHICH WE CONSIDER IMMATERIAL AS OF THE DATE OF THIS FORM C, MAY ALSO HAVE AN ADVERSE EFFECT ON OUR BUSINESS AND RESULT IN THE TOTAL LOSS OF YOUR INVESTMENT.**

## **BUSINESS**

### **Description of the Business**

CB Therapeutics, Inc. is a biotechnology platform company that makes high value molecules inexpensively.

The Company conducts business in California, and sells products and services throughout the United States and internationally.

### **The Company's Products and/or Services**

<b>Product / Service</b>	<b>Description</b>	<b>Current Market</b>
Strain Development	Develop strain of yeast for customers, which allow for sugar to be converted into high value molecules, such as pharmaceuticals, nutraceuticals, food products, and other commodities.	Currently doing for atai Life Sciences, and working on many more contracts. The market for this is approximately \$36B by 2030.
Stain Optimization	Optimize yeast strains for customers, allowing for better fermentation and production of their products.	Currently doing this for 2 customers, and current market size is unknown.
Manufacturing	Manufacture products for customers using our facility and equipment. This is done via	The market for biosynthetic production is in the tens of billions of dollars a year,

	yeast, using bioreactors and then further purification to get final products.	everything from food to pharma comprises part of this market.
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## Competition

Fundamentally, we are competing in various biotechnology arenas. There are various biotechnology firms that are working on cannabinoids, psychedelics, and/or food technology.

The markets in which our products and services are sold are highly competitive. Our products compete against similar products of many large and small companies, including well-known global competitors. In many of the markets and industry segments in which we sell our products and services, we compete against other branded products as well as retailers' private-label brands. Product quality, performance, value and packaging are also important differentiating factors.

## Customer Base

The Company sells services and products to private and public biotech, pharma, food related, and cosmetics companies.

Our platform allows us to develop any natural product for our customers, helping them with price points, purity, production time, and supply chain issues. Aside from the development and quality control services, we also offer manufacturing services for these customers. These customers currently include the largest psychedelics public company in the world, atai Life Sciences, for whom we are developing various confidential products and supply chains.

## Supply Chain

The Company sources all of its laboratory essential components, materials, and other equipment domestically, allowing for maximum flexibility and reliability with regard to its supply chains. The Company has access to alternate providers of the goods and services provided by its current vendors.

## Intellectual Property

The Company has significant proprietary intellectual property, including patents, trademarks, trade secrets, manufacturing processes and related processes. The details of the Company's patented and trademarked intellectual property is described below. The Company owns all of its intellectual property.

Reference No.	Application No.	Filing Date	Patent Registration No. or	Grant Date	Title	Type
CBTH-01-CON2	16/553,492	8/28/2019	10,982,243	4/20/2021	Isolated Codon Sequence	Utility: Continuation
CBTH-01-DIV1	16/553,103	8/27/2019	11,028,417	6/8/2021	Isolated Codon Sequence	Utility: Divisional
CBTH-01-DIV2	16/553,120	8/27/2019	10,988,785	4/27/2021	Isolated Codon Sequence	Utility: Divisional
CBTH-01-US	15/719,430	9/28/2017	10,435,727	10/8/2019	An Isolated Codon Optimized Nucleic Acid	Utility: Non-Provisional
CBTH-03-US	16/558,909	9/3/2019	10,671,632	6/2/2020	Automated Pipeline	Utility: Non-Provisional

CBTH-04-DIV1	17/349,640	6/16/2021	20210388035	12/16/21	MALONATE TRANSPORTER	Utility: Divisional
CBTH-04-US	16/558,973	9/3/2019	11,041,002	6/22/2021	Malonate Transporters	Utility: Non-Provisional
CBTH-05-PRV1	62/914,404	10/11/2019			CHEMICAL FEEDSTOCKS FOR CANNABINOID AND TERPENE FORMATION	Utility: Provisional
CBTH-06-PRV1	62/936,387	11/15/2019			BIOSYNTHETIC PRODUCTION OF PSILOCYBIN AND RELATED INTERMEDIATE S IN RECOMBINANT ORGANISMS	Utility: Provisional
CBTH-06-US	17/099,539	11/16/2020	11,441,164	9/13/2022	BIOSYNTHETIC PRODUCTION OF PSILOCYBIN AND RELATED INTERMEDIATE S IN RECOMBINANT ORGANISMS	Utility: Non-Provisional
CBTH-09-PRV1	17/701625	7/16/2021			PRENYLTRANSFERASE ENZYMES	Utility: Provisional
CBTH-11-PRV1	63/141,486	1/26/2021			Recombinant Polyprenol Diphosphate Synthases	Utility: Provisional
CBTH-12-PCT	PCT/US22/21424	3/22/2022			BIOSYNTHETIC METHODS FOR THE MODIFICATION OF CANNABINOIDS	Utility: PCT
CBTH-12-PRV1	63/164,126	3/22/2021			BIOSYNTHETIC METHODS FOR THE MODIFICATION OF CANNABINOIDS	Utility: Provisional
CBTH-12-US	17/701,625	3/22/2022	20220298533	9/22/22	BIOSYNTHETIC METHODS FOR THE MODIFICATION OF CANNABINOIDS	Utility: Non-Provisional

Governmental/Regulatory Approval and Compliance

The Company is subject to and affected by the laws and regulations of U.S. federal, state and local governmental authorities. These laws and regulations are subject to change.

### Litigation

The Company is not subject to any current litigation or threatened litigation.

### USE OF PROCEEDS

The following table illustrates how we intend to use the net proceeds received from this Offering. The values below are not inclusive of payments to financial and legal service providers and escrow related fees, all of which were incurred in the preparation of this Offering and are due in advance of the closing of the Offering.

Use of Proceeds	% of Proceeds if Target Offering Amount Raised	Amount if Target Offering Amount Raised	% of Proceeds if Maximum Offering Amount Raised	Amount if Maximum Offering Amount Raised
Intermediary Fees	6%	\$1,500	6%	\$74,100
Small-scale Manufacturing	94%	\$23,500	32%	\$400,000
Hiring of laboratory personnel and Research and Development			62%	\$760,900
<b>Total</b>	<b>100%</b>	<b>\$25,000</b>	<b>100%</b>	<b>\$1,235,000</b>

The Company has discretion to alter the use of proceeds set forth above to adhere to the Company's business plan and liquidity requirements. For example, economic conditions may alter the Company's general marketing or general working capital requirements.

Set forth below are reasonably specific descriptions of how we intend to use the net proceeds of this Offering for any category in excess of ten percent (10%) in the table above intended to assist you in understanding how the offering proceeds will be used.

\$400,000 for the establishment of a small-scale manufacturing room for added production capacity.

\$760,900 for company operations, including added personnel for research and development, additional intellectual property filings, research and development and working capital for operations.

### DIRECTORS, OFFICERS, MANAGERS, AND KEY PERSONS

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

Name	Positions and Offices Held at the Company	Principal Occupation and Employment Responsibilities for the Last Three (3) Years	Education
Sher Ali-Butt	President, CEO and Board Member	Co-Founder and CEO of CB Therapeutics, Inc. (March 2015 to current)	B.S. Molecular and Cellular Biology, Minor in Managerial Economics, University



Jacob Vogan	Chief Scientific Officer and Board Member	Co-Founder and CSO of CB Therapeutics, Inc. (March 2015 to current)	of California at Davis, 2009; MBA, University of California San Diego, 2016  PhD, Molecular and Cell Biology . UC Berkeley, 2011-2016; and BS, Biomedical Engineering UC Davis, 2004-2008
Athanasios Kanavokiris	Vice President of Operations	Vice President of Operations at CB Therapeutics, Inc. (October 2018 to current)	Masters in International Business Administration, U.S. International University; Doctorate in Strategic Management, Alliant University
Jeff Miller	Director	CEO and Board member of Invivoscribe, Inc., a life science company based in San Diego, California. (October 2008 to current)	B.S.-Biochemistry— UCLA --1989 . Ph.D. – Biochemistry and Molecular Biology – University of California Santa Barbara --1995 Masters Biology – University of California, Santa Barbara –1992
Srinivas Rao	Director	Co-Founder, Chief Scientific Officer, atai Life Sciences, AG (April 2019 to present); CEO Entheogenix Biosciences (Nov. 2019 to present)	B.S. Electrical Engineering, Yale University (1986-1990); M.S. Electrical Engineering, Yale University (1990-1991); M.D. Internal Medicine, Yale University Medical School (1991-1998); PhD. Neuropharmacology, Yale University (1991-2000)

Jan Hardrop	Director	Founding Partner, Managing Partner, ReMind Capital, Ltd. (November 2019 to current)	MA International Economics, SDA BOCCONI (1991- 2001); B.A. (honors) European Administration, France, European Business School, London (1991-1995);
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### Indemnification

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

## CAPITALIZATION, DEBT AND OWNERSHIP

### Capitalization

The Company's authorized capital stock consists of 60,000,000 shares of common stock of which 11,235,610 are issued and outstanding, par value \$0.0001 per share (the "**Common Stock**") and 15,000,000 shares of preferred stock of which 1,500,000 are Seed Preferred Stock, par value \$0.0001 per share, and 8,000,000 shares of which are Series A Preferred Stock, par value \$0.0001 per share (collectively, the "**Preferred Stock**"). At the closing of this Offering, assuming only the Target Offering Amount is sold, 11,235,610 shares of Common Stock will be issued and outstanding, 1,415,377 shares of Seed Preferred Stock will be issued and outstanding, and 6,069,505 shares of Series A Preferred Stock will be issued and outstanding.

### *Outstanding Capital Stock*

As of the date of this Form C, the Company's outstanding capital stock consists of:



Type	Common Stock
Amount Outstanding	11,235,610
Par Value Per Share	\$0.0001
Voting Rights	1 vote per share
Anti-Dilution Rights	none
How this security may limit, dilute or qualify the Security issued pursuant to Regulation CF	n/a
Percentage ownership of the Company by the holders of such security (assuming conversion prior to the Offering if convertible securities).	60.02%

Type	Preferred Stock
Amount Outstanding	7,484,882
Par Value Per Share	\$0.0001
Voting Rights	1 vote per share
Anti-Dilution Rights	Weighted average broad based
Other Rights	Liquidation preferences
How this security may limit, dilute or qualify the Security issued pursuant to Regulation CF	n/a
Percentage ownership of the Company by the holders of such security (assuming conversion prior to the Offering if convertible securities).	41.98%

***Outstanding Options, SAFEs, Convertible Notes, Warrants***

As of the date of this Form C, the Company has the following additional securities outstanding:

Type	Convertible Notes
Amount Outstanding Face Value	\$200,000
Voting Rights	none
Anti-Dilution Rights	none
Material Terms	3-year note, 10% interest, 20% discount, \$45m cap
How this security may limit, dilute or qualify the Security issued pursuant to Regulation CF	n/a
Percentage ownership of the Company by the holders of such security (assuming conversion prior to the Offering if convertible securities).	0.008%, assuming \$25m cap on the Offering

Type	Convertible Notes
Amount Outstanding Face Value	\$250,000 (5 Notes--\$25,000, \$25,000, \$50,000, \$50,000 and \$100,000 –all identical terms)
Voting Rights	none
Anti-Dilution Rights	none
Material Terms	3-year note, 6% interest, 20% discount, \$45m cap
How this security may limit, dilute or qualify the Security issued pursuant to Regulation CF	n/a
Percentage ownership of the Company by the holders of such security (assuming conversion prior to the Offering if convertible securities).	0.01%, assuming \$25m cap on the Offering

#### Outstanding Debt

As of the date of this Form C, the Company has the following debt outstanding:

<b>Type</b>	Customary vendor debt
<b>Creditor</b>	Various vendors
<b>Amount Outstanding</b>	Accounts Payable: \$90,457 Credit Card Debt: \$118,639 Accrued interest payable: \$20,975 (interest accruing on convertible notes.)
<b>Interest Rate and Amortization Schedule</b>	none
<b>Description of Collateral</b>	none
<b>Other Material Terms</b>	n/a
<b>Maturity Date</b>	Various
<b>Date Entered Into</b>	Various as of 1/31/23

### Ownership

The table below lists the beneficial owners of twenty percent (20%) or more of the Company's outstanding voting equity securities, calculated on the basis of voting power, are listed along with the amount they own.

<b>Name</b>	<b>Amount and Type or Class Held</b>	<b>Percentage Ownership (in terms of voting power)</b>
Sher Ali-Butt	7,485,000 shares Common Stock	39.98%

### FINANCIAL INFORMATION

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

### Cash and Cash Equivalents

As of January 31, 2023 the Company had \$151,757 in cash and cash equivalents. If no additional revenues are received, the Company will have approximately 2 months of runway. Runway is calculated by dividing cash-on-hand by average monthly net loss (if any). The Company's revenue since January 2022 through the month of January 2023 was \$1,837,113 yielding average revenue of \$141,316 per month. This revenue stream is expected to continue and gradually increase for the foreseeable future. In addition, new business that is expected to close in March 2023 will add the monthly amount of \$150,000 to the Company's existing revenue. Additional sales contracts are expected to close within the next six months, further increasing the Company's monthly revenue. The Company also will receive an additional \$200,000 in committed funding in convertible notes in the near future. Also, the Company will receive a milestone payment of \$1,000,000 in late 2023 pursuant to an existing license agreement.

### **Liquidity and Capital Resources**

The proceeds from the Offering are essential to our operations. We plan to use the proceeds as set forth above under the section titled "*Use of Proceeds*", which is an indispensable element of our business strategy.

The Company currently has additional outside sources of capital from the issuance of convertible promissory note and revenue from operations including research and development agreements with third parties.

### **Capital Expenditures and Other Obligations**

The Company does not intend to make any material capital expenditures in the near future, unless significant outside funding is obtained.

