

CANNIBBLE FOOD-TECH LTD.
Form 45-106F2 - Offering Memorandum



Date: April 15, 2021

The Issuer: Cannibible Food-Tech Ltd. ("Cannibible")
Head office address: 40, Carmel St, Rosh Haayin 4856602, Israel
Phone: +972 54-430-9583
E-mail address: info@cannibible.world
Currently listed or quoted? No. **These securities do not trade on any exchange or market.**
Reporting issuer? No.
SEDAR filer? No.

The Offering

Securities offered: Units of the Cannibible's securities (the "**Securities**"), with each unit (a "**Unit**") comprised of one ordinary share (a "**Share**") and one Share purchase warrant exercisable to acquire one Share of Cannibible for a period of 24 months from the date of issuance at an exercise price of CAD\$1.40.

Price per security: CAD\$ 0.93

Minimum Offering: CAD\$ 150,000

Maximum Offering: CAD\$ 2,500,000

Funds available under the Offering may not be sufficient to accomplish our proposed objectives.

Minimum subscription: CAD\$ 250

Payment terms: The full purchase price is payable through the FrontFundr.com online platform. See **Item 5.2 – Subscription Procedure.**

Proposed closing date(s): One or more closings on dates to be determined by Cannibible.

Income tax consequences: There are no important tax consequences to these securities.

Selling agent: Yes. FrontFundr Financial Services Inc., dba FrontFundr. See **Item 7.**

Resale restrictions: You will be restricted from selling your securities for an indefinite period. See **Item 10 – Resale Restrictions.**

Purchasers' rights: You have 2 business days to cancel your agreement to purchase these securities. If there is a misrepresentation in this offering memorandum, you have the right to sue either for damages or to cancel the agreement. See **Item 11 – Purchasers' Rights.**

No securities regulatory authority or regulator has assessed the merits of these securities or reviewed this offering memorandum. Any representation to the contrary is an offence. This is a risky investment. See Item 8 – Risk Factors.

CAUTIONARY STATEMENTS AND FORWARD-LOOKING STATEMENTS

This offering memorandum contains certain statements or disclosures concerning Cannibble that constitute forward-looking information under applicable securities laws (referred to in this section as “**forward looking statements**”). All statements and disclosures, other than those of historical fact, about possible events, conditions, results of operations, activities, events, outcomes, results or developments based on assumptions about future economic conditions and courses of action that we anticipate or expect may or will occur in the future should be considered forward-looking statements. In some cases, forward-looking statements can be identified by terms such as “anticipate”, “continue”, “estimate”, “expect”, “may”, “will”, “project”, “should” or “believe”. In particular, this offering memorandum contains or may contain forward-looking information pertaining to the following:

- our business strategy;
- our expectations regarding revenues, expenses, and anticipated cash needs;
- our expectations concerning the future growth and the cannabis edibles markets;
- market competition and development of competitive products;
- our expectations regarding the timing for availability of our products and acceptance of our products by the market;
- our strategy to develop new products and to enhance existing products;
- our plans to expand our operations geographically;
- our dependence on expanding our production and customer base;
- our plans to manufacture, market, sell and distribute our products;
- our plans to retain and recruit personnel;
- our strategy with respect to the protection of our intellectual property; and
- our plans to seek a listing for our Shares on the Canadian Securities Exchange (“CSE”).

Forward-looking statements involve significant risks and uncertainties, should not be read as guarantees of future performance or results, and will not necessarily be accurate indications of whether or not such results will be achieved. A number of factors could cause actual results to differ materially from the results discussed in the forward-looking statements, including, but not limited to, the factors discussed under “**Item 8 - Risk Factors**”. Although the forward-looking statements contained in this offering memorandum are based upon what our management believes are reasonable assumptions, we cannot assure investors that actual results will be consistent with these forward-looking statements and should not be unduly relied upon by investors. These forward-looking statements are made as of the date of this offering memorandum. A number of factors could cause actual events, performance or results, including those in respect of the foregoing items, to differ materially from the events, performance and results discussed in the forward looking statements. Factors that could cause actual events, performance or results to differ materially from the expectations contained in forward-looking statements include, but are not limited to:

- the extent of future losses;
- our ability to obtain the capital required to fund development and operations;
- the development and growth of the cannabis industry in general;
- our ability to capitalize on changes in the marketplace;
- our ability and the ability of our manufacturing partners to comply with applicable governmental regulations and standards;

- our ability to develop and commercialize our products in the United States and Canada;
- our ability to attract and retain skilled and experienced personnel;
- the impact of changes in the business strategies and development priorities of strategic partners;
- the impact of legislative changes to the cannabis regulatory process;
- general public acceptance of the cannabis industry;
- the impact of changes in the number of cannabis users in the United States and Canada and elsewhere; and
- the impact of the COVID-19 pandemic; and
- other risks discussed under "**Item 8 - Risk Factors**".

Investors should not place undue reliance on forward-looking statements as the plans, intentions or expectations upon which they are based might not occur. Investors are cautioned that the foregoing lists of factors are not exhaustive. Each of the forward-looking statements contained in this offering memorandum is expressly qualified by this cautionary statement. We expressly disclaims any obligation or responsibility to update the forward-looking statements in this offering memorandum except as otherwise required by applicable law.

Forward-looking information and other information contained herein concerning our management's general expectations about the cannabis and hemp industries are based on estimates prepared by our management using data from publicly available industry sources as well as from market research and industry analysis and on assumptions based on data and knowledge of this industry which management believes to be reasonable. However, this data is inherently imprecise, although generally indicative of relative market positions, market shares and performance characteristics. While we are not aware of any misstatements regarding any industry data or comparables presented herein, industry data and comparables are subject to change based on various factors. We have not independently verified any of this data from independent third party sources.

DOCUMENTS INCORPORATED BY REFERENCE

Any marketing materials related to the Offering that are delivered or made reasonably available to a purchaser before the closing of that purchaser's subscription for the Units are deemed to be incorporated by reference in this offering memorandum and are considered to form part of this offering memorandum just as if they were printed as part of it. In particular, in Alberta, Saskatchewan, Ontario, New Brunswick and Nova Scotia, all OM marketing materials (as defined below) related to a distribution under this offering memorandum that are delivered or made reasonably available to prospective purchaser before the termination of the distribution are hereby incorporated by reference into this offering memorandum. For these purposes, "**OM marketing materials**" means a written communication, other than an OM standard term sheet (as defined below), intended for prospective purchasers regarding a distribution of securities under an offering memorandum delivered under section 2.9 of National Instrument 45-106 - *Prospectus Exemptions* ("**NI 45-106**") that contains material facts relating to the securities underlying the Units. An "**OM standard term sheet**" means a written communication intended for prospective purchasers regarding a distribution of Units under this offering memorandum delivered under section 2.9 of NI 45-106 that contains only certain prescribed information set out in NI 45-106.