### **Valuation**

Although the Securities provide certain terms, which may include a valuation cap, the Company has ascribed no pre-Offering valuation to the Company; the Securities are priced arbitrarily and the Company makes no representations as to the reasonableness of any specified valuation cap.

### ***Trends and Uncertainties***

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

Please see the financial statements attached as Exhibit A for subsequent events and applicable disclosures.

### **Material Changes and Other Information**

None.

### **Previous Offerings of Securities**

We have made the following issuances of securities within the last three years:

Security Type	Principal Amount of Securities Sold	Amount of Securities Issued	Use of Proceeds	Issue Date	Exemption from Registration Used or Public Offering
SAFE	\$575,000	575,000	Working capital	2/29/20 to 10/31/20	Section 4(a)(2)
Series A Preferred Stock	\$5,000,000	2,941,175	Working capital	12/31/20 to 8/25/21	Section 4(a)(2)

See the section titled “*Capitalization and Ownership*” for more information regarding the securities issued in our previous offerings of securities.

### TRANSACTIONS WITH RELATED PERSONS AND CONFLICTS OF INTEREST

From time to time the Company may engage in transactions with related persons. Related persons are defined as any director or officer of the Company; any person who is the beneficial owner of twenty percent (20%) or more of the Company’s outstanding voting equity securities, calculated on the basis of voting power; any promoter of the Company; any immediate family member of any of the foregoing persons or an entity controlled by any such person or persons. Additionally, the Company will disclose here any transaction since the beginning of the issuer's last fiscal year, or any currently proposed transaction, to which the issuer was or is to be a party and the amount involved exceeds five percent (5%) of the aggregate amount of capital raised by the issuer in reliance on section 4(a)(6), including the Target Offering Amount of this Offering, and the counter party is either (i) any director or officer of the issuer; (ii) any person who is, as of the most recent practicable date but no earlier than 120 days prior to the date the offering statement or report is filed, the beneficial owner of twenty percent (20%) or more of the issuer's outstanding voting equity securities, calculated on the basis of voting power; (iii) if the issuer was incorporated or organized within the past three years, any promoter of the issuer; or (iv) any member of the family of any of the foregoing persons, which includes a child, stepchild, grandchild, parent, stepparent, grandparent, spouse or spousal equivalent, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law, and shall include adoptive relationships. The term *spousal equivalent* means a cohabitant occupying a relationship generally equivalent to that of a spouse.

The Company has conducted no qualifying transactions with related persons during the relevant period.

### TAX MATTERS

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

**TO ENSURE COMPLIANCE WITH THE REQUIREMENTS IMPOSED BY THE INTERNAL REVENUE SERVICE, WE INFORM YOU THAT ANY TAX STATEMENT IN THIS FORM C CONCERNING UNITED STATES FEDERAL TAXES IS NOT INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED, BY ANY TAXPAYER FOR THE PURPOSE OF AVOIDING ANY TAX-RELATED PENALTIES UNDER THE UNITED STATES INTERNAL REVENUE CODE. ANY TAX STATEMENT HEREIN CONCERNING UNITED STATES FEDERAL TAXES WAS WRITTEN IN CONNECTION WITH THE MARKETING OR PROMOTION OF THE TRANSACTIONS OR MATTERS TO WHICH THE STATEMENT RELATES. EACH TAXPAYER SHOULD SEEK ADVICE BASED ON THE TAXPAYER’S PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.**

Potential Investors who are not United States residents are urged to consult their tax advisors regarding the United States federal income tax implications of any investment in the Company, as well as the taxation of such

investment by their country of residence. Furthermore, it should be anticipated that distributions from the Company to such foreign investors may be subject to United States withholding tax.

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

### **LEGAL MATTERS**

Any Investor should consult with its own counsel and advisors in evaluating an investment in the Offering and conduct independent due diligence.

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

- (1) Is organized under, and subject to, the laws of a State or territory of the United States or the District of Columbia;
- (2) Is not subject to the requirement to file reports pursuant to Section 13 or Section 15(d) of the Securities Exchange Act of 1934 (the “**Exchange Act**”) (15 U.S.C. 78m or 78o(d));
- (3) Is not an investment company, as defined in Section 3 of the Investment Company Act of 1940 (the “**Investment Company Act**”) (15 U.S.C. 80a-3), or excluded from the definition of investment company by Section 3(b) or Section 3(c) of the Investment Company Act (15 U.S.C. 80a-3(b) or 80a-3(c));
- (4) Is not ineligible to offer or sell securities in reliance on Section 4(a)(6) of the Securities Act of 1933 (the “**Securities Act**”) (15 U.S.C. 77d(a)(6)) as a result of a disqualification as specified in § 227.503(a);
- (5) Has filed with the SEC and provided to investors, to the extent required, any ongoing annual reports required by law during the two years immediately preceding the filing of this Form C; and
- (6) Has a specific business plan, which is not to engage in a merger or acquisition with an unidentified company or companies.

### **Bad Actor Disclosure**

The Company is not subject to any bad actor disqualifications under any relevant U.S. securities laws.

The Company is not subject to any matters that would have triggered disqualification but occurred prior to May 16, 2016.

### **Ongoing Reporting**

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

Once posted, the annual report may be found on the Company’s website at [www.cbthera.com](http://www.cbthera.com).

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

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

Neither the Company nor any of its predecessors (if any) previously failed to comply with the ongoing reporting requirement of Regulation CF.

#### **ADDITIONAL INFORMATION**

The summaries of, and references to, various documents in this Form C do not purport to be complete and in each instance reference should be made to the copy of such document which is either an appendix to this Form C or which will be made available to Investors and their professional advisors upon request.

Prior to making an investment decision regarding the Securities described herein, prospective Investors should carefully review and consider this entire Form C. The Company is prepared to furnish, upon request, a copy of the forms of any documents referenced in this Form C. The Company's representatives will be available to discuss with prospective Investors and their representatives and advisors, if any, any matter set forth in this Form C or any other matter relating to the Securities described in this Form C, so that prospective Investors and their representatives and advisors, if any, may have available to them all information, financial and otherwise, necessary to formulate a well-informed investment decision. Additional information and materials concerning the Company will be made available to prospective Investors and their representatives and advisors, if any, at a mutually convenient location upon reasonable request.

## SIGNATURE

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

  
(Signature)

Sher Ali-Butt

(Name)

President and Chief Executive Officer

(Title)

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

  
(Signature)

Sher Ali-Butt


(Name)

Director

(Title)

2/27/2023

(Date)

  
(Signature)

Jacob Vogan

(Name)

Director

(Title)

02/27/2023

(Date)



Jeffrey Miller  
(Signature)

Jeffrey Miller  
(Name)

Director  
(Title)

2/27/23  
(Date)

***Instructions.***

1. The form shall be signed by the issuer, its principal executive officer or officers, its principal financial officer, its controller or principal accounting officer and at least a majority of the board of directors or persons performing similar functions.
2. The name of each person signing the form shall be typed or printed beneath the signature. Intentional misstatements or omissions of facts constitute federal criminal violations. See 18 U.S.C. 1001.

**EXHIBIT A**

*Financial Statements*

**CB THERAPEUTICS, INC**  
**FINANCIAL STATEMENTS AND**  
**INDEPENDENT ACCOUNTANT'S COMPILATION REPORT**  
**DECEMBER 31, 2021 and 2020**

**CB THERAPEUTICS, INC**  
**FINANCIAL STATEMENTS AND**  
**INDEPENDENT ACCOUNTANT'S COMPILATION REPORT**  
**DECEMBER 31, 2021 and 2020**

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# MB&F

Mayne, Blumstein & Fingold CPAs LLP

Robert W. Mayne, CPA

Wade H. Blumstein, CPA

Dennis P. Fingold, CPA

To Management  
CB Therapeutics, Inc  
Carlsbad, CA

Management is responsible for the accompanying financial statements of CB Therapeutics, Inc (a C Corporation), which comprise the balance sheets as of December 31, 2021, and December 31, 2020, and the related statements of income and stockholder's equity and cash flows for the years then ended, and the related notes to the financial statements in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. We do not express an opinion, a conclusion, nor provide any assurance on these financial statements.

## **Emphasis of Matter Regarding Going Concern**

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 12, certain conditions raise an uncertainty about the Company's ability to continue as a going concern. The accompanying financial statements do not include any adjustments that might result in from the outcome of this uncertainty. Management's evaluation of the events and conditions and management's plans to mitigate these matters are also described in Note 12. Our conclusion is not modified with respect to this matter.

*Mayne, Blumstein & Fingold CPAs LLP*

Mayne, Blumstein & Fingold CPAs LLP  
Merrick, New York  
August 9, 2022

**CB Therapeutics, Inc**  
**Balance Sheet**  
December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
<u>Current Assets:</u>		
Cash and cash equivalents	\$ 1,810,709	\$ 13,453
Accounts Receivable	14,066	
Unbilled Revenue	1,000,000	-
<b>Total Current Assets</b>	<u>2,824,775</u>	<u>13,453</u>
<u>Fixed Assets</u>		
Property and Equipment, Net	792,800	822,210
<b>Total Fixed assets</b>	<u>792,800</u>	<u>822,210</u>
<u>Other Assets</u>		
Goodwill	10,600	10,600
Security Deposits	10,590	10,590
Intangible Assets	83,611	53,162
<b>Total long-term assets</b>	<u>104,801</u>	<u>74,352</u>
<b>Total Assets</b>	<u>\$ 3,722,376</u>	<u>\$ 910,015</u>
<u>Current Liabilities:</u>		
Accounts Payable	\$ 132,663	\$ 153,114
Accrued Interest Payable	2,499	71,317
Accrued Payroll	-	56,502
Notes Payable	-	234,914
PPP Loan Payable	151,912	151,912
<b>Total current liabilities</b>	<u>287,074</u>	<u>667,759</u>
<u>Long Term Liabilities:</u>		
Convertible Notes	16,650	559,082
Warrant Liability	171,905	171,905
<b>Total current liabilities</b>	<u>188,555</u>	<u>730,987</u>
<b>Total Liabilities</b>	<u>475,629</u>	<u>1,398,746</u>
<u>Stockholder's Equity:</u>		
Common Stock, see note 9	1,124	1,123
Preferred Stock, see note 9	748	142
Additional Paid in Capital	6,833,239	1,326,210
SAFE Obligations	4,625,000	4,625,000
Accumulated (Deficit)	(8,213,364)	(6,441,206)
<b>Total Stockholder's Equity</b>	<u>3,246,747</u>	<u>(488,731)</u>
<b>Total Liabilities &amp; Stockholder's Equity</b>	<u>\$ 3,722,376</u>	<u>\$ 910,015</u>

See independent accountant's compilation report and accompanying notes to financial statements.



## CB Therapeutics, Inc

### Statement of Income / (Loss)

For the Years Ended December 31, 2021 and December 31, 2020

	<u>2021</u>	<u>2020</u>
Gross Revenues	\$ 2,014,066	\$ -
Cost of Revenues	-	-
Gross Profit	<u>2,014,066</u>	<u>-</u>
Operating Expenses:		
Product Development	405,319	311,436
Sales and Marketing	42,483	37,765
General and Administrative	3,202,932	1,741,237
Total Operating Expenses	<u>3,650,734</u>	<u>2,090,438</u>
Net Operating Loss	(1,636,668)	(2,090,438)
Other Income (Expense)		
Amortization Expense	(9,757)	(3,435)
Depreciation Expense	(112,104)	(104,790)
Change in value of warrants	-	(7,326)
Interest Expense	(13,629)	(72,445)
Interest Income	-	127
Total Other (Expense)	<u>(135,490)</u>	<u>(187,869)</u>
Net Loss	<u>\$ (1,772,158)</u>	<u>\$ (2,278,307)</u>

See independent accountant's compilation report and accompanying notes to financial statements.

**CB Therapeutics, Inc**  
**Statement of Cash Flows**  
**For the Years Ending December 31, 2021 and December 31, 2020**

	<u>2021</u>	<u>2020</u>
<b>Cash Flows from Operating Activities:</b>		
Net Loss	\$ (1,772,158)	\$ (2,278,307)
Amortization	9,757	3,435
Depreciation	112,104	104,790
Adjustments to reconcile net income (loss) to net cash provided (used) by		
Increase in Accounts Receivable	(14,066)	-
Increase in Unbilled Revenue	(1,000,000)	-
(Decrease) Increase in Accounts Payable	(20,450)	81,921
(Decrease) Increase in Accrued Interest Payable	(68,818)	71,317
(Decrease) Increase in Accrued Payroll	(56,502)	56,502
(Decrease) in Credit Card Payable	-	(25,116)
(Decrease) Increase in Notes Payable	(234,914)	234,914
Increase in PPP Loan Payable	-	151,912
Net Cash Used by Operating Activities	<u>(3,045,047)</u>	<u>(1,598,632)</u>
<b>Investing Activities</b>		
Cash used for fixed assets	(82,694)	(24,978)
Cash used for intangible assets	<u>(40,207)</u>	<u>(23,913)</u>
Net Cash Used by Investing Activities	<u>(122,901)</u>	<u>(48,891)</u>
<b>Financing Activities</b>		
Conversion of promissory note	(500,000)	-
Issuance of Stock	5,507,636	35,511
Issuance of SAFE obligations	-	70,000
(Repayment) Issuance of Notes Payable	<u>(42,432)</u>	<u>559,082</u>
Net Cash Provided by Financing Activities	<u>4,965,204</u>	<u>664,593</u>
Net Increase (Decrease) In Cash and Cash Equivalents	1,797,256	(982,930)
Cash and Cash Equivalents, Beginning of Year	<u>13,453</u>	<u>996,383</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 1,810,709</u></u>	<u><u>\$ 13,453</u></u>
<b>Supplemental disclosures:</b>		
Interest paid:	\$11,210	\$383
Taxes paid:	\$1,624	\$1,600

See independent accountant's compilation report and accompanying notes to financial statements.

**CB Therapeutics, Inc.**  
**Statements of Stockholders' Equity**  
**For the Years Ended December 31, 2021 and 2020**

	<u>Preferred Stock</u>		<u>Common Stock</u>		<u>Additional Paid-In Capital</u>	<u>SAFE Obligations</u>	<u>Accumulated Deficit</u>	<u>Total Stockholders' Equity</u>
	<u>Shares</u>	<u>Amount</u>	<u>Shares</u>	<u>Amount</u>				
Balance as of January 1, 2020	1,393,377	\$ 139	3,648,110	\$ 365	\$ 1,483,037	\$ 4,535,000	\$ (4,162,899)	\$ 1,855,642
Issuance of Stock	22,000	3	7,580,000	758	9,066	-	-	\$ 9,827
Issuance of SAFE Obligations	-	-	-	-	-	90,000	-	\$ 90,000
Issuance of warrants and change in value	-	-	-	-	(171,576)	-	-	\$ (171,576)
Vesting of stock options	-	-	-	-	5,683	-	-	\$ 5,683
Net Loss	-	-	-	-	-	-	(2,278,307)	\$ (2,278,307)
Balance as of December 31, 2020	1,415,377	\$ 142	11,228,110	\$ 1,123	\$ 1,326,210	\$ 4,625,000	\$ (6,441,206)	\$ (488,731)
Issuance of Stock	6,069,505	606	7,500	1	5,502,726	-	-	\$ 5,503,333
Vesting of stock options	-	-	-	-	4,303	-	-	\$ 4,303
Net Loss	-	-	-	-	-	-	(1,772,158)	\$ (1,772,158)
Balance as of December 31, 2021	<u>7,484,882</u>	<u>\$ 748</u>	<u>11,235,610</u>	<u>\$ 1,124</u>	<u>\$ 6,833,239</u>	<u>\$ 4,625,000</u>	<u>\$ (8,213,364)</u>	<u>\$ 3,246,747</u>

See independent accountant's compilation report and accompanying notes to financial statements.

## **CB Therapeutics, Inc**

### **Notes to the Financial Statements for the Years Ending December 31, 2021 and 2020**

#### **NOTE 1 – NATURE OF OPERATIONS**

CB Therapeutics, Inc (which may be referred to as “the Company”, “we,” “us,” or “our”) was incorporated in Delaware on March 20, 2015. The Company develops an innovative and proprietary cellular agriculture platform to efficiently research, discover, develop, and produce a wide variety of small-and macro-molecules to positively disrupt traditional manufacturing and drug discovery methods.

#### **NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

##### **Basis of Presentation**

The accounting and reporting policies of the Company conform to accounting principles generally accepted in the United States of America (“US GAAP”). The accompanying unaudited financial statements do not include all the information and notes required by GAAP for complete financial statements. In the opinion of management, all adjustments considered necessary for the fair presentation of the unaudited financial statements for the years presented have been included.

##### **Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make certain estimates and assumptions that affect the amounts reported in the financial statements and footnotes thereto. Actual results could materially differ from these estimates. It is reasonably possible that changes in estimates will occur in the near term.

Significant estimates inherent in the preparation of the accompanying financial statements include valuation of provision for refunds and chargebacks, equity transactions and contingencies.

##### **Risks and Uncertainties**

The Company's business and operations are sensitive to general business and economic conditions in the United States. A host of factors beyond the Company's control could cause fluctuations in these conditions. Adverse conditions may include recession, downturn or otherwise, local competition or changes in consumer taste. These adverse conditions could affect the Company's financial condition and the results of its operations.

### Concentration of Credit Risk

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

### Cash and Cash Equivalents

The Company considers short-term, highly liquid investment with original maturities of three months or less at the time of purchase to be cash equivalents. Cash consists of funds held in the Company's checking and savings account. As of December 31, 2021, and December 31, 2020, the Company had \$1,810,709 and \$13,453 of cash on hand respectively.

### Accounts Receivable/Accrued Revenue

The Company's trade receivables are recorded when billed and represent claims against third parties that will be settled in cash. The carrying value of the Company's receivables, net of the allowance for doubtful accounts, represents their estimated net realizable value.

The Company evaluates the collectability of accounts receivable on a customer-by-customer basis. The Company records a reserve for bad debts against amounts due to reduce the net recognized receivable to an amount the Company believes will be reasonably collected. The reserve is a discretionary amount determined from the analysis of the aging of the accounts receivables, historical experience and knowledge of specific customers. As of December 31, 2021, and 2020, the Company had \$14,066 and nil in accounts receivable, respectively. As of December 31, 2021, and 2020, the Company had \$1,000,000 and \$0 in unbilled/earned revenue, respectively.

### Inventory

The Company maintains no physical inventories.

### Fixed Assets

Property and equipment are recorded at cost. Expenditures for renewals and improvements that significantly add to the productive capacity or extend the useful life of an asset are capitalized. Expenditures for maintenance and repairs are charged to expense. When equipment is retired or sold, the cost and related accumulated depreciation are eliminated from the accounts and the resultant gain or loss is reflected in income.

The Company reviews the carrying value of property and equipment for impairment whenever events and circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. In cases where undiscounted expected future cash flows are less than the carrying value, an impairment loss is recognized equal to an amount by which the carrying value exceeds the fair value of assets. The factors considered by management in performing this assessment include

current operating results, trends and prospects, the manner in which the property is used, and the effects of obsolescence, demand, competition, and other economic factors. Based on this assessment there was no impairment as of December 31, 2021.

#### Fair Value Measurements

Generally accepted accounting principles define fair value as the price that would be received to sell an asset or be paid to transfer a liability in an orderly transaction between market participants at the measurement date (exit price) and such principles also establish a fair value hierarchy that prioritizes the inputs used to measure fair value using the following definitions (from highest to lowest priority):

- Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.
- Level 2 – Observable inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, including quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data by correlation or other means.
- Level 3 – Prices or valuation techniques requiring inputs that are both significant to the fair value measurement and unobservable.

#### Income Taxes

The Company complies with FASB ASC 740 for accounting for uncertainty in income taxes recognized in a company's financial statements, which prescribes a recognition threshold and measurement process for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. For those benefits to be recognized, a tax position must be more-likely-than-not to be sustained upon examination by taxing authorities. FASB ASC 740 also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition. Based on the Company's evaluation, it has been concluded that there are no significant uncertain tax positions requiring recognition in the Company's financial statements. The Company believes that its income tax positions would be sustained on audit and does not anticipate any adjustments that would result in a material change to its financial position.

The Company is subject to tax filing requirements as a corporation in the federal jurisdiction of the United States. The Company sustained net operating losses since inception. Net operating losses will be carried forward to reduce taxable income in future years. Due to management's uncertainty as to the timing and valuation of any benefits associated with the net operating loss carryforwards, the Company has elected to recognize an allowance to account for them in the financial statements but has fully reserved it. Under current law, net operating losses may be carried forward indefinitely.

The Company is subject to franchise and income tax filing requirements in the States of Delaware and California



There is no income tax provision for the Company for the period from Inception through December 31, 2021, as the Company had no taxable income.

The Company evaluates its tax positions that have been taken or are expected to be taken on income tax returns to determine if an accrual is necessary for uncertain tax positions. As of December 31<sup>st</sup>, 2021, the unrecognized tax benefits accrual was zero.

#### Revenue Recognition

The company's sales are derived from the sale of services with revenue being recognized when persuasive evidence of an arrangement existed, the sale had occurred, the sales price was fixed or determinable and collectability was reasonably assured. In evaluating the if the Company adopted Accounting Standards Codification 606, Revenue from Contracts with Customers ("ASC 606") the company felt it was already recognizing revenue when performance obligations under the terms of the contracts with our customers are satisfied. The Company generates revenues by selling. For the years ending December 31<sup>st</sup>, 2021, and December 31<sup>st</sup>, 2020, the Company recognized \$2,000,000 and \$0 in revenue respectively.

#### Stock Compensation Expense

ASC 718, Compensation-Stock Compensation, prescribes accounting and reporting standards for all share-based payment transactions. Transactions include incurring liabilities, or issuing or offering to issue shares, options, and other equity instruments such as employee stock ownership plans and stock appreciation rights. Share-based payments to employees and non-employees, including grants of employee stock options, are recognized as compensation expense in the financial statements based on their fair values at the grant date. That expense is recognized over the period during which an employee is required to provide services in exchange for the award, known as the requisite service period (usually the vesting period).

The Company accounts for stock-based compensation issued to non-employees and consultants in accordance with provisions of ASC 505-50, Equity-Based Payments to Non-Employees. Measurement of share-based payment transactions with non-employees is based on the fair grant date FV of equity instruments. The fair value of the share-based payment transaction is determined at the earlier of performance commitment date or performance completion date. Share-based compensation expense for the years ended December 31<sup>st</sup>, 2021, and December 31<sup>st</sup>, 2020 was \$4,303 and \$5,682 respectively.

#### Organizational Costs

In accordance with FASB ASC 720, organizational costs, including accounting fees, legal fee, and costs of incorporation, are expensed as incurred.

#### Advertising

The Company expenses advertising costs as they are incurred. Such costs approximated \$42,483 and \$37,765 for the years ended December 31, 2021, and December 31, 2020 respectively.

## Research and Development

In compliance with ASC 730-10-25, all research and development costs are expensed as incurred. Such costs approximated \$405,319 and \$311,436 for the years ended December 31, 2021, and December 31, 2020 respectively.

## New Accounting Pronouncements

In November 2015, the FASB issued ASU (Accounting Standards Update) 2015-17, *Balance Sheet Classification of Deferred Taxes*, or ASU 2015-17. The guidance requires that all deferred tax assets and liabilities, along with any related valuation allowance, be classified a noncurrent on the balance sheet. For all entities other than public business entities, the guidance becomes effective for financial statements issued for annual periods beginning after December 15, 2017, and interim periods within annual periods beginning after December 15, 2018. Early adoption is permitted for all entities as of the beginning of an interim or annual reporting period. The adoption of ASU 2015-17 had no material impact on the Company's financial statements and related disclosures.

In November 2016, the FASB issued ASU 2016-18, *Statement of Cash Flows (Topic 230), Restricted Cash*, or ASU 2016-18. The amendments of ASU 2016-18 were issued to address the diversity in classification and presentation of changes in restricted cash and restricted cash equivalents with cash and cash equivalents when reconciling the beginning of period and end of period total amounts on the statement of cash flows. This guidance is effective for annual reporting periods, and interim periods within those years, beginning after December 15, 2018 for non-public entities. Early adoption is permitted, and the standard must be applied retrospectively. The adoption of ASU 2016-18 had no material impact on the Company's financial statements and related disclosures.

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*, or ASU 2016-02, which supersedes the guidance in ASC 840, *Leases*. The new standard requires lessees to apply a dual approach, classifying leases as either finance or operating leases based on the principle of whether or not the lease is effectively a financed purchase by the lessee. This classification will determine whether lease expense is recognized based on an effective interest method or on a straight-line basis over the term of the lease. A lessee is also required to record a right-of-use asset and a lease liability for all leases with a term of greater than 12 months regardless of their classification. Leases with a term of 12 months or less will be accounted for similar to existing guidance for operating leases today. This guidance is effective for annual reporting periods beginning after December 15, 2019 for non-public entities. The adoption of ASU 2016-02 had no material impact on the Company's financial statements and related disclosures.

In March 2016, the FASB issued ASU 2016-09, *Improvements to Employee Share-based Payment Accounting*, or ASU 2016-09. ASU 2016-09 simplifies several aspects of the accounting for share-based payment transactions, including the income tax consequences, classification of awards as either equity or liabilities, and classification on the statement of cash flows. Some of the areas of simplification apply only to non-public companies. This guidance was effective on December 31<sup>st</sup>, 2016 for public entities. For entities other than public business entities, the amendments are effective for annual periods beginning after December 15, 2017, and interim periods within annual

periods beginning after December 15, 2018. Early adoption is permitted for an entity in any interim or annual period for which financial statements have not been issued or made available for issuance. An entity that elects early adoption must adopt all amendments in the same period. The adoption of ASU 2016-09 had no material impact on the Company's financial statements and related disclosures.

In May 2017, the FASB issued ASU 2017-09, *Compensation—Stock Compensation* (Topic 718): *Scope of Modification Accounting*, or ASU 2017-09, which clarifies when to account for a change to the terms or conditions of a share-based payment award as a modification. Under the new guidance, modification accounting is required only if the fair value, vesting conditions, or the classification of the award (as equity or liability) changes as a result of the change in terms or conditions. This guidance is effective for annual reporting periods, and interim periods within those years, beginning after December 15, 2017, for both public entities and non-public entities. Early adoption is permitted. The adoption of ASU 2017-09 had no material impact on the Company's financial statements and related disclosures.

In August 2018, amendments to existing accounting guidance were issued through Accounting Standards Update 2018-15 to clarify the accounting for implementation costs for cloud computing arrangements. The amendments specify that existing guidance for capitalizing implementation costs incurred to develop or obtain internal-use software also applies to implementation costs incurred in a hosting arrangement that is a service contract. The guidance is effective for fiscal years beginning after December 15, 2020, and interim periods within fiscal years beginning after December 15, 2021, and early application is permitted. We are currently evaluating the effect that the updated standard will have on the financial statements and related disclosures.

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

#### NOTE-3 INTANGIBLE ASSETS

The Company has recorded intangible assets at cost. The intangible assets consist of patents. Patents costs are amortized over the 15-year estimated useful life on a straight-line basis.