Item 1: Use of Available Funds

1.1 Funds

Table 1: Funds available as a result of the Offering

		Assuming min. Offering (CAD\$)	Assuming max. Offering (CAD\$)
A.	Amount to be raised by this Offering	\$150,000	\$2,500,000
B.	Selling commissions and fees	\$10,500	\$175,000
C.	Estimated Offering costs (e.g., legal, accounting, audit)	\$50,000	\$50,000
D.	Available funds: $D = A - (B+C)$	\$89,500	\$2,275,000
E.	Additional fund raised up to March 31, 2021 ⁽¹⁾	\$3,712,114	\$3,712,114
F.	Working capital deficiency	\$1,588,279	\$1,588,279
G.	Total: $G = (D+E) - F$	\$2,213,335	\$4,398,835

Notes:

(1) In addition to the funds that we seek to raise through this Offering, we have also raised the equivalent of CAD\$ 3,712,114 converted as of the date of this offering memorandum) in Israel using available prospectus exemptions.

1.2 Use of Available Funds

Table 2: The following table provides a breakdown of how we will use the available funds:

Description of intended use of available funds listed in order of priority	Assuming min. Offering (CAD\$)	Assuming max. Offering (CAD\$)
Inventory and production expansion	\$300,000	\$900,000
Headcount	\$720,000	\$720,000
Sales and marketing	\$250,000	750,000
Travel	\$100,000	\$300,000
PR and Investor relations	\$70,000	\$210,000
General and administrative	\$92,040	\$233,040
Branding	\$70,000	\$210,000
Legal	\$31,750	\$63,500
Product development	\$28,575	\$85,725
Equipment	\$63,500	\$190,500
Trademarks	\$25,400	\$25,400
Tech transfer	\$19,050	\$57,150
Unallocated funds	\$443,020	\$653,520
Total: Equal to G in the Funds table above	\$2,213,335	\$4,398,835

1.3 Reallocation

We intend to use the available funds as stated. We will reallocate funds only for sound business reasons.

Item 2: Business of Cannibble

2.1 Structure

Cannibble was incorporated as "Cannibble Food-Tech Ltd.", as a private limited liability company under the Israeli Companies Law, 5759-1999 (the "**Companies Law**") on August 14, 2018. Our corporate headquarters are located at 40 Carmel St Rosh Haayin, Israel. As of the date of this offering memorandum, Cannibble has one wholly-owned subsidiary company, EAZY Tech Inc., a Delaware corporation.

2.2 Our Business

Business Overview

We are a food tech company that develops and manufactures cannabis infused edibles with a first line of powder-mix products that are enhanced variously with hemp seeds, hemp protein, hemp seed oil, cannabidiol (“**CBD**”), and tetrahydrocannabinol (“**THC**”), where legal to do so.

CBD and THC are the two primary cannabinoids in cannabis. CBD is used more often in medical marijuana treatments and dietary and natural supplements because it is a non-psychoactive cannabinoid used to benefit conditions such as seizures, pain, nausea, depression and anxiety and more, while THC is a psychoactive cannabinoid used for adult recreational use. The Cannibible edibles containing CBD and hemp products are mainly for the wellness and health markets. Hemp seeds and products derived from hemp seeds such as oil, protein, and flower, are products that are popular as natural health ingredients.

We have developed a series of propriety formulas to enhance powder-based edibles with active cannabinoids that we market under our brand name “The Pelicann.” We have developed over 100 product SKUs, of which 32 have been manufactured as of the date of this offering memorandum. As of the date of this offering memorandum, we have 12 active trademark applications.

Principal Products

We market our line of products under our brand name “The Pelicann”. The Pelicann has three product families, based on whether the products are infused with THC, CBD, or hemp. The product range includes a wide variety of flavors of powdered food mixes, beverages, nutritional supplements, spices and a special line of products for athletes, infused with cannabinoids and hemp protein. The Pelicann product offerings comprise the following:

- CannaShakes™ - Powders for making shakes and cold or hot beverages in different favors such as vanilla, cookies & cream, salted caramel, chai latte, and others. These are available with CBD, THC, or hemp.
- CannaShakes Sports™ - Hemp protein shake mixed with CBD, which can be enjoyed by all professional and amateur athletes, just like any other protein shake.
- CannaMix™ - Powders for microwave or oven making instant, muffins, cupcakes, pancakes, etc. with or without hemp protein. These are available with CBD, THC, or hemp.
- CannaSpices™ – Pure or blended spices for pizza, steaks, chicken, salads and more. These are available with CBD or THC.
- CannaPop™ - CannaPop is a microwave instant popcorn mix with different favors ready in 2-3 minutes. CannaPop is available with CBD, THC, or hemp.

Operations

The foundation of our products is our “BlackBox” technology: This is the core powdered ingredients of all the various product families, which we manufacture in Israel. The BlackBox is then shipped to factories in the United States where it is compounded with additional ingredients and cannabis components from locally grown plants to create the final products, in accordance with local laws. We intend to establish relationships with manufacturers in other countries as we develop our business.

We created the Blackbox concept in order to safeguard our IP and proprietary formulations and to guarantee that the product quality of Pelicann products, including taste, texture and consistency, is consistent from one batch to the next. Each product has its own unique BlackBox. Today, our product range includes more than 100 SKUs, each with a unique coded BlackBox.

Our unique process technology infuses and distributes powder-based cannabinoids, seeds, oils and other powders evenly into every Pelicann product, which are mixed on a professional and industrial production line.

As a foodtech development company, we observe strict industrial food manufacturing protocols and policies, including all the necessary lab tests for our products' quality assurance. We currently have two partner contract manufacturers in the United States ("U.S.") that meet Cannibible's food quality requirements: Natura Life + Science ("Natura"), a vertically integrated cannabis platform and contract manufacturer, located in Sacramento, California; and Pharma-Natural Inc. ("Pharma Natural") a fully integrated manufacturer of nutraceuticals and operator of an FDA registered nutraceutical facility in Miami Lakes, Florida. In Israel, we have contracted with A. L. Manufacture and Marketing of Israel ("A.L."), a manufacturer and distributor of spices and food and beverage products, and operator of an Israeli Ministry of Health registered food facility for the manufacture of our products in Israel for the Israeli market and ultimately for export.

We entered into an agreement with Natura in May 2019 for the manufacture and distribution of Cannibible's products for the California recreational market. Cannibible supplies the BlackBox ingredients and provides manufacturing specifications and guidance to Natura for the manufacture of the Pelicann products, including the sourcing of local ingredients and raw materials to be added to the various product BlackBoxes. The products are labelled and packaged by Natura in accordance with our instructions and are sold through licensed dispensaries in California.

We entered into an agreement with Pharma Natural in November 2019 for the manufacture of Cannibible's infused edibles products incorporating CBD from hemp, and hemp-based ingredients such as seeds, oil, protein, and flour. Cannibible uses CBD from hemp as isolates, full-spectrum and broad-spectrum but is not bound to use hemp CBD only. As with Natura, we supply the BlackBox ingredients to Pharma Natural and provide manufacturing specifications and guidance to Pharma Natural for the manufacture of the Pelicann products, including the sourcing of local ingredients and raw materials to be added to the products' BlackBoxes. The products are labelled and packaged by Pharma Natural in accordance with our instructions.

We entered into an agreement in November 2019 with Palletized LLC of Doral, Florida ("Palletized"), for warehousing, fulfillment, and logistics services for e-commerce order fulfillment. Palletized receives Pelicann CBD and hemp-based products from Pharma Natural and ships the products throughout the United States and internationally, including online sales through Amazon.com.

We entered into an agreement with A. L. in January 2020 for the manufacture of our products for the Israeli market and for export to Europe, subject to A.L. obtaining all necessary licenses and authorizations.

We entered into a letter of intent in December 2020 with a Canadian licensed cannabis producer located in Newfoundland to form a business relationship for the manufacture, distribution, and sale of The Pelicann cannabis and hemp products in Canada under license or by joint venture, as the parties determine. The parties are currently negotiating the terms for a definitive structure for the business relationship.

We entered into a letter of intent in February 2021 with Ice 21 US LLC to form a business relationship for the manufacture, distribution, and sale of The Pelicann cannabis and hemp products in Colorado under license or by joint venture, as the parties determine. The parties are currently negotiating the terms for a definitive structure for the business relationship.

Markets

Our current markets are in the states of California and Florida in the U.S. Our plan is to expand operations into other U.S. states where it is legal to do so and into the Israeli, European, and Canadian markets.

According to Research and Markets.com¹, the global market for cannabis edibles is estimated at US\$2.9 billion in 2020 and is projected to grow to US\$11.8 billion by 2027, representing a CAGR of 22.3% over the 2020-2027 period. Solid edibles, one of the segments analyzed in the aforementioned report, is projected to record a 22.5% CAGR and reach US\$9.2 billion by the end of the 2020-2027 period. After an early analysis of the business implications of

1 Cannabis Market - Growth, Trends, COVID-19 Impact, and Forecasts (2021 - 2026).

the pandemic and its induced economic crisis, growth in the topical and edibles segment is projected to record a 21.9% CAGR for the next 7-year period.

United States

The recreational use of cannabis in the U.S. is legal in 15 states, the District of Columbia, the Northern Mariana Islands, and Guam. Another 16 states and the U.S. Virgin Islands have decriminalized its use. Commercial distribution of cannabis is allowed in all jurisdictions where cannabis has been legalized, except the District of Columbia.

Although the use of cannabis in the U.S. remains federally illegal, some of its derivative compounds have been approved by the U.S. Food and Drug Administration (“FDA”) for prescription use. Cannabinoid drugs which have received FDA approval are Marinol (THC), Syndros (THC), Cesamet (nabilone), and Epidiolex (cannabidiol). For non-prescription use, cannabidiol derived from industrial hemp is legal at the federal level, but legality and enforcement varies by state.

According to a report published by Prohibition Partners on February 1, 2021, sales of legal cannabis in the U.S. reached US\$18.3 billion in 2020 from US\$10.7 billion in 2019, making the cannabis industry the fastest growing industry in the US. The cannabis edibles market in the U.S. is estimated at US\$863.1 million in 2020.

Canada

Cannabis in Canada is legal for both recreational and medicinal purposes. Medicinal use of cannabis was legalized nationwide under conditions outlined in the Marihuana for Medical Purposes Regulations, later superseded by the Access to Cannabis for Medical Purposes Regulations, issued by Health Canada and seed, grain, and fibre production was permitted under licence by Health Canada. The federal Cannabis Act came into effect on 17 October 2018, to formally legalize the cultivation, possession, acquisition and consumption of cannabis and its by-products. Regulated edibles have been available to Canadian consumers since December 2019.

According to Marijuana Business Daily², Canadian adult-use marijuana sales for 2020 reached CAD\$2.6 billion, representing a 120% increase over 2019. Statistics Canada has estimated that legal sales of recreational cannabis overtook illicit sales for the first time during the third quarter of 2020.

Marketing Plans and Strategies

Our revenue model is based on three main selling paths:

- direct sales through our website www.thepelicanncan.com;
- sale of Pelicann products to points-of-sale such as dispensaries, CBD shops, food kiosks, coffee shops, restaurants, hotels, etc., as well as directly and through resellers and distributors specializing in the distribution of cannabis products; and
- online sales through ecommerce platforms, including Amazon.

Current and Prospective Competition

To our knowledge, there are no products in the market today based on powdered mixes for baking, beverages, spices, etc., similar to Cannibible’s products. The main market edible products are gummy bears, lollipops, chocolates, cookies, brownies, and soda. We believe that we stand out from the competition for the variety of our product offerings and the ability for consumers to prepare our products easily and enjoy them fresh on the spot.

The main industry participants in the North American edibles market are as follows:

Direct competition or ability to compete:

- BevCanna - manufacturer of infused cannabis beverage brands
- Love’s Oven – cookies, brownies, candy, and chocolates

² <https://mjbizdaily.com/canada-tallies-ca2-6-billion-in-cannabis-sales-for-2020-up-120-over-2019/> (published February 19, 2021)

Indirect competition

- Wana Brands – gummies
- Plus – California gummies manufacturer
- Dixie Elixir – gummies and candy
- Kiva – chocolates, gummies, and candy
- Défoncé - chocolates
- Kushy Punch - gummies
- Therapy Tonics and Provisions – canned coffee, tea and juice

Development of the Business

We were incorporated in Israel on August 14, 2018.

In October 2018, we concluded our initial research for the infusion of active cannabinoids into our product mixes and the development of cannabis infused edibles.

In January 2019, we raised NIS 2,417,709 (approximately CAD\$927,175) from 758 investors through PipelBiz, an Israeli regulated crowdfunding platform ("PipelBiz"). We issued a total of 351,667 Shares at NIS 6.87 (approximately CAD\$2.70) per Share. These Share and Share price numbers are on a pre-split (4 new for 1 old) basis.

In April 2019, we raised additional NIS 1,193,637 (approximately CAD\$457,523) from 337 investors through PipelBiz. We issued a total of 173,620 Shares at NIS 6.87 (approximately CAD\$2.70) per Share. These Share and Share price numbers are on a pre-split (4 new for 1 old) basis.