The Company accounts for intangible assets (including trademarks and website) in accordance with ASC 350 "Intangibles-Goodwill and Other" ("ASC 350"). ASC 350 requires that goodwill and other intangibles with indefinite lives be tested for impairment annually or on an interim basis if events or circumstances indicate that the fair value of an asset has decreased below its carrying value. In addition, ASC 350 requires that goodwill be tested for impairment at the reporting unit level (operating segment or one level below an operating segment) on an annual basis and between

annual tests when circumstances indicate that the recoverability of the carrying amount of goodwill may be in doubt. Application of the goodwill impairment test requires judgment, including the identification of reporting units, assigning assets and liabilities to reporting units, assigning goodwill to reporting units, and determining the fair value. Significant judgments required to estimate the fair value of reporting units include estimating future cash flows, determining appropriate discount rates and other assumptions. Changes in these estimates and assumptions or the occurrence of one or more confirming events in future periods could cause the actual results or outcomes to materially differ from such estimates and could also affect the determination of fair value and/or goodwill impairment at future reporting dates.

As of December 31, 2021, the company currently has Patent costs on the books with an aggregate gross carrying amount of \$111,773 and an aggregate amortization expense for the years ending December 31, 2021, and December 31, 2020, of 9,757, and \$3,435 respectfully.

Intangible assets on December 31, 2021, and 2020 consisted of the following:

	<u>2021</u>	<u>2020</u>
Patent Costs	\$111,773	\$71,567
Accumulated Amortization	<u>28,162</u>	<u>18,405</u>
Total	<u>\$83,611</u>	<u>\$53,162</u>

#### NOTE 4 – FIXED ASSETS

Property and equipment are recorded at cost. Expenditures for renewals and improvements that significantly add to the productive capacity or extend the useful life of an asset are capitalized. Expenditures for maintenance and repairs are charged to expense. When equipment is retired or sold, the cost and related accumulated depreciation are eliminated from the accounts and the resultant gain or loss is reflected in income. Depreciation is provided using the straight-line method based on useful lives of the assets. There was \$112,104 and \$104,790 depreciation expense for the years ended December 31<sup>st</sup>, 2021, and December 31<sup>st</sup>, 2020 respectively.

Property and Equipment on December 31, 2021, and 2020 consisted of the following:

	<u>2021</u>	<u>2020</u>
Computers	\$ 13,535	\$ 10,016
Furniture & Fixtures	29,128	15,198
Leasehold Improvements	77,809	73,179
Machinery & Equipment	1,047,764	987,149
Accumulated Depreciation	<u>375,436</u>	<u>263,332</u>
Total	<u>\$792,800</u>	<u>\$822,210</u>

#### NOTE 5 – CONVERTIBLE NOTES

During 2020, the Company issued two convertible promissory note for a total of \$515,000. The notes carry a 6% - 20% APR and a maturity date in 2021-2023.

The convertible promissory notes are unsecured and are convertible into shares of the Company's preferred stock upon a subsequent qualified financing event of at least \$1,000,000, sale of the company or at the maturity date.

In the event of a qualified financing event the notes and accrued interest are convertible into a price per share equal to the lesser of (i) 80% of the price per share paid by the other purchasers of the preferred stock sold in the qualified financing and (ii) an amount obtained by dividing 30,000,000 by the fully diluted capitalization of the Company. In the event that a qualified financing does not occur, the notes and accrued interest are convertible into the number of shares obtained by dividing 30,000,000 by the fully diluted capitalization of the Company. In the event of a conversion upon change of control, the notes and accrued interest are either due and payable immediately prior to the closing or convert the same way it would upon maturity.

During the year ending December 31, 2021, the convertible promissory note for \$500,000 (plus accrued interest of \$43,333 converted to 393,382 shares of stock.

#### NOTE 6 – NOTES PAYABLE

During 2020, the Company entered into a total of \$278,250 of short-term notes payable with various entities. All notes carried a 10% interest rate. The total principal and accrued interest (\$27,000 as of December 31, 2020) were paid in full during the year ending December 31, 2021.

#### NOTE 7 – PPP LOAN

On May 8<sup>th</sup>, 2020, the Company received a loan from the Small Business Administration in the amount of \$151,912 under the Paycheck Protection Program (PPP) established by the Corona Virus Aid, Relief and Economic Security (CARES) Act.

#### NOTE 8 – WARRANTS

During 2017, the Company issued 39,216 warrants to an investor. The warrants entitle the holder to purchase one share of common stock at an exercise price equal to \$0.01 per share at any time on or after the "Initial Exercise Date" and on or prior to the close of business on December 31, 2022 (the "Termination Date").

During 2021, the Company issued 859,500 warrants to an investor. The warrants entitle the holder to purchase one share of common stock at an exercise price equal to \$0.20 per share at any time on or after the "Initial Exercise Date" and on or prior to the close of business on December 29, 2030 (the "Termination Date").

The Company determined that these warrants are free standing financial instruments that are legally detachable and separately exercisable from the common stock included in the public share offering. Management also determined that the warrants are callable for cash upon a fundamental

transaction at the option of the holder and as such required classification as a liability pursuant to ASC 480 "Distinguishing Liabilities from Equity". In accordance with the accounting guidance, the outstanding warrants are recognized as a warrant liability on the balance sheet and are measured at their inception date fair value and subsequently re-measured at each reporting period with changes being recorded as a component of other income in the statement of operations.

The fair value of the warrant liabilities was measured using the Black-Scholes model. Significant inputs into the model at the inception and reporting period measurement dates are as follows:

**Warrant Calculation**

Stock Price	\$0.01 - \$0.20
Exercise Price	\$0.01 - \$0.20
Time to Maturity (years)	5-10
Annual Risk-Free Interest Rate	1.52%
Annualized Volatility	125%
Fair value of warrants	\$0.01 - \$0.20

The warrants outstanding and fair values at each of the respective valuation dates are summarized below:

	<u>Warrants Outstanding</u>	<u>Fair Value per Share</u>	<u>Fair Value</u>
Fair value at initial measurement date:	39,216	\$ 0.0084	\$ 329
Fair value at December 31, 2019:	39,216		329
Issuance of warrants	859,500	\$ 0.1911	164,250
Change in value of previous warrants	39,216	\$ 0.1952	7,326
Fair value at December 31, 2020:	898,716		171,905
Fair value at December 31, 2021:	898,716		<u>\$ 171,905</u>

As of December 31, 2021, and 2020, the Company recorded a loss of nil and \$7,326 in the change of fair value of the warrants, respectively.

The warrant liabilities are considered Level 3 liabilities on the fair value hierarchy as the determination of fair value includes various assumptions about future activities and the Company's stock prices and historical volatility as inputs. During the year ending December 31, 2021, no warrants were exercised.

During the year ending December 31, 2020, a total of 75,000 warrants were exercised at a price of \$0.05 per share. However, as these warrants were issued in conjunction with the issuance of convertible notes, so the prices were allocated to the notes, not to the warrant liability account.

**NOTE 9 – EQUITY**

***Preferred Stock***

Under the amended articles of incorporation, the total number of preferred shares of stock that the Corporation shall have authority to issue is 12,300 shares at a \$0.0001 par value per share. As of



December 31, 2021, and 2020, 7,484,882 and 1,415,377 shares of Preferred Stock have been issued and are outstanding, respectively.

### ***Common Stock***

Under the amended articles of incorporation, the total number of common shares of stock that the Corporation shall have authority to issue is 15,000,000 shares, at \$0.0001 par value per share. As of December 31, 2021, and 2020, 11,235,610 and 11,228,110 shares have been issued and are outstanding, respectively.

### ***Equity Incentive***

The Company's 2017 Equity Plan (the Plan), which is shareholder approved, permits the grant of share options and shares to its employees, advisors and subcontractors for up to 2,500,000 shares of common stock. The Company believes that such awards better align the interests of its employees, advisors and subcontractors with those of its shareholders. Option awards are generally granted with an exercise price equal to the market price of the Company's stock at the date of grant; those option awards generally vest based on one to five years of continuous service and have 6-year contractual terms. As of December 31, 2021, and 2020, 1,729,465 and 1,564,465 shares have been issued under the Plan, respectively.

### ***SAFE Obligations***

During 2018 - 2020, the Company issued several Simple Agreements for Future Equity ("SAFEs"). The agreements state if there is an equity financing before the termination of the SAFE, on the initial closing of an equity financing, the SAFEs will automatically convert into the number of shares of preferred stock equal to the purchase amount divided by the conversion price which is (1) the SAFE price or (2) the discount price, whichever calculation results in a greater number of shares of preferred stock.

The SAFE agreements will expire and terminate upon either (i) the issuance of shares to the investor pursuant to an equity financing event or (ii) the payment, or setting aside for payment, of amounts due to the investor pursuant to a liquidity or dissolution event.

As of December 31, 2021, no SAFE agreements had been converted into equity, nor had any terminated or expired based on the terms of the agreements.

As of December 31, 2021, and 2020, the Company had \$4,625,000 of SAFE obligations outstanding, with valuation caps of \$25,000,000 and no discount rate.

The Company accounts for the SAFE agreements under ASC 480 (Distinguishing Liabilities from Equity), which requires that they be recorded at fair value as of the balance sheet date. Any changes in fair value are to be recorded in the statement of income. The Company has determined that the fair value at the date of issuance, and as of December 31, 2021 and 2020 are both consistent with the proceeds received at issuance, and therefore there is no mark-to-market fair value adjustments required, or reflected in income for the years ended December 31, 2021 and 2020.

#### NOTE 10 – INCOME TAXES

The Company for tax purposes is treated as a C corporation. The 2021 tax return has not been filed as of August 9<sup>th</sup>, 2022, the date the financial statements were available to be issued.

#### NOTE 11 - COVID-19

In January 2020, the World Health Organization has declared the outbreak of a novel coronavirus (COVID-19) as a “Public Health Emergency of International Concern,” which continues to spread throughout the world and has adversely impacted global commercial activity and contributed to significant declines and volatility in financial markets. The coronavirus outbreak and government responses are creating disruption in global supply chains and adversely impacting many industries. The outbreak could have a continued material adverse impact on economic and market conditions and trigger a period of global economic slowdown. The rapid development and fluidity of this situation precludes any prediction as to the ultimate material adverse impact of the coronavirus outbreak. Nevertheless, the outbreak presents uncertainty and risk with respect to the Company, its performance, and its financial results.

#### NOTE 12 – GOING CONCERN

These financial statements are prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. The Company began in 2015 and has established its presence and operations in the United States. The Company’s ability to continue as a going concern is dependent upon its ability to obtain capital financing from investors sufficient to meet current and future obligations and deploy such capital to produce profitable operating results. No assurance can be given that the Company will be successful in these efforts. The balance sheet does not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

#### NOTE 13 – COMMITMENTS AND CONTINGENCIES

The Company is not currently involved with and does not know of any pending or threatening litigation against the Company as of December 31, 2021.

#### NOTE 14 – SUBSEQUENT EVENTS

Effective as of June 23<sup>rd</sup>, 2022, the Company entered into an agreement with OpenDeal Portal LLC d/b/a Republic, a Delaware limited liability company. CB Therapeutics, Inc together with Republic, pursuant to which CB Therapeutics, Inc will prepare and launch a Regulation Crowdfunding securities-offering facilitated by Republic on a website owned by OpenDeal Inc, and hosted by Republic Core LLC (collectively, the “Portal”). CB Therapeutics, Inc seeks to complete an offering of the Company’s securities under Section 4(a)(6), Regulation Crowdfunding (Reg CF), of the Securities Act of 1933 (the “Crowdfunded Offering”) up to \$1,000,000 of simple agreement for future equity. The Company is attempting to raise a minimum amount of \$25,000 in this offering and up to \$1,000,000 maximum. The Company must receive commitments from investors totaling the minimum by the offering deadline. The offering is still ongoing as of August 9<sup>th</sup>, 2022, the date the financial statements were available to be issued.

In 2022, the Company issued several Convertible Promissory Notes totaling an aggregate of \$75,000. In the event the Company issues and sells shares of its equity securities to investors while these notes remain outstanding in an equity financing with total proceeds to the Company of not less than \$1,000,000 excluding the conversion of the Notes or other convertible securities issued for capital raising purposes (e.g., Simple Agreements for Future Equity) (a “Qualified Financing”) then the outstanding principal amount of the notes and any unpaid accrued interest shall automatically convert in whole without any further action by the Holder into Equity Securities sold in the Qualified Financing at a conversion price equal to the lesser of the cash price paid per share for Equity Securities by the Investors in the Qualified Financing.

During 2022, the Company issued an additional 160,000 of stock options. The options vest over 36 months and have a strike price of \$0.25 per share.

On May 8<sup>th</sup>, 2020, the Company received a loan from the Small Business Administration in the amount of \$151,912 under the Paycheck Protection Program (PPP) established by the Corona Virus Aid, Relief and Economic Security (CARES) Act. The loan was forgiven on February 1<sup>st</sup>, 2022.

#### Management’s Evaluation

Management has evaluated subsequent events through August 9<sup>th</sup>, 2022, the date financial statements were available to be issued. Based on this evaluation, no additional material events were identified which require adjustment or disclosure in the financial statements.

**EXHIBIT B**

*Form of Security*

THIS INSTRUMENT HAS BEEN ISSUED PURSUANT TO SECTION 4(A)(6) OF THE SECURITIES ACT OF 1933, AS AMENDED (THE “**SECURITIES ACT**”), AND NEITHER IT NOR ANY SECURITIES ISSUABLE PURSUANT HERETO HAVE BEEN REGISTERED UNDER THE SECURITIES ACT OR THE SECURITIES LAWS OF ANY STATE. THESE SECURITIES MAY NOT BE OFFERED, SOLD OR OTHERWISE TRANSFERRED, PLEDGED OR HYPOTHECATED EXCEPT AS PERMITTED BY RULE 501 OF REGULATION CROWDFUNDING UNDER THE SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS OR PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT OR EXEMPTION THEREFROM.