In May 2019, we raised NIS 214,197 (approximately CAD\$83,999). We issued a total of 31,171 Shares at NIS 6.87 (approximately CAD\$2.70) per Share. These Share and Share price numbers are on a pre-split (4 new for 1 old) basis.

In May 2019, we entered into the Natura agreement, in October 2019, we entered into the Pharma Natural agreement and in November 2019 we entered into the Palletized agreement. The agreements are for manufacturing, warehousing and fulfilment.

In December 2019, following the start of local CBD and hemp manufacturing, distribution, and branding of our powder mixed products, we launched our first 32 products at the Cannabis BizCon expo in Las Vegas, Nevada.

In January 2020, we entered the A.L. Agreement for the manufacture of our products in Israel.

In March 2020, we launched our online shop on the Amazon platform where we sell hemp-based products.

In August 2020, we raised an additional NIS 1,058,113 (approximately CAD\$414,946) from 419 investors through an Israeli regulated crowdfunding platform. We issued a total of 112,798 Shares at NIS 9.38 (approximately CAD\$3.70) per Share. These Share and Share price numbers are on a pre-split (4 new for 1 old) basis.

On November 26, 2020, we entered into the Agency Agreement with Frontfundr for the Offering of the Units in Canada.

On January 22, 2021, Elad Barkan, our CTO, filed an USPTO application for a provisional patent for a method of mixing powders with different particle sizes to achieve equal distribution of materials. Pursuant to Mr. Barkan's founder's agreement with Cannibbble, the patent, if approved, will be assigned to Cannibbble. We believe that the patent, if approved, will protect some of our existing as well as future products.

On February 22, 2021, the Amazon brand registry approved the brand name "The Pelicann" enabling us to open an Amazon store under the Pelicann brand name. We believe that the approval by Amazon is a milestone for us as the

approval will enable us to advertise and promote The Pelicann brand across the Amazon e-commerce platform offering the potential for substantial sales.

On March 26, 2021, we closed the final portion of a financing in Israel pursuant to which we raised an aggregate of approximately CAD\$1,797,295 through the issuance of convertible 8% notes (the "**Notes**"). If we complete an initial public offering and/or the listing of our Shares on the CSE (a "**Listing Event**") at any time prior to December 31, 2021 (which may be extended to June 30, 2022 at the noteholder's discretion)(the "**Maturity Date**"), the Note principal, together with all accrued interest, will automatically convert, immediately prior to the Listing Event, into Shares at a conversion price per Share equal to the lower of: NIS 1.875 (post-split) (approximately CAD\$ 0.72 post-split) (subject to customary adjustments), or the price of our Shares as provided in the transaction documents of the Listing Event (the "**Listing Share Price**"). If no Listing Event is consummated prior to the Maturity Date, then the Notes will be converted into Shares at a price per Share reflecting a company valuation of US\$ 10,000,000, on a fully diluted basis and on an as-converted basis. In addition, there are 34 investors who have signed a share purchase warrant appendix ("**Holders**") entitling each Holder to purchase up to that number of Shares as are issued to the Holder pursuant to the Note conversion, at an exercise price equal to 150% of the Listing Share Price for a period of 18 months. The Note offering was consummated through Exiteam Capital Partners Ltd., an Israeli venture capital firm.

On March 31, 2021, we authorized the split of our Shares on a basis of one old Share for four new Shares.

Long Term Objectives

Our long-term objective is to become a leading brand of cannabis and hemp enhanced edibles with a strong presence in the United States, Canada and Europe. Due to the start-up nature of our business and the evolving nature of cannabis legalization, it is difficult to predict the time or cost to achieve this objective.

Achieving our long term objective will involve the following:

- Signing additional manufacturing agreements for THC enhanced products in additional states in the US. such as Colorado, Illinois, Michigan, New Jersey and others.
- Entering into the Canadian market through a partnership or other manufacturing arrangement with a Canadian licensed producer.
- Offering our CBD and hemp-based products into Europe following the European Union High Court decision in November 2020 determining that CBD derived from the entire cannabis plant is a lawful product.

In the near term (1-3 years), we intend to invest in marketing and brand awareness initiatives in order to become a well known brand in the cannabis edibles industry.

We intend to expand our product lineup on a continual basis, with the goal of launching a new line of products every year.

2.3 Short Term Objectives and How We Intend to Achieve Them

Our long-term success will be influenced by our achievement of short term objectives. We believe we must exploit our existing manufacturing arrangements, expand the number of jurisdictions in which we manufacture and distribute our products, strengthen our brand recognition and online presence, and continue to develop and broaden our product offerings. The following table discloses in more detail how we intend to meet these objectives over the next 12 months.

Table 3: Short Term Objectives and how we intend to achieve them

What we must do and how we will do it	Target completion date or, if not known, number of months to complete	Our cost to complete (CAD)
Implementing commercially the two executed agreements in Florida and California	04/2021, pending ending of COVID-19 traveling restrictions	\$500,000
Entering into a definitive agreement with Argentia Gold Corporation for the manufacture and sale of Pelicann products in Canada	Post COVID-19 – 9 months	\$300,000
Expanding our sales and marketing campaign by establishing and expanding the presence of Pelicann products on e-commerce platforms such as Amazon and The Pelicann brand online shop and by placing the products in physical stores and coffee shops where legal to do so.	12 months	Up to \$350,000
Launching a line of new, innovative non-powder-based products in the cannabis edibles segment and introducing 4-5 new products addressed to the wellness segment.	June 2021	\$300,000
Expenses related to clearing a prospectus to become a reporting issuer and applying for listing of our Shares on the CSE	(1)	Up to \$200,000
IR and communication to Canadian and US investors	June – December 2021	\$100,000

Notes:

(1) It is our current intention to seek to become a reporting issuer and apply to have our Shares listed on the CSE. We have not yet filed a prospectus or applied to the CSE, and if and when we do so, we cannot provide any assurance that we will be successful in becoming a reporting issuer or obtaining a listing of our Shares, or if we are successful, what the timing for those events will be. We may incur expenses in connection with the preparation of a prospectus and the application for listing even if we ultimately decide not to pursue becoming a reporting issuer or a listing on the CSE or if we do apply to become reporting and seek a listing, are unsuccessful in our efforts.

2.4 Insufficient Funds

The funds available as a result of the Offering may not be sufficient to accomplish all of our proposed objectives and there is no assurance that alternative financing will be available to us.

2.5 Material Agreements

ZerMatok Consulting Ltd. Agreement

We are party to an agreement dated May 7, 2019 with ZerMatok Consulting Ltd. to provide consulting services in connection with our listing on a Canadian stock exchange by means of an initial public offering or reverse takeover (the “**ZerMatok Agreement**”). Under the ZerMatok Agreement, ZerMatok provides advisory services including preparation of a business plan, advice on legal and financial structure, introductions to Canadian investment banks, assistance regarding board composition, assistance with raising capital in Israel, and other related services. As compensation, ZerMatok is paid a monthly retainer of \$2,000, a cash fee of 5% on funds invested by investors introduced by ZerMatok, and 546,776 (post-split) share purchase warrants to be exercised into Shares at a closing of an IPO at a price of CAD\$ 0.68 (post-split) per warrant Share. The ZerMatok Agreement is for a 2 year period and can be terminated by either party on 30 days’ notice in writing.

Natura Licensing Agreement

We entered into a manufacturing, sale, and distribution licensing agreement dated May 30, 2019 with Natura (“**Natura Agreement**”). Natura is a vertically integrated cannabis platform and contract manufacturer located in

Sacramento, California. The Natura Agreement provides for the manufacture, distribution, and sale of Cannibble products to the California market by Natura under Cannibble's brands or Natura's brands or under white label. The term of the Natura Agreement is for an initial one year term, with automatic renewals for additional one year terms unless terminated by either party on 12 month's notice or as otherwise provided in the Natura Agreement. Under the Natura Agreement, Cannibble sells the Black Box ingredient mixes to Natura, which purchases the raw materials to be added to make the complete Cannibble products. Cannibble provides guidance to Natura regarding the manufacturing process, including the sourcing of ingredients and raw materials. The agreement also includes quality control provisions applicable to the manufacturing process. For products that are manufactured and sold under white label or the Natura brand, Natura pays a royalty of 8% on the gross revenues from such sales, payable no later than the 20th day of the month following the month for which royalties are payable. The Natura Agreement will terminate automatically if Natura commits an act of bankruptcy or similar, or if Natura fails to pay royalties due to Cannibble within 90 days of their due date.

Pharma Natural Manufacturing Agreement

We entered into a manufacturing agreement dated November 30, 2019 with Pharma Natural (the "**Pharma Natural Agreement**"). Pharma Natural is the owner of a FDA registered nutraceutical facility in Miami Lakes, Florida. Under the Pharma Natural Agreement, Pharma Natural acts as non-exclusive manufacturer and distributor for our infused edibles products. The Pharma Natural Agreement provides for an evaluation period of three production cycles. Following the evaluation period, we supply the Black Box ingredient mixes to Pharma Natural for manufacturing into final products for sale. If we specify, Pharma Natural may purchase the raw materials to be added to make the complete Cannibble products. The term of the Pharma Natural Agreement is for an initial 12 month term, with automatic renewals for additional 12 month terms unless terminated by either party on six months' prior written notice or as otherwise provided in the Pharma Natural Agreement. We provide guidance to Pharma Natural regarding the manufacturing process, including the sourcing of ingredients and raw materials. The agreement also includes quality control provisions applicable to the manufacturing process. Costs will be confirmed for each purchaser order, depending on the product. Terms of payment for manufactured products are 50% at the time of the relevant purchase order and 50% upon completion of production. Pharma Natural will label and package the Cannibble products at its facility. If Pharma Natural sells our products through their channels, we will share profit equally.

Pitted Labs LLC Consulting Agreement

We are party to an agreement dated December 28, 2020 ("**Pitted Labs Agreement**") with Pitted Labs LLC of Salt Lake City, Utah, USA ("**Pitted Labs**") for consulting services related to social media management with the goal of driving sales of our products on Amazon.com through the Amazon FBA program. The initial term of the Pitted Labs Agreement is three months. The services include: handling social media channels; management of content and copy; identifying potential partner brands; content posting; and LinkedIn management. Pitted Labs charges a fee of US\$1,000 per month for social media management and US\$150 per hour for consulting services related to the operation of our Amazon store.

Palletized LLC Logistics Agreement

We are party to an agreement dated November 9, 2019 ("**Palletized Agreement**") with Palletized LLC of Doral, Florida, USA ("**Palletized**") for co-working, warehousing, fulfillment, and logistics services for e-commerce order fulfillment. Palletized receives Pelicann CBD and hemp-based products from Pharma Natural and ships the products throughout the United States and internationally, including online sales through Amazon.com. The term of the agreement is month to month and we pay a monthly membership fee and variable additional fees for warehousing and logistics.

A. L. Manufacture and Marketing Agreement

We are party to a manufacturing agreement dated January 13, 2020 (the "**A.L. Agreement**") with A. L. Manufacture and Marketing of Israel ("**A.L.**"). A.L. is an Israeli manufacturer and distributor of spices and food and beverage products, and operator of an Israeli Ministry of Health registered food facility. We have engaged A.L. to be the

manufacturer of our products, under our Pelicann branding or as white label products, in Israel and for export to Europe, subject to A.L. obtaining all necessary licenses and authorizations. If A.L. sells our products through their channels, we will share profit equally. The initial term of the A.L. Agreement was 12 months and will automatically renew for successive 12 month terms, unless terminated on six months' advance written notice by either party or in circumstances where either party becomes bankrupt, or where either party is in default of a payment due for 120 days. A.L. is prohibited from manufacturing or packing for third parties, or from developing its own products containing CBD or hemp during the term of the A.L. Agreement.

Frontfundr Agency Agreement

Pursuant to an agency agreement dated November 26, 2020 (the "**Agency Agreement**"), we have engaged FrontFundr Financial Services Inc., dba FrontFundr (the "**Agent**") to act as our non-exclusive sales, marketing and administrative agent in connection with the Offering of Units under this offering memorandum, and to provide certain related services to us. In this role, among other things, the Agent will use its best efforts to identify investors to purchase the Securities as part of this Offering. However, the Agent is not obligated to purchase any Securities. For their services, the Agent is entitled to receive the compensation described under *Item 7 - Compensation Paid to Sellers and Finders*. In addition, we will pay the reasonable expenses of the Agent, provided such expenses have been approved by us.

Exiteam Agreement

We are party to a finder's fee agreement dated February 11, 2021 with Exiteam Capital Partners Ltd., an Israeli venture capital firm, (the "**Exiteam Agreement**"). In compensation for introducing us to Israeli investors who invest in Cannibale, we have agreed to pay Exiteam a cash commission equal to 8% of the amount invested by such investors and issue to Exiteam Share purchase warrants ("**Exiteam Warrants**") to purchase that number of our Shares that is equal to 8% the number of our Shares issued to investors introduced by Exiteam. The Exiteam Warrants are exercisable for a period ending on the earliest to occur of: the listing of our Shares on a Canadian stock exchange, a change of control of Cannibale; or 36 months from the issuance of the Exiteam Warrants. As additional compensation, if Exiteam introduces investors who invest more than CAD\$1,000,000, Exiteam will be entitled to an additional bonus of CAD\$50,000, payable in our Shares.