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

**CB THERAPEUTICS, INC.**

**Crowd SAFE  
(Crowdfunding Simple Agreement for Future Equity)**

**Series 2023**

THIS CERTIFIES THAT in exchange for the payment by \_\_\_\_\_ (the “**Investor**”, and together with all other Series 2023 Crowd SAFE holders, “**Investors**”) of \$ \_\_\_\_\_ (the “**Subscription Amount**”) on or about \_\_\_\_\_, 2023, CB Therapeutics, Inc. a Delaware corporation (the “**Company**”), hereby issues to the Investor the right to certain shares of the Company’s Capital Stock (defined below), subject to the terms set forth below.

The “**Discount**” is 20%.

The “**Valuation Cap**” is \$45,000,000.

See Section 2 for certain additional defined terms.

**1. Events**

(a) **Equity Financing.**

(i) If an Equity Financing occurs before this instrument terminates in accordance with Sections 1(b)-(d) (“**First Equity Financing**”), the Company shall promptly notify the Investor of the closing of the First Equity Financing and of the Company’s discretionary decision to either (1) continue the term of this Crowd SAFE without converting the Subscription Amount to Capital Stock; or (2) issue to the Investor a number of shares of the Capital Stock (whether Preferred Stock or another class issued by the Company) sold in the First Equity Financing. The number of shares of Capital Stock shall equal the quotient obtained by dividing (x) the Subscription Amount by (y) the applicable Conversion Price (such applicable Conversion Price, the “**First Equity Financing Price**”).

(ii) If the Company elects to continue the term of this Crowd SAFE past the First Equity Financing and another Equity Financing occurs before the termination of this Crowd SAFE in accordance with Sections 1(b)-(d) (each, a “**Subsequent Equity Financing**”), the Company shall promptly notify the Investor of the closing of the Subsequent Equity Financing and of the Company’s discretionary decision to either (1) continue the term of this Crowd SAFE without converting the Investor’s Subscription Amount to Capital Stock; or (2) issue to the Investor a number of shares of Capital Stock (whether Preferred Stock or another class issued by the Company) sold in the Subsequent Equity Financing. The number of shares of such Capital Stock shall equal to the quotient obtained by dividing (x) the Subscription Amount by (y) the First Equity Financing Price.

(b) **Liquidity Event.**

(i) If there is a Liquidity Event before the termination of this instrument and before any Equity Financing, the Investor must select, at its option, within thirty (30) days of receiving notice (whether actual or constructive), either (1) to receive a cash payment equal to the Subscription Amount (or a lesser amount as described below) or (2) to receive from the Company a number of shares of Common Stock equal to the Subscription Amount (or a lesser amount as described below) divided by the Liquidity Price.

(ii) If there is a Liquidity Event after one or more Equity Financings have occurred but before the termination of this instrument, each Investor must select, at its option, within thirty (30) days of receiving notice (whether actual or constructive), either (1) to receive a cash payment equal to the Subscription Amount (or a lesser amount as described below) or (2) to receive from the Company a number of shares of the most recent issued Capital Stock (whether Preferred Stock or another class issued by the Company) equal to the Subscription Amount divided by the First Equity Financing Price. Shares of Capital Stock granted in connection therewith shall have the same liquidation rights and preferences as the shares of Capital Stock issued in connection with the Company’s most recent Equity Financing.

(iii) If there are not enough funds to pay the Investor and holders of other Crowd SAFES (collectively, the “**Cash-Out Investors**”) in full, then all of the Company’s available funds will be distributed with equal priority and pro rata among the Cash-Out Investors in proportion to their Subscription Amounts. In connection with this Section 1(b), the Subscription Amount (or a lesser amount as described below) will be due and payable by the Company to the Investor immediately prior to, or concurrent with, the consummation of the Liquidity Event.

Notwithstanding Section 1(b)(i)(2) or Section 1(b)(ii)(2), if the Company’s board of directors determines in good faith that delivery of Capital Stock to the Investor pursuant to Section 1(b)(i)(2) or Section 1(b)(ii)(2) would violate applicable law, rule or regulation, then the Company shall deliver to Investor in lieu thereof, a cash payment equal to the fair market value of such Capital Stock, as determined in good faith by the Company’s board of directors.

(c) **Dissolution Event.** If there is a Dissolution Event (defined below) before this instrument terminates in accordance with Section 1(a) or Section 1(b), subject to the preferences applicable to any series of Preferred Stock, the Company will distribute its entire assets legally available for distribution with equal priority among the (i) Investors (on an as converted basis based on a valuation of Common Stock as determined in good faith by the Company’s board of directors at the time of Dissolution Event), (ii) all other holders of instruments sharing in the assets of the Company at the same priority as holders of Common Stock upon a Dissolution Event and (iii) and all holders of Common Stock.



(d) **Termination.** This instrument will terminate (without relieving the Company or the Investor of any obligations arising from a prior breach of or non-compliance with this instrument) upon the earlier to occur: (i) the issuance of Capital Stock to the Investor pursuant to Section 1(a) or Section 1(b); or (ii) the payment, or setting aside for payment, of amounts due to the Investor pursuant to Section 1(b) or Section 1(c).

## **2. Definitions**

**“Capital Stock”** means the capital stock of the Company, including, without limitation, Common Stock and Preferred Stock.

**“Change of Control”** means (i) a transaction or series of related transactions in which any “person” or “group” (within the meaning of Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended), becomes the “beneficial owner” (as defined in Rule 13d-3 under the Securities Exchange Act of 1934, as amended), directly or indirectly, of more than 50% of the outstanding voting securities of the Company having the right to vote for the election of members of the Company’s board of directors, (ii) any reorganization, merger or consolidation of the Company, other than a transaction or series of related transactions in which the holders of the voting securities of the Company outstanding immediately prior to such transaction or series of related transactions retain, immediately after such transaction or series of related transactions, at least a majority of the total voting power represented by the outstanding voting securities of the Company or such other surviving or resulting entity or (iii) a sale, lease or other disposition of all or substantially all of the assets of the Company.

**“Common Stock”** means common stock, par value \$0.0001 per share, of the Company.

**“Conversion Price”** means either: (i) the SAFE Price or (ii) the Discount Price, whichever calculation results in a greater number of shares of Capital Stock.

**“Discount Price”** means the product of (i) the price per share of Capital Stock sold in an Equity Financing and (ii) 100% less the Discount.

**“Dissolution Event”** means (i) a voluntary termination of operations, (ii) a general assignment for the benefit of the Company’s creditors, (iii) the commencement of a case (whether voluntary or involuntary) seeking relief under Title 11 of the United States Code (the “Bankruptcy Code”), or (iv) any other liquidation, dissolution or winding up of the Company (excluding a Liquidity Event), whether voluntary or involuntary.

**“Equity Financing”** shall mean the next sale (or series of related sales) by the Company of its Capital Stock to one or more third parties following the date of this instrument from which the Company receives gross proceeds of not less than \$1,000,000 cash or cash equivalent (excluding the conversion of any instruments convertible into or exercisable or exchangeable for Capital Stock, such as SAFEs or convertible promissory notes) with the principal purpose of raising capital.

**“Equity Securities”** shall mean Common Stock or Preferred Stock or any securities convertible into, exchangeable for or conferring the right to purchase (with or without additional consideration) Common Stock or Preferred Stock, except in each case, (i) any security granted, issued and/or sold by the Company to any director, officer, employee, advisor or consultant of the Company in such capacity for the primary purpose of soliciting or retaining his, her or its services, (ii) any convertible promissory notes issued by the Company, and (iii) any SAFEs issued.

**“Fully Diluted Capitalization”** shall mean the aggregate number, as of immediately prior to the First Equity Financing, of issued and outstanding shares of Capital Stock, assuming full conversion or exercise of all convertible and exercisable securities then outstanding, including shares of convertible Preferred Stock and all outstanding vested or unvested options or warrants to purchase Capital Stock, but excluding (i) the issuance of all shares of Capital Stock reserved and available for future issuance under any of the Company’s existing equity incentive plans, (ii) convertible promissory notes issued by the Company, (iii) any SAFEs, and (iv) any equity securities that are issuable upon conversion of any outstanding convertible promissory notes or SAFEs.

**“Intermediary”** means OpenDeal Portal LLC, a registered securities crowdfunding portal CRD#283874, or a qualified successor.

**“IPO”** means: (A) the completion of an underwritten initial public offering of Capital Stock by the Company pursuant to: (I) a final prospectus for which a receipt is issued by a securities commission of the United States or of a province of Canada, or (II) a registration statement which has been filed with the United States Securities and Exchange Commission and is declared effective to enable the sale of Capital Stock by the Company to the public, which in each case results in such equity securities being listed and posted for trading or quoted on a recognized exchange; (B) the Company’s initial listing of its Capital Stock (other than shares of Capital Stock not eligible for resale under Rule 144 under the Securities Act) on a national securities exchange by means of an effective registration statement on Form S-1 filed by the Company with the SEC that registers shares of existing capital stock of the Company for resale, as approved by the Company’s board of directors, where such listing shall not be deemed to be an underwritten offering and shall not involve any underwriting services; or (C) the completion of a reverse merger or take-over whereby an entity (I) whose securities are listed and posted for trading or quoted on a recognized exchange, or (II) is a reporting issuer in the United States or the equivalent in any foreign jurisdiction, acquires all of the issued and outstanding Capital Stock of the Company..

**“Liquidity Capitalization”** means the number, as of immediately prior to the Liquidity Event, of shares of the Company’s capital stock (on an as-converted basis) outstanding, assuming exercise or conversion of all outstanding vested and unvested options, warrants and other convertible securities, but excluding: (i) shares of Capital Stock reserved and available for future grant under any equity incentive or similar plan; (ii) any SAFEs; (iii) convertible promissory notes; and (iv) any equity securities that are issuable upon conversion of any outstanding convertible promissory notes or SAFEs.

**“Liquidity Event”** means a Change of Control or an IPO.

**“Liquidity Price”** means the price per share equal to (x) the Valuation Cap divided by (y) the Liquidity Capitalization.

**“Lock-up Period”** means the period commencing on the date of the final prospectus relating to the Company’s IPO, and ending on the date specified by the Company and the managing underwriter(s). Such period shall not exceed one hundred eighty (180) days, or such other period as may be requested by the Company or an underwriter to accommodate regulatory restrictions on (i) the publication or other distribution of research reports, and (ii) analyst recommendations and opinions.

**“Preferred Stock”** means the preferred stock of the Company.

**“Regulation CF”** means Regulation Crowdfunding promulgated under the Securities Act.

“SAFE” means any simple agreement for future equity (or other similar agreement), including a Crowd SAFE, which is issued by the Company for bona fide financing purposes and which may convert into Capital Stock in accordance with its terms.

“SAFE Price” means the price per share equal to (x) the Valuation Cap divided by (y) the Fully Diluted Capitalization.

### **3. *Company Representations***

(a) The Company is a corporation duly incorporated, validly existing and in good standing under the laws of the state of its incorporation, and has the power and authority to own, lease and operate its properties and carry on its business as now conducted.

(b) The execution, delivery and performance by the Company of this instrument is within the power of the Company and, other than with respect to the actions to be taken when equity is to be issued to Investor, has been duly authorized by all necessary actions on the part of the Company. This instrument constitutes a legal, valid and binding obligation of the Company, enforceable against the Company in accordance with its terms, except as limited by bankruptcy, insolvency or other laws of general application relating to or affecting the enforcement of creditors’ rights generally and general principles of equity. To the knowledge of the Company, it is not in violation of (i) its current charter or bylaws; (ii) any material statute, rule or regulation applicable to the Company; or (iii) any material indenture or contract to which the Company is a party or by which it is bound, where, in each case, such violation or default, individually, or together with all such violations or defaults, could reasonably be expected to have a material adverse effect on the Company.

(c) The performance and consummation of the transactions contemplated by this instrument do not and will not: (i) violate any material judgment, statute, rule or regulation applicable to the Company; (ii) result in the acceleration of any material indenture or contract to which the Company is a party or by which it is bound; or (iii) result in the creation or imposition of any lien upon any property, asset or revenue of the Company or the suspension, forfeiture, or nonrenewal of any material permit, license or authorization applicable to the Company, its business or operations.

(d) No consents or approvals are required in connection with the performance of this instrument, other than: (i) the Company’s corporate approvals; (ii) any qualifications or filings under applicable securities laws; and (iii) necessary corporate approvals for the authorization of shares of Capital Stock issuable pursuant to Section 1.

(e) The Company shall, prior to the conversion of this instrument, reserve from its authorized but unissued shares of Capital Stock for issuance and delivery upon the conversion of this instrument, such number of shares of the Capital Stock as necessary to effect the conversion contemplated by this instrument, and, from time to time, will take all steps necessary to amend its charter to provide sufficient authorized numbers of shares of the Capital Stock issuable upon the conversion of this instrument. All such shares shall be duly authorized, and when issued upon any such conversion, shall be validly issued, fully paid and non-assessable, free and clear of all liens, security interests, charges and other encumbrances or restrictions on sale and free and clear of all preemptive rights, except encumbrances or restrictions arising under federal or state securities laws.

(f) The Company is (i) not required to file reports pursuant to Section 13 or Section 15(d) of the Exchange Act, (ii) not an investment company as defined in Section 3 of the Investment Company Act of 1940 (the “**Investment Company Act**”), and is not excluded from the definition of investment company by Section 3(b) or Section 3(c) of the Investment Company Act, (iii) not disqualified from selling securities

under Rule 503(a) of Regulation CF, (iv) not barred from selling securities under Section 4(a)(6) of the Securities Act due to a failure to make timely annual report filings, (vi) not planning to engage in a merger or acquisition with an unidentified company or companies, and (vii) organized under, and subject to, the laws of a state or territory of the United States or the District of Columbia.