Item 3: Interests of Directors, Management, Promoters and Principal Holders

3.1 Compensation and Securities Held

The following table provides specified information about our directors and officers and each person who, directly or indirectly, beneficially owns or controls, or who will own or control following the maximum offering, 10% or more of any class of voting securities of our securities. The Share numbers and percentages in Table 4 reflect the 4 for 1 Share split effected on March 31, 2021.

Table 4: Compensation and securities held

Name and municipality of principal residence	Positions held (e.g., director, officer, promoter and/or principal holder) and the date of obtaining that position	Compensation paid by issuer or related party in the most recently completed financial year and the compensation anticipated to be paid in the current financial year	Number, type and percentage of securities of the issuer held after completion of min. Offering ⁽¹⁾⁽³⁾	Number, type and percentage of securities of the issuer held after completion of max. Offering ⁽²⁾⁽³⁾
Yoav Bar Joseph, Rosh Haayin, Israel	Director; CEO & Chairman since Aug 14, 2018.	In 2020 CAD\$153,600 In 2021 CAD\$240,000 ⁽⁴⁾	4,000,000 Shares, 21.23% of our outstanding capital	4,000,000 Shares, 18.72% of our outstanding capital

Name and municipality of principal residence	Positions held (e.g., director, officer, promoter and/or principal holder) and the date of obtaining that position	Compensation paid by issuer or related party in the most recently completed financial year and the compensation anticipated to be paid in the current financial year	Number, type and percentage of securities of the issuer held after completion of min. Offering ⁽¹⁾⁽³⁾	Number, type and percentage of securities of the issuer held after completion of max. Offering ⁽²⁾⁽³⁾
Elad Barkan, Avihayil, Israel	Director ; CTO, Board member since Aug 14, 2018.	In 2020 CAD\$153,600 In 2021 CAD\$240,000 ⁽⁴⁾	4,000,000 Shares, 21.23% of our outstanding capital	4,000,000 Shares, 18.72% of our outstanding capital
Ziv Turner, Kfar Saba, Israel	Director ; VP Business development, board member since 08/2018 and CEO of EAZY Inc since 03/2020; VP BizDev, Aug 14, 2018.	In 2020 CAD\$153,600 In 2021 CAD\$240,000 ⁽⁴⁾	2,666,668 Shares, 14.16% of our outstanding capital	2,666,668 Shares, 12.48% of our outstanding capital
Uri Ben Or, Ra'anana, Israel	CFO since Feb 1, 2020	CAD\$42,000 in 2020 In 2021 CAD\$61,000	94,191 RSUs, 0.5% of our outstanding capital	106,818 RSUs, 0.5% of our outstanding capital
Asaf Porat, Kfar Saba, Israel	Former CFO and director until Feb 1, 2020. Principal holder since Aug 14, 2018.	None	2,666,668 Shares, 14.16% of our outstanding capital	2,666,668 Shares, 12.48% of our outstanding capital
Jeffrey Low, Maryland, USA	Principal holder, Sep 5, 2018.	None	2,666,664 Shares, 14.16% of our outstanding capital	2,666,664 Shares, 12.48% of our outstanding capital

Notes:

- (1) Based upon 18,838,218 Shares issued and outstanding upon completion of minimum Offering.
- (2) Based upon 21,363,591 Shares issued and outstanding upon completion of maximum Offering.
- (3) These percentages do not reflect the conversion of the Notes into Cannibale Shares.
- (4) The Company and these officers have agreed that if the Company does not have the funds available to pay the salaries in cash that the salaries will be accrued and paid to the officers in Shares.

3.2 Management Experience

Table 5: Management experience

Name	Principal occupation and related experience
Yoav Bar Joseph	CEO and Chairman and Co-Founder Mr. Bar Joseph holds a B.A from Tel Aviv University, Israel and an MBA from the University of Derby, United Kingdom. Mr. Bar Joseph is a serial entrepreneur with more than 25 years' experience in the food industry. In 1995 he founded IMEX B.J Ltd., a company that began trading in Israeli food and beverage products, developed its own products and expanded to exporting overseas through their network of distributors and resellers in more than 19 countries. In 2006 Mr. Bar Joseph co-founded Blueberries B.H Ltd., focusing on innovative product development of unique and custom-made products for the food service industry

Name	Principal occupation and related experience
	in Israel and worldwide. In 2017, Blueberries merged into Mimon's Spices Ltd., the largest spice company in Israel and a leading food product manufacturer in Israel. In 2018 Mr. Bar Joseph co-founded Cannibble.
Elad Barkan	Chief Technology Officer and Co-Founder Mr. Barkan is a chef, entrepreneur, and food product developer with more than 15 years' experience. At the age of 21 after military service, Mr. Barkan worked as a chef in a Michelin 3-Star restaurant in Rome, Italy with the famous German chef, Heinz Beck. After returning to Israel, Mr. Barkan started working as a food product developer for the biggest private label manufacturer in Israel, developing products for international companies such as Unilever and Strauss. In 2014 Mr. Barkan developed the brand "Skinny Pasta", a gluten free, low calorie and carb pasta alternative that currently sells in 10 countries around the globe and in more than 6,000 stores in the US (including Walmart, Sprouts, Winn Dixie, Publix, Food Lion). In 2018, Mr. Barkan co-founded Cannibble.
Ziv Turner	VP Business Development and Co-Founder Mr. Turner is a proven entrepreneur with extensive business development expertise, including significant experience within the international business community. Mr. Turner has 20 years' experience working in the telecom industry, holding senior management positions with leading telecom companies. Since 2005, he held positions as head of regional sales and worldwide sales for various leaders in the telecom industry. Mr. Turner is also the founder of Vocavu, an internet technology content company. Mr. Turner has 8 years of experience in medicinal and recreational cannabis in Israel and international markets. Mr. Turner co-founded his first cannabis related company on July 2014, named One World Cannabis Ltd., a wholly-owned subsidiary to OWC Pharmaceuticals, a US based public company (OTC:OWCP). OWC conducts medical research and clinical trials to develop cannabis-based novel therapeutic products and treatments and develops unique and effective delivery systems and dosage forms of medical cannabis for diverse medical conditions including multiple myeloma, psoriasis, fibromyalgia and PTSD. Mr. Turner left OWC in April 2017 and returned as CEO and chairman in June 2020.
Uri Ben Or	CFO Uri Ben-Or, CPA, holds a B.Acc. from The College of Management - Academic Studies, Israel and an Executive MBA from Bar-Ilan University, Israel. Mr. Ben-Or is CEO of CFO Direct Ltd., a financial consulting company that provides, among other services, outsourced CFO services for private and public companies. Mr. Ben-Or has over 20 years of broad experience in corporate finance, accounting, M&A transactions, IPOs and operations.

3.3 Penalties, Sanctions and Bankruptcy

None of our directors, executive officers, or control persons, or issuers of which they were a director, executive, officer, or control person at the time, has been at any time during the last 10 years:

- (a) subject to any penalty or sanction;
- (b) subject to any cease trading order in effect for more than 30 consecutive days; or

- (c) the subject of any declaration of bankruptcy, voluntary assignment in bankruptcy, proposal under any bankruptcy or insolvency legislation, proceedings, arrangement or compromise with creditors or appointment of a receiver, receiver manager or trustee to hold assets.

3.4 Loans

On September 28, 2020, our Board of Directors resolved that from June 1, 2020 any unpaid salary owed to the employed Founders will be accrued and considered as a debt owed to the Founders and recorded in our financial books as a debt convertible into Shares.

Item 4: Share Capital

The Share and warrant numbers in Table 6 reflect the 4 new for 1 old split of the Shares.

Table 6: Share capital

Description of security	Number authorized to be issued	Price per security	Number outstanding as at March 31, 2021	Number outstanding after min. Offering ⁽⁵⁾	Number outstanding after max. Offering ⁽⁶⁾
Ordinary shares	1,000,000,000	Fixed by the directors	18,677,024	18,838,218	21,363,591
Convertible notes	CAD\$1,797,295 ⁽¹⁾	See note (1) below	CAD\$1,797,295 ⁽¹⁾	CAD\$1,797,295 ⁽¹⁾	CAD\$1,797,295 ⁽¹⁾
Warrants	See note (2) below	See notes (2) and (3) below	Nil ⁽²⁾	161,290	2,688,172
RSU	94,191 ⁽⁴⁾	\$0.93	94,191	94,191	106,818

Notes:

(1) As of the date of this offering memorandum, we have issued CAD\$1,797,295 in Notes. See *Item 2.2. - Development of the Business* for a description of the terms of the Notes. The number of Shares into which the Notes convert is variable depending on future events and it is not possible to say at present what the precise number will be.

(2) In connection with the Note offering, the Company has promised to issue 744,166 share purchase warrants to certain investors to acquire our Shares. Each warrant will entitle the holder to purchase up to that number Shares issued to the Holder pursuant to the Note conversion, at an exercise price equal to 150% of the IPO Share Price and for a period of 18 months. We have also promised to issue 546,776 Share purchase warrants pursuant to the ZerMatok Agreement that are exercisable at a price per Share of \$0.68 (post-split) and 193,142 Share purchase warrants pursuant to the Exiteam Agreement at a price per Share of \$0.74 (post-split). As of the date of this offering memorandum, none of the warrants issuable to the Note holders, ZerMatok, or Exiteam have been issued.

(3) The warrants forming part of the Units have a nominal price and an exercise price per Share of \$1.40.

(4) See *Table 4: Compensation and securities held* regarding Uri Ben Or RSUs.

(5) Under the minimum Offering we will issue 161,290 Shares and 161,290 Share purchase warrants.

(6) Under the maximum Offering we will issue 2,688,172 Shares and 2,688,172 Share purchase warrants.

4.2 Long Term Debt

See Item 2.2. - Development of the Business for a description of the terms of the Notes

4.3 Prior Sales

Table 7: Prior sales of securities during the preceding 12 months

Date of issuance	Type of security issued	Number of securities issued	Price per security	Total funds received
August 14, 2020	Ordinary shares	112,798 ⁽¹⁾	NIS 9.38 (approximately CAD\$3.68) ⁽¹⁾	NIS 1,058,113 (approximately CAD\$414,946)
March 25, 2021	Convertible notes ⁽²⁾	N/A	N/A	NIS 4,493,238 (approximately CAD\$ 1,797,295)
March 25, 2021	Share purchase warrants ⁽³⁾	744,166	N/A	Nil

Notes:

(1) On March 31, 2021, the Company authorized the split of its Shares on a one old for four new basis. These numbers reflect the Shares and Share prices on a pre-split basis.

(2) For a description of the Notes and the terms of their convertibility, please see *Item 2.2. - Development of the Business*.

(3) The warrants are to be issued in connection with the Note offering: please see *Item 2.2. - Development of the Business*. As of the date of this offering memorandum, these warrants have not been issued.

Item 5: Securities Offered

5.1 Terms of Securities

The securities being issued pursuant to this offering memorandum are Units, with each Unit comprised of one Share with par value of 0.01 NIS and one Share purchase warrant exercisable to acquire one additional Share. The Unit Shares and the Shares issuable upon exercise of the warrants in accordance with their terms, will be when issued, fully paid and non-assessable. The rights and restrictions tied to Shares are set forth in our Articles of Association and the Companies Law.

The following is a description of the rights of the holders of Shares and related provisions of our Articles of Association and applicable provisions of the Companies Law.

Voting

Each Share has one vote at every meeting of shareholders.

Distribution of Profits

All Shares have equal rights as common shares for matters of distribution of net profits or dividends.

Our board of directors may, in its discretion, declare a dividend which will be paid *pro rata* to the holders of Shares without the approval of our shareholders, in proportion to the par value paid up capital attributable to the Shares that they hold, or a repurchase of the Shares from the shareholders. Under the Companies Law, any such distribution or repurchase must be made out of our “profits” (as defined in the Companies Law) (the “**Profit Test**”), provided that there is no reasonable concern that the dividend distribution or share repurchase will prevent us from meeting our existing and foreseeable obligations as they become due (the “**Insolvency Test**”). We may, with the approval of the court, distribute dividends or repurchase the Shares from our shareholders if we do not meet the Profit Test, so as long as we meet the Insolvency Test. A distribution made in violation of the above stated criteria may require the shareholders to return funds to us unless the shareholder did not know and ought not to have known that the distribution or repurchase effected was prohibited.

According to the offer documents in connection with the capital raised through PipelBiz (as described in *Item 2.2 – Development of the Business*), we undertook to pay annual dividends to our shareholders in the amount of at least twenty (20) percent of our net profit, as reflected in our audited annual financial statements of 2019, 2020 and 2021 (respectively to each year). We have not yet been required to pay any dividends in connection with this financing.

Redemption of Shares

The Shares are not redeemable.