(g) The Company has, or will shortly after the issuance of this instrument, engage a transfer agent registered with the U.S. Securities and Exchange Commission to act as the sole registrar and transfer agent for the Company with respect to the Crowd SAFE.

#### **4. *Investor Representations***

(a) The Investor has full legal capacity, power and authority to execute and deliver this instrument and to perform its obligations hereunder. This instrument constitutes a valid and binding obligation of the Investor, enforceable in accordance with its terms, except as limited by bankruptcy, insolvency or other laws of general application relating to or affecting the enforcement of creditors' rights generally and general principles of equity.

(b) The Investor has been advised that this instrument and the underlying securities have not been registered under the Securities Act or any state securities laws and are offered and sold hereby pursuant to Section 4(a)(6) of the Securities Act. The Investor understands that neither this instrument nor the underlying securities may be resold or otherwise transferred unless they are registered under the Securities Act and applicable state securities laws or pursuant to Rule 501 of Regulation CF, in which case certain state transfer restrictions may apply.

(c) The Investor is purchasing this instrument and the securities to be acquired by the Investor hereunder for its own account for investment, not as a nominee or agent, and not with a view to, or for resale in connection with, the distribution thereof, and the Investor has no present intention of selling, granting any participation in, or otherwise distributing the same. The Investor understands that the Securities have not been, and will not be, registered under the Securities Act or any state securities laws, by reason of specific exemptions under the provisions thereof which depend upon, among other things, the bona fide nature of the investment intent and the accuracy of each Investor's representations as expressed herein.

(d) The Investor acknowledges, and is purchasing this instrument in compliance with, the investment limitations set forth in Rule 100(a)(2) of Regulation CF, promulgated under Section 4(a)(6)(B) of the Securities Act.

(e) The Investor acknowledges that the Investor has received all the information the Investor has requested from the Company and the Investor considers necessary or appropriate for deciding whether to acquire this instrument and the underlying securities, and the Investor represents that the Investor has had an opportunity to ask questions and receive answers from the Company regarding the terms and conditions of this instrument and the underlying securities and to obtain any additional information necessary to verify the accuracy of the information given to the Investor. In deciding to subscribe to this instrument, the Investor is not relying on the advice or recommendations of the Company or of the Intermediary and the Investor has made its own independent decision that an investment in this instrument and the underlying securities is suitable and appropriate for the Investor. The Investor understands that no federal or state agency has passed upon the merits or risks of an investment in this instrument and the underlying securities or made any finding or determination concerning the fairness or advisability of this investment.

(f) The Investor understands and acknowledges that as a Crowd SAFE investor, the Investor

shall have no voting, information or inspection rights, aside from any disclosure requirements the Company is required to make under relevant securities regulations.

(g) The Investor understands that no public market now exists for any of the securities issued by the Company, and that the Company has made no assurances that a public market will ever exist for this instrument and the securities to be acquired by the Investor hereunder.

(h) The Investor is not (i) a citizen or resident of a geographic area in which the subscription of or holding of the Crowd SAFE and the underlying securities is prohibited by applicable law, decree, regulation, treaty, or administrative act, (ii) a citizen or resident of, or located in, a geographic area that is subject to U.S. or other applicable sanctions or embargoes, or (iii) an individual, or an individual employed by or associated with an entity, identified on the U.S. Department of Commerce's Denied Persons or Entity List, the U.S. Department of Treasury's Specially Designated Nationals List, the U.S. Department of State's Debarred Parties List or other applicable sanctions lists. Investor hereby represents and agrees that if Investor's country of residence or other circumstances change such that the above representations are no longer accurate, Investor will immediately notify Company. Investor further represents and warrants that it will not knowingly sell or otherwise transfer any interest in the Crowd SAFE or the underlying securities to a party subject to U.S. or other applicable sanctions.

(i) If the Investor is not a United States person (as defined by Section 7701(a)(30) of the Internal Revenue Code of 1986, as amended), the Investor hereby represents that it has satisfied itself as to the full observance of the laws of its jurisdiction in connection with any invitation, subscription and payment for, and continued ownership of, its beneficial interest in the Crowd SAFE and the underlying securities will not violate any applicable securities or other laws of the Investor's jurisdiction, including (i) the legal requirements within its jurisdiction for the subscription of its beneficial interest in the Crowd SAFE; (ii) any foreign exchange restrictions applicable to such subscription; (iii) any governmental or other consents that may need to be obtained; and (iv) the income tax and other tax consequences, if any, that may be relevant to the subscription, holding, conversion, redemption, sale, or transfer of its beneficial interest in the Crowd SAFE and the underlying securities. The Investor acknowledges that the Company has taken no action in foreign jurisdictions with respect to the Crowd SAFE (and the Investor's beneficial interest therein) and the underlying securities.

(j) If the Investor is a corporate entity: (i) such corporate entity is duly incorporated, validly existing and in good standing under the laws of the state of its incorporation, and has the power and authority to enter into this Crowd SAFE; (ii) the execution, delivery and performance by the Investor of the Crowd SAFE is within the power of the Investor and has been duly authorized by all necessary actions on the part of the Investor; (iii) to the knowledge of the Investor, it is not in violation of its current charter or bylaws, any material statute, rule or regulation applicable to the Investor; and (iv) the performance of this Crowd SAFE does not and will not violate any material judgment, statute, rule or regulation applicable to the Investor; result in the acceleration of any material indenture or contract to which the Investor is a party or by which it is bound, or otherwise result in the creation or imposition of any lien upon the Subscription Amount.

(k) The Investor further acknowledges that it has read, understood, and had ample opportunity to ask Company questions about its business plans, "Risk Factors," and all other information presented in the Company's Form C and the offering documentation filed with the SEC.

(l) The Investor represents that the Investor understands the substantial likelihood that the Investor will suffer a **TOTAL LOSS** of all capital invested, and that Investor is prepared to bear the risk of such total loss.



## 5. *Transfer Restrictions.*

(a) The Investor hereby agrees that during the Lock-up Period it will not, without the prior written consent of the managing underwriter: (A) lend; offer; pledge; sell; contract to sell; sell any option or contract to purchase; purchase any option or contract to sell; grant any option, right, or warrant to purchase; or otherwise transfer or dispose of, directly or indirectly, any shares of Common Stock or any securities convertible into or exercisable or exchangeable (directly or indirectly) for Common Stock (whether such shares or any such securities are then owned by the Investor or are thereafter acquired); or (B) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of such securities; whether any such transaction described in clause (A) or (B) above is to be settled by delivery of Common Stock or other securities, in cash, or otherwise.

(b) The foregoing provisions of Section 5(a) will: (x) apply only to the IPO and will not apply to the sale of any shares to an underwriter pursuant to an underwriting agreement; (y) not apply to the transfer of any shares to any trust for the direct or indirect benefit of the Investor or the immediate family of the Investor, provided that the trustee of the trust agrees to be bound in writing by the restrictions set forth herein, and provided further that any such transfer will not involve a disposition for value; and (z) be applicable to the Investor only if all officers and directors of the Company are subject to the same restrictions and the Company uses commercially reasonable efforts to obtain a similar agreement from all stockholders individually owning more than 5% of the outstanding Common Stock or any securities convertible into or exercisable or exchangeable (directly or indirectly) for Common Stock. Notwithstanding anything herein to the contrary, the underwriters in connection with the IPO are intended third-party beneficiaries of Section 5(a) and will have the right, power and authority to enforce the provisions hereof as though they were a party hereto. The Investor further agrees to execute such agreements as may be reasonably requested by the underwriters in connection with the IPO that are consistent with Section 5(a) or that are necessary to give further effect thereto.

(c) In order to enforce the foregoing covenant, the Company may impose stop transfer instructions with respect to the Investor's registrable securities of the Company (and the Company shares or securities of every other person subject to the foregoing restriction) until the end of the Lock-up Period. The Investor agrees that a legend reading substantially as follows will be placed on all certificates representing all of the Investor's registrable securities of the Company (and the shares or securities of the Company held by every other person subject to the restriction contained in Section 5(a)):

THE SECURITIES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO A LOCK-UP PERIOD BEGINNING ON THE EFFECTIVE DATE OF THE COMPANY'S REGISTRATION STATEMENT FILED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AS SET FORTH IN AN AGREEMENT BETWEEN THE COMPANY AND THE ORIGINAL HOLDER OF THESE SECURITIES, A COPY OF WHICH MAY BE OBTAINED AT THE COMPANY'S PRINCIPAL OFFICE. SUCH LOCK-UP PERIOD IS BINDING ON TRANSFEREES OF THESE SECURITIES.

(d) Without in any way limiting the representations and warranties set forth in Section 4 above, the Investor further agrees not to make any disposition of all or any portion of this instrument or the underlying securities unless and until the transferee has agreed in writing for the benefit of the Company to make the representations and warranties set out in Section 4 and the undertaking set out in Section 5(a) and:

(i) There is then in effect a registration statement under the Securities Act covering such proposed disposition and such disposition is made in accordance with such registration statement; or

(ii) The Investor shall have notified the Company of the proposed disposition and shall have furnished the Company with a detailed statement of the circumstances surrounding the proposed disposition and, if reasonably requested by the Company, the Investor shall have furnished the Company

with an opinion of counsel reasonably satisfactory to the Company that such disposition will not require registration of such shares under the Securities Act.

(e) The Investor agrees that it shall not make any disposition of this instrument or any underlying securities to any of the Company's competitors, as determined by the Company in good faith.

(f) If the Investor intends to transfer the Crowd SAFE ("**Transfer**") in accordance with this Section 5, the investor accepting transfer ("**Transferee**") must pass and continue to comply with the Nominee's (as defined in Exhibit A) (and any applicable affiliate's) know your customer ("**KYC**") and anti-money laundering ("**AML**") policies and execute Exhibit A contemporaneously and in connection with the Transfer. The Investor understands that the Transferee's failure to pass the requisite KYC and AML procedures or to execute Exhibit A contemporaneously with the Transfer will render the Transfer void, null, unenforceable, and the Transferee will be unable to redeem their security.

(g) The Investor understands and agrees that the Company will place the legend set forth below or a similar legend on any book entry or other forms of notation evidencing this Crowd SAFE and any certificates evidencing the underlying securities, together with any other legends that may be required by state or federal securities laws, the Company's charter or bylaws, any other agreement between the Investor and the Company or any agreement between the Investor and any third party:

THIS INSTRUMENT HAS BEEN ISSUED PURSUANT TO SECTION 4(A)(6) OF THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND NEITHER IT NOR ANY SECURITIES ISSUABLE PURSUANT HERETO HAVE BEEN REGISTERED UNDER THE SECURITIES ACT OR THE SECURITIES LAWS OF ANY STATE. THESE SECURITIES MAY NOT BE OFFERED, SOLD OR OTHERWISE TRANSFERRED, PLEDGED OR HYPOTHECATED EXCEPT AS PERMITTED BY RULE 501 OF REGULATION CROWDFUNDING UNDER THE SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS OR PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT OR EXEMPTION THEREFROM.

## **6. Miscellaneous**

(a) The Investor agrees to execute the Nominee Rider and Waiver, attached hereto as Exhibit A contemporaneously and in connection with the subscription of this Crowd SAFE. The Investor agrees and understands that the Investor's failure to execute Exhibit A contemporaneously with this Crowd SAFE will render the Crowd SAFE void, null and unenforceable.

(b) The Investor agrees to take any and all actions determined in good faith by the Company's board of directors to be advisable to reorganize this instrument and any shares of Capital Stock issued pursuant to the terms of this instrument into a special purpose vehicle or other entity designed to aggregate the interests of holders of Crowd SAFEs.

(c) Any provision of this instrument may be amended, waived or modified only upon the written consent of either (i) the Company and the Investor, or (ii) the Company and the majority of the Investors (calculated based on the Subscription Amount of each Investors Crowd SAFE).

(d) Any notice required or permitted by this instrument will be deemed sufficient when delivered personally or by overnight courier or sent by email to the relevant address listed on the signature page, or 48 hours after being deposited in the U.S. mail as certified or registered mail with postage prepaid,



addressed to the party to be notified at such party's address listed on the signature page, as subsequently modified by written notice.

(e) The Investor is not entitled, as a holder of this instrument, to vote or receive dividends or be deemed the holder of Capital Stock for any purpose, nor will anything contained herein be construed to confer on the Investor, as such, any of the rights of a stockholder of the Company or any right to vote for the election of directors or upon any matter submitted to stockholders at any meeting thereof, or to give or withhold consent to any corporate action or to receive notice of meetings, or to receive subscription rights or otherwise until shares have been issued upon the terms described herein.

(f) Neither this instrument nor the rights contained herein may be assigned, by operation of law or otherwise, by either party without the prior written consent of the other; *provided, however*, that this instrument and/or the rights contained herein may be assigned without the Company's consent by the Investor to any other entity who directly or indirectly, controls, is controlled by or is under common control with the Investor, including, without limitation, any general partner, managing member, officer or director of the Investor, or any venture capital fund now or hereafter existing which is controlled by one or more general partners or managing members of, or shares the same management company with, the Investor; and *provided, further*, that the Company may assign this instrument in whole, without the consent of the Investor, in connection with a reincorporation to change the Company's domicile.

(g) In the event any one or more of the terms or provisions of this instrument is for any reason held to be invalid, illegal or unenforceable, in whole or in part or in any respect, or in the event that any one or more of the terms or provisions of this instrument operate or would prospectively operate to invalidate this instrument, then such term(s) or provision(s) only will be deemed null and void and will not affect any other term or provision of this instrument and the remaining terms and provisions of this instrument will remain operative and in full force and effect and will not be affected, prejudiced, or disturbed thereby.

(h) All securities issued under this instrument may be issued in whole or fractional parts, in the Company's sole discretion.

(i) All rights and obligations hereunder will be governed by the laws of the State of Delaware, without regard to the conflicts of law provisions of such jurisdiction.

(j) Any dispute, controversy or claim arising out of, relating to or in connection with this instrument, including the breach or validity thereof, shall be determined by final and binding arbitration administered by the American Arbitration Association (the "AAA") under its Commercial Arbitration Rules and Mediation Procedures ("**Commercial Rules**"). The award rendered by the arbitrator shall be final, non-appealable and binding on the parties and may be entered and enforced in any court having jurisdiction. There shall be one arbitrator agreed to by the parties within twenty (20) days of receipt by respondent of the request for arbitration or, in default thereof, appointed by the AAA in accordance with its Commercial Rules. The place of arbitration shall be San Diego, California. Except as may be required by law or to protect a legal right, neither a party nor the arbitrator may disclose the existence, content or results of any arbitration without the prior written consent of the other parties.

(k) The parties acknowledge and agree that for United States federal and state income tax purposes this Crowd SAFE is, and at all times has been, intended to be characterized as stock, and more particularly as common stock for purposes of Sections 304, 305, 306, 354, 368, 1036 and 1202 of the Internal Revenue Code of 1986, as amended. Accordingly, the parties agree to treat this Crowd SAFE consistent with the foregoing intent for all United States federal and state income tax purposes (including, without limitation, on their respective tax returns or other informational statements).

(l) The Investor agrees any action contemplated by this Crowd SAFE and requested by the Company must be completed by the Investor within thirty (30) calendar days of receipt of the relevant notice (whether actual or constructive) to the Investor.

IN WITNESS WHEREOF, the undersigned have caused this instrument to be duly executed and delivered.

**CB THERAPEUTICS, INC.**

By: \_\_\_\_\_

Name: Sher Ali-Butt

Title: Chief Executive Officer

Address: 2463 Impala Drive

Carlsbad, CA, 92010

Email: sher@cbthera.com

**INVESTOR:**

By:

Name:

## EXHIBIT A

### Nominee Rider and Waiver

Republic Investment Services LLC (f/k/a NextSeed Services, LLC) (the “**Nominee**”) is hereby appointed to act on behalf of the Investor as agent and proxy in all respects under the Crowd SAFE Series 2023 issued by CB Therapeutics, Inc. (the “**Security**”). The Nominee shall receive all notices and communications on behalf of the Investor, and cause the Security, or any securities which may be acquired upon conversion thereof (the “**Conversion Securities**”) to be custodied with a qualified custodian of the Nominee’s sole discretion (“**Custodial Conversion**”). The Nominee is authorized and empowered to undertake Custodial Conversion at any point after issuance of the Securities. To the extent the holders of Securities or Conversion Securities are entitled to vote at any meeting or take action by consent, Nominee is authorized and empowered to vote and act on behalf of Investor in all respects thereto (without prior or subsequent notice to the Investor) until the expiry of the Term (as defined below) (collectively the “**Nominee Services**”). Defined terms used in this Nominee Rider are controlled by the Security unless otherwise defined.

Nominee shall vote all such Securities and Conversion Securities consistently with the majority of the voting power of class of securities the Capital Stock. Neither Nominee nor any of its affiliates nor any of their respective officers, partners, equity holders, managers, officers, directors, employees, agents or representatives shall be liable to Investor for any action taken or omitted to be taken by it hereunder, or in connection herewith or therewith, except for damages caused by its or their own recklessness or willful misconduct.

Upon any conversion of the Securities into Conversion Securities of the Company, in accordance with the terms of the Securities, Nominee will execute and deliver to the Issuer all transaction documents related to such transaction or other corporate event causing the conversion of the Securities in accordance therewith; *provided*, that such transaction documents are the same documents to be entered into by all holders of other Securities of the same class issued by the Company that will convert in connection with the equity financing or corporate event and being the same as the subscribers in the equity financing or corporate transaction. The Investor acknowledges and agrees, as part of the process, the Nominee may open an account in the name of the Investor with a qualified custodian and allow the qualified custodian to take custody of the Conversion Securities in exchange for a corresponding beneficial interest held by the Investor. Upon any such conversion or changing of title, Nominee will take reasonable steps to send notice to the Investor, including by e-mail, using the last known contact information of such Investor.

The “**Term**” the Nominee Services will be provided will be the earlier of the time which the Securities or any Conversion Securities are (i) terminated, (ii) registered under the Exchange Act, or (iii) the time which the Nominee, the Investor and the Company mutually agree to terminate the Nominee Services.

To the extent you provide the Issuer with any personally identifiable information (“**PII**”) in connection with your election to invest in the Securities, the Issuer and its affiliates may share such information with the Nominee, the Intermediary, and the appointed transfer agent for the Securities solely for the purposes of facilitating the offering of the Securities and for each party to provide services with respect to the ownership and administration of the Securities. Investor irrevocably consents to such uses of Investor’s PII for these purposes during the Term and Investor acknowledges that the use of such PII is necessary for the Nominee to provide the Nominee Services.

*(Remainder of Page Intentionally Blank – Signature Page to Follow)*

IN WITNESS WHEREOF, the undersigned have caused this instrument to be duly executed and delivered.

**INVESTOR:**

By:

Name:

Date:

**NOMINEE:**

**Republic Investment Services LLC**

By:

Name: Emily Pollack, President

Date:

**COMPANY:**

**CB Therapeutics, Inc.**

By:

Name: Sher Ali-Butt, CEO

Date:

**EXHIBIT C**

*Video Transcript*

Sher Butt:

10 years ago, if you were talking to somebody about psychedelics, they would be like, "This is for tripping. This is for hallucination. It's a party drug." Today, that concept has changed massively. A lot of people now view psychedelics as the key to mental health for hard to treat conditions. When I first saw that things like CBD are very, very effective, I was working at a lab and I saw an autistic child take CBD for the first time. And to my surprise, 45 minutes after the kid took the chocolate, the kid started talking normally.

One of the things that really stuck out to me was how rare these molecules were. So CBD was roughly a hundred thousand dollars or more per kilogram. Now imagine if you're extracting something that's only 2 to 3% or half a percent in the starting material. Of course that product is going to be very, very expensive.

Jacob Vogan:

Back in 2015 when we founded this company, if the average person wanted the regular dosage of CBD, saying whatever ailment that they wanted to use it for, they would go broke.

Sher Butt:

Mental health disorders have become the leading health problem in the world. In my mind, that's when the concept first started that there's got to be a better way. How can we make medicines that are known to be more therapeutic, more effective than anything else that's out there in the world today and bring that to the population at large.

Jacob Vogan:

When we got started, it was very daunting at the time because cannabis was illegal and similar for the psychedelics. A lot of people did not want to invest in that.

Sher Butt:

Here's these new molecules that are being discovered. They are better than anything that the pharmaceutical industry has thrown at us, but nobody's commercializing them. We wanted to help people. We wanted to help the world. You know I had the background in cannabis and analytical testing. Jacob had a background in biochemistry. When me and Jacob were talking about technologies that overcome these issues, biosynthesis was the number one choice.

Biosynthesis has been around for thousands of years. Think about beer making. In beer making you have yeast, you add sugar, the sugar ferments the yeast to make alcohol. We're doing essentially the same thing, and the only difference is that we're taking genes of important molecules and we're inserting that into our yeast, allowing the yeast to eat the sugar and ferment that sugar into creating whatever molecule that we're looking for. I call this modern alchemy. We're converting something that's very, very cheap, to something that's very expensive, such as psilocybin or CBD.

And the advantages don't even just stop at the price. There's no soil to deal with, so there's no heavy metals. There's no pesticides. You don't have to wait for weeks to months for the plant to grow. Think about how efficient something like that would be compared to, let's say, growing hemp plants or cannabis plants. Here we have a full crop turnover in under one week.

One of the big problems today with agriculture and how we are making food products, continue animal husbandry, is the amount of water that it takes. We live here in California. In California, water issues are huge. There's a big drought happening, it's been happening for many, many years. There's a dust bowl

because of the lack of water supply. Look at wars and food shortages and climate change. If we don't have a sustainable solution to produce food products and pharmaceutical products, we are going to come up against massive shortages.

Imagine being able to cut carbon emissions of the world by up to 90%. We could achieve that. 40% to 50% of all the products made in the world today can be replaced by using biotechnology processes. And what they will do is reduce the carbon footprint, reduce the amount of resources needed, cut the water usage by almost 90%, and they will be a lot cheaper to produce than anything in the world today. It is the most sustainable way to produce pharmaceuticals and food products in the world, period.

These global markets are huge. Each one is waiting to be disrupted by new methods of manufacturing. The psychedelic therapeutics market size is projected to reach almost \$11 billion, and in the food tech market is anticipated to grow to more than \$340 billion in five years. Demand for cannabinoids is expected to reach \$54 billion by 2029. And precision fermentation, well that's expected to achieve \$36 billion in sales by 2030.

This is your opportunity to invest in the next generation of biotechnology. CB Therapeutics is backed by the leading investors and accelerators around the world. In 2018, we were backed by Y Combinator, the leading Silicon Valley accelerator. We also have Christian Angermayer, the founder of atai Life Sciences and the leading psychedelics, investor and founder in the world. And we're now backed by Metaplanet Holdings, 3K BC and many others.

Right now, we are sitting in our brand new 16,000 square foot facility in Carlsbad. It has all the amenities needed for all the experiments that we're working on. We have built an amazing team, collectively has more than a century of synthetic biology experience. In fact, we were the first private company in the world to develop psychedelic therapeutics from yeast and continue to advance the development and manufacturing of the next generation of mental wellness molecules for medical clinical trials. Our patents portfolio is broad and growing. We have seven granted patents, and 13 pending. Our intellectual property ensures our distinct competitive advantage, proprietary precision fermentation processes and methodology.

So this is why we're talking to you today. To meet the demand for our synthetic biology platform from our various customers, we are looking to raise \$1 million, which will allow us to expand the current platform by buying more equipment and onboarding additional personnel. The time to invest and figure out these technologies is today. We want to be able to deploy our technology around the world to help the hundreds of millions of people that are in need of clean food and clean pharmaceutical molecules.

Please go to [www.cbthera.com](http://www.cbthera.com), where you can learn more about this investment opportunity.



## **EXHIBIT D**

*Testing the Waters Communications*

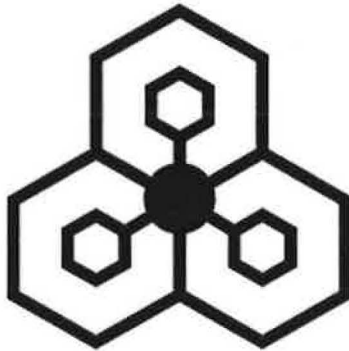


Republic

**Company  
Name**

CB Therapeutics, Inc.

**Logo**



**Headline**

Advanced synthetic biology for planet and human health

## Slides



## Tags

Cannabis Products, Mental Wellness, Biotechnology, Wellbeing & Longevity, Immigrant Founders, B2B, Companies, Coming Soon

**Pitch text****Summary**

- An innovative synthetic biology & cellular agriculture platform
- Sustainable, efficient and zero carbon emissions
- Backed by the leading biopharma for mental health treatments (Atai)
- Specialized scientific team with more than 100 years of combined experience
- Generating revenues since 2022 | Targeting profitability by end of Q1 2023\*
- Prolific patent portfolio with 7 granted and 13 pending patents
- Raised more than \$11M to date | \$5M from Y Combinator

**Custom**

\* Click here for important information regarding Financial Projections which are not guaranteed.

**Problem**

## **The world is facing significant problems**

*at the intersection of pharmacology,  
mental health, and sustainability.*

.....

**Climate change, drought, environmental damage and supply chain issues endanger the cultivation and quality of food:**

- Current production methods use finite resources very inefficiently
- Food and medicine production practices are bad for the environment and unsustainable in the long run
- The world is facing food and medicine shortages due to wars, climate change, and supply chain issues

.....

**Society is confronting a mental health challenge (depression, anxiety, PTSD and other conditions):**

- 2 billion people worldwide suffer from mental illness every year
- 1 in 25 people experience debilitating mental illness
- 50% of the worldwide population will experience mental illness in their lifetime
- The projected worldwide cost of mental disorders by 2030 is \$16 Trillion

.....

**The current mental health pharmacology is based on the extraction of active ingredients from naturally-occurring plants.** The cultivation and collection of the desired molecules:

- Requires vast spaces serviced with large volume of resources (water, electricity)
- Brings many plants to the brink of extinction
- Creates a significant carbon footprint and is environmentally destructive
- Most harvesting methods are tortuous to the animals

**An alternative production method is chemical synthesis, based on which the desired molecules are created by combining reactants with (hazardous) catalysts and solvents.** This method is not desired as:

- It is difficult to control the chemistry
- It can create the “wrong version” of the product which is not bioidentical to the desired molecule
- Hazardous chemicals create health and environmental hazards
- It is extremely costly depending on the required chemical reactions
- It produces significant amounts of chemical waste and CO<sub>2</sub> per KG of product

## **Solution**

# **Advanced synthetic biology for planet and human health**

CB Therapeutics has developed an innovative synthetic biology & cellular agriculture platform to efficiently discover, develop, and produce molecules and compounds — to solve humankind’s most challenging mental health, healthcare, food, and environmental problems.

**Our mission** is to produce drugs and food products by using minimal resources, in the most efficient way possible, while driving down the cost of production, AND doing it in a sustainable way that is good for the environment.

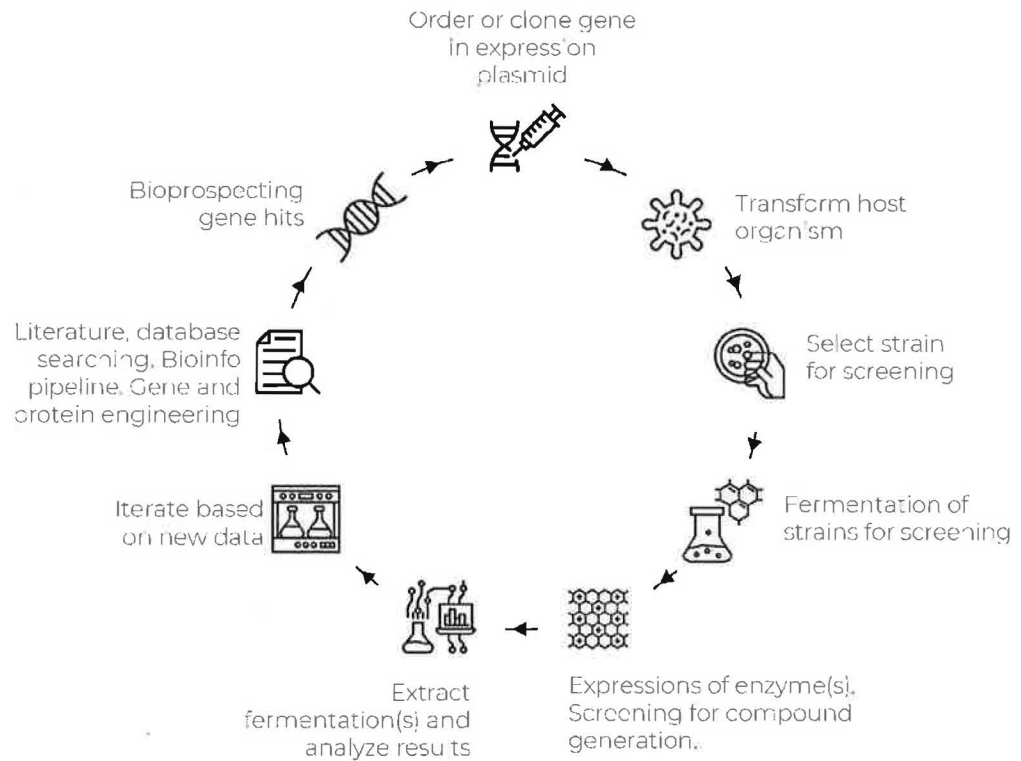
## Biosynthesis

With this process, we guide genetically programmed enzymes to convert sugars into the desired products.

**The advantages of this process are:**

- *High-purity bioidentical products*  
Without heavy metals, pesticides or other impurities
- *A green technology*  
Has the smallest carbon footprint, does not produce toxic waste chemicals and does not impact plant and animal biodiversity
- *Fast production cycle turnaround*  
5-day fermentation allows for on demand production
- *Extreme flexibility at low cost*  
Analogues can be created biosynthetically by plug-and-play modular enzyme parts, using unnatural precursors for bioconversion
- *Patented technology*  
Making use of cutting-edge proprietary innovations in gene and protein creation; precise control over molecule biosynthesis for pure end-product

## Our approach



## Product

# Better products for a sustainable future

CB Therapeutics can develop compounds to service a wide range of industries. Currently we are focusing on the *pharmaceutical, nutraceutical, cosmetic, and food industries.*



### Three classes of lab-validated products:



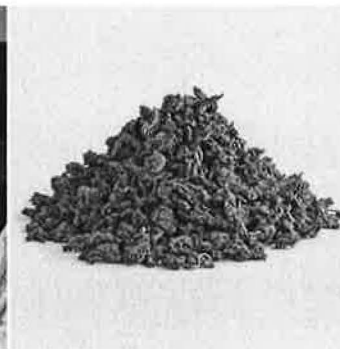
#### TRYPTAMINES FOR CLINICAL TRIALS

- Confidential products for TryptageniX clinical trials
- Psilocybin and 7 other active molecules in mushrooms and their analogs
- DMT, NMT, TMT, and various analogs
- Various tryptamines and their analogs



#### FOOD PRODUCTS AND COMMODITIES

- Animal fats
- Enzymes for cheese
- Proteins
- Hemoglobin
- Resveratrol
- Other bioactive vitamins and molecules



#### CANNABINOIDS & TERPENES FOR CLINICAL TRIALS

- CBG/CBGA
- CBDVA/CBDV
- CBD/CBDA
- CBN/CBNA
- Terpenes
- Other

### Other services

In addition, CB Therapeutics offers the following services to other biotech companies:

- Consulting
- Strain optimization
- Fermentation
- Analysis

### Traction

**\$2M in licensing fees from joint**

## venture with Atai

- Raised \$400K from Psychedelics VC firm in Jan 2023
- Two additional clients signed up for fermentation services
- Joint venture(TryptageniX, Inc.) formed in Dec 2021 with Atai Life Sciences (NASDAQ:ATAI), the largest psychedelics clinical trials company in the world!
- JV with Atai yielded \$2M in IP licensing fees to CB Therapeutics, along with monthly recurring revenues for the development and production of next-generation psychedelics and processes
- Near-term path to profitability (see **Customers**, below).\*



\* Click here for important information regarding Financial Projections which are not guaranteed.

### Customers

## New LOI and MSA agreements signed

**Current prospects give us a near-term path to profitability.\***

In addition to our revenue generating JV with Atai Life Sciences, CB Therapeutics has signed up 3 new clients. It earns monthly revenue which

covers a significant portion of its monthly expenses. That fact, alone, separates it from any comparable biotech startup company.

We are in the negotiation stage with another three prospective clients. **These transactions are expected to close within the next three months, at which point the company will be profitable.**

Our transaction pipeline is lengthy and it includes Fortune 500-size entities.

\* Click here for important information regarding Financial Projections which are not guaranteed.

## **Business Model**

### **Leveraging multiple revenue streams**

Income is contributed from the following activities:

- **Strain development:** Monthly fee for R&D services
- **Production:** Proceeds from the production and sale of molecules when the R&D phase is completed
- **Fermentation:** Recurring monthly fees for fermentation services
- **Lab testing:** Fees for lab testing services
- **Royalty fees:** Amounts paid by our clients for the use of our products or patents by them
- **Consulting/Analysis:** Fees collected from offering consulting or analytical services

## **Market**

### **Market opportunity spanning food tech, tryptamines, and cannabinoids**

#### **Tryptamines:**

- \$16B: Size of antidepressant drug market
- \$1.8B: Mkt for substance abuse treatment

## Food tech:

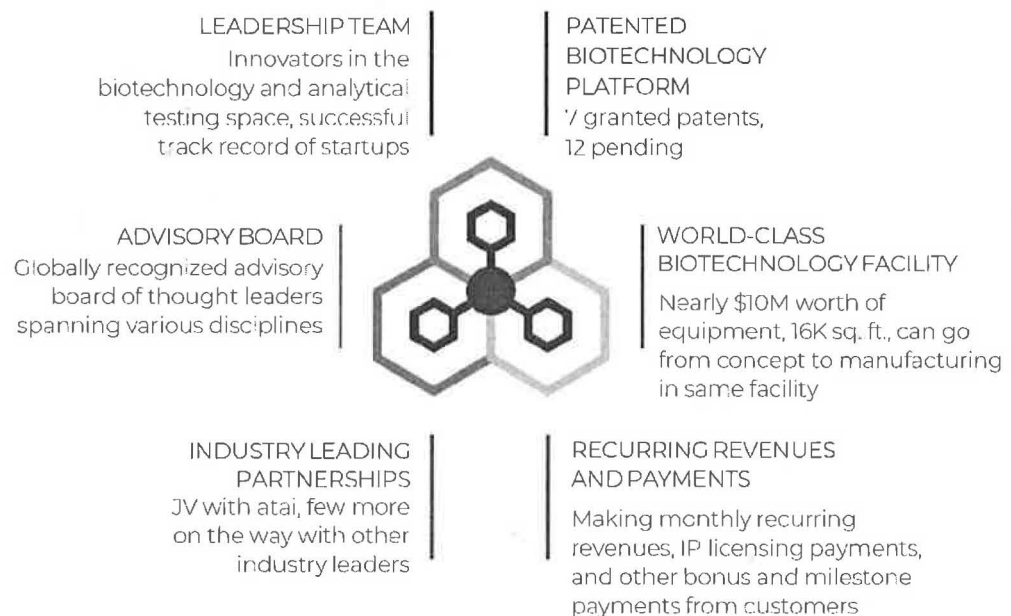
- \$1.7T global meat market
- \$30B pet food market (which uses lots of fish and meat)

## Cannabinoids:

- Cannabinoids Pharma Mkt: \$127B by 2028
- Biosynthesis opportunity \$10B by 2025, \$ 115B by 2040

## Competition

# Strong IP, strong team, strong relationships, strong model



## Vision And Strategy

# Precision fermentation is changing food & chemical production worldwide

*CB Therapeutics is leading the way for the sustainable production of various therapeutics and food products using our patented platform.*

---

## Our strategy is to:

- Develop novel products and technologies in medicines, food tech, and commodities industry
- File patents and trademarks on our innovations
- Partner with industry leaders in each vertical to commercialize and deploy our products in the market

## Impact

# Better planet for better human health



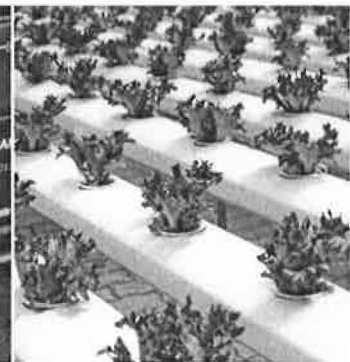
### PURPOSE

To change the default method of production for eco-unfriendly products using synthetic biology and precision fermentation, for better human and planet health.



### SOLUTIONS

Advancing the development of current and next generation medicines for better human health and well being



### SOME FACTS

By the end of the decade, syn-bio could be used extensively in manufacturing industries that account for more than a third of global output—a shade under \$30 trillion in terms of value—according to a new BHI study.

## Funding

# \$11M+ raised to date

Seed: \$2M

Y Combinator (joined S18 batch at YC) SAFE: \$5M

Series A: \$5M

Convertible Note: \$500K

## Founders

### Sher Ali Butt

*Co-founder, Chief Executive Officer, President, and Board Member*

- Leading expert on tryptamine and cannabinoid pharmaceutical industries
- Biochemistry background from UC Davis and MBA from UCSD Rady School of Business
- Previous founder of CB Labs, a premier cannabinoid formulations testing lab in northern California
- Experience with bringing molecules through FDA process at Novartis



### Jacob Vogan

*Co-founder, Chief Scientific Officer and Board Member*

- Deep expertise on the biosynthesis of cannabinoids, tryptamines, and various other psychedelic molecules. PhD and Postdoc at UC Berkeley, researcher at UC Davis and UCSF. Over 15 years experience in bioengineering, author on 18 peer reviewed scientific articles and over a dozen patent applications.
- Focused on improving the human condition by driving scientific research and products



which treat mental health disorders, increase healthspan, and promote longevity.

## Summary

# Why invest in CB Therapeutics?



Patents granted in key segments of work (e.g. cannabinoids, tryptamines, platform, bioinformatics, etc etc..), other key patents pending in these sections.



Core platform focus and expertise on key segments where we are looking at JVs; the company's focus and strategy is on emerging markets that are primed for our solution.



We are more money-efficient than any of the competitors (as evidenced by the total funding vs molecules/revenue created).



Our valuation is low compared to our competitors; hence potentially large amount of returns for the investor.



## Team

**Sher Butt****Founder****Jacob Vogan****Co-founder, Chief Scientific  
Officer and Board Member****Laura Peiffer,  
PhD****Associate Director, Strain  
Engineering****Erin Scott,  
PhD****Associate Director,  
Microbiology****Tyler  
Huelsman****Senior Research Associate****Phu Kat Nwe****Scientist I – Strain  
Engineering****Stephanie  
Elliott****Office Manager****Tiffany Hurd****Business Development Lead****Thanos  
Karavokiris****VP, Operations****Jim Wade,  
PhD****Director, Analytical  
Chemistry**



Aaron Cantu,  
MS

Head of Fermentation and  
Downstream Processing



Pamela  
Vizanko

Sales Director

## Perks

## **FAQ**

**How do I earn  
a return?**

We are using Republic's Crowd SAFE security. Learn how this translates into a return on investment [here](#).

**What must I do to receive my equity or cash in the event of the conversion of my Crowd SAFE?**

Suppose the Company converts the Crowd SAFE as a result of an equity financing. In that case, you must open a custodial account with the custodian and sign subscription documentation to receive the equity securities. The Company will notify you of the conversion trigger, and you must complete the necessary documentation within 30 days of such notice. If you do not complete the required documentation within that time frame, you will only be able to receive an amount of cash equal to (or less in some circumstances) your investment amount. Unclaimed cash will be subject to relevant escheatment laws. For more information, see the Crowd SAFE for this offering.

If the conversion of the Crowd SAFE is triggered as a result of a Liquidity Event (e.g. M&A or an IPO), then you will be required to select between receiving a cash payment (equal to your investment amount or a lesser amount) or equity. You are required to make your selection (and complete any relevant documentation) within 30 days of such receiving notice from the Company of the conversion trigger, otherwise, you will receive the cash payment option, which will be subject to relevant escheatment laws. The equity consideration varies depending on whether the Liquidity Event occurs before or after an equity financing. For more information, see the Crowd SAFE for this offering.