Transferability

The Shares are subject to restrictions on transfer:

- (a) as imposed by applicable securities legislation (*see Item 10 - Resale Restrictions*);
- (b) as provided in our Articles of Association; and
- (c) as provided in the offer documents in connection with the capital raised through PipelBiz (as described in *Item 2.2 – Development of the Business*):
 - (i) any transfer of our Shares as a result of which a shareholding will hold 5% or more of our issued capital (not on a full dilution basis), will be subject to prior approval by our Board of Directors, and will not have any validity without obtaining such approval.

Conversion

The Shares are not convertible into any other form of share or security.

Liquidation Entitlement

In the event of a liquidation, after satisfaction of liabilities to creditors, our assets will be distributed to the holders of Shares in proportion to the respective holdings of the Shares that they hold. This right may be affected by the grant of preferential dividend or distribution rights to the holders of a class of shares with preferential rights that may be authorized in the future.

Amendment of Terms

The terms of the Shares may only be amended with the approval of the majority of the holders of Shares.

According to the Companies Law, a change in the Articles of Association that requires a shareholder to purchase additional shares or increase the scope of his liability will not obligate the shareholder without their consent.

5.2 Subscription Procedure

For purchasers resident in a Canadian province, your purchase will be made in reliance on the “Offering Memorandum” exemption in Section 2.9 (2.1) of NI 45-106, the “Accredited Investor” exemption in Section 2.3 of NI 45-106, the “Friends, Family & Business Associate” exemption in Section 2.5 of NI 45-106, or the “Minimum Amount Investment” exemption in Section 2.10 of NI 45-106.

The required form of risk acknowledgment under Sections 2.9(1), 2.9(2) and 2.9(2.1) of NI 45-106 is Form 45-106F4. In Alberta, New Brunswick, Nova Scotia, Ontario, Québec, and Saskatchewan, Form 45-106F4, required under Section 2.9(2.1), includes Schedule 1 Classification of Investors under the Offering Memorandum Exemption, with respect to eligibility of individual investors, and Schedule 2 Investment Limits for Investors under the Offering Memorandum Exemption, with respect to investment limits of individual investors.

If you purchase the Units, you will have certain rights, some of which are described below. Different rights apply depending on which exemption is relied upon. However, the Subscription Agreement supplements those rights on a contractual basis so that all Subscribers, wherever resident and regardless of the exemption relied upon, will be given substantially the same rights. These rights are summarized below. For further information about your rights, you should consult a lawyer.

Purchase Procedure

To purchase the Units, the following documents must be sent by the Subscriber to us:

- (a) Risk Acknowledgment Form 45-106F4 for purchasers from all provinces. In Alberta, New Brunswick, Nova Scotia, Ontario, Québec and Saskatchewan, Form 45-106F4 includes Schedule 1 – Classification of Investors under the Offering Memorandum Exemption, with respect to eligibility of individual investors, and Schedule 2 – Investment Limits for Investors under the Offering Memorandum Exemption, with respect to investment limits of individual investors;
- (b) an executed copy of the Cannibale Subscription Agreement, including all applicable Schedules; and
- (c) a wire transfer, certified or cashier's cheque, or digital payment via the Frontfundr Funding Portal in the amount of the aggregate purchase price of the Units payable to us, to be held in trust for a minimum of two business days following the execution of the Subscription Agreement by the Subscriber.

Once executed and delivered by the Subscriber, a Subscription Agreement constitutes an offer to us to purchase the Units described in the Subscription Agreement.

Following execution of the Subscription Agreement by us, the Subscriber has no right to withdraw the amount of the purchase payment or any interest earned thereon, subject to the statutory two business days cooling-off period. Amounts will remain in our escrow account pending satisfaction of the conditions set out in *Item 5.2 – Subscription Procedure – Conditions of Sale*.

Terms of Sale

The Shares will be sold only to Subscribers who have submitted the documentation specified in *Item 5.2 – Subscription Procedure*, duly executed and delivered.

Conditions of Sale

All cheques, wire transfers, and digital payments received into the FrontFundr Escrow Account from purchasers will be deposited pending satisfaction of the conditions described below and subject to the purchaser's right to cancel the purchase of Units within two business days after the execution of your Subscription Agreement. If these conditions of sale are not satisfied, the payments made by a purchaser for Units will be returned without any interest.

We have the right to reject any prospective purchaser of Units for any reason whatsoever. If we decide to accept an offer to purchase the Units, we will execute a copy of the Subscription Agreement delivered by the purchaser and return one copy to such purchaser. If a request to purchase is accepted, the Units subscribed for will be issued and the purchaser will receive a certificate evidencing ownership of the underlying securities. If we determine not to accept an offer to purchase the Units, or if the minimum Offering is not achieved, we will return the Subscription Agreement, without our signature thereon, together with all funds held in escrow without interest to the applicable prospective purchasers.

This Offering is subject to a maximum of \$2,500,000 of Units priced at \$0.93 per Unit and is made on a continuous basis. Unless terminated earlier by us, this Offering will terminate on the date on which all of the Units offered hereby have been sold.

The minimum Offering is CAD\$150,000. If the minimum Offering is not reached, all funds will be returned to purchasers without interest.

Item 6: Income Tax Consequences and RRSP Eligibility

There are various income and other tax consequences which may apply to you as a result of the purchase, holding, transfer, redemption or other disposal of the Units. You should consult your own professional advisers to obtain advice on the income and other tax consequences that apply to you under your particular circumstances including the application of any tax treaty or convention between Israel and Canada.

Not all securities are eligible for investment in a registered retirement savings plan (RRSP). You should consult your own professional advisers to obtain advice on the RRSP eligibility of these securities.

Item 7: Compensation Paid to Sellers and Finders

Agreement with FrontFundr Financial Services Inc. ("FrontFundr")

We are party to the Agency Agreement dated as of November 26, 2020 with FrontFundr Financial Services Inc., doing business as FrontFundr (defined above under *Item 2.7 - Material Agreements* as the "**Agent**"). We engaged the Agent to act as our non-exclusive sales, marketing, and administrative agent in connection with the Offering of the Units under this offering memorandum and to provide certain other related services to us. Under the Agency Agreement, the Agent is entitled to receive the following compensation:

- A fee of \$8,000 plus applicable taxes for the performance of the Agent's due diligence review of Cannibble;
- A fee applicable to each subscription for Units under this Offering determined as follows:
 - for purchasers who are individuals, the greater of: 7% of the gross proceeds raised from any subscriber under the Offering in respect of which the Agent provides any Services; or \$25 per purchaser; and
 - for purchasers who are not individuals, the greater of: 7% of the gross proceeds raised from any subscriber under the Offering in respect of which the Agent provides any Services; or \$100 per purchaser;
- on proceeds of completed subscriptions entered into with subscribers processed by the Agent, the Agent will receive warrants to purchase 7.00% of gross proceeds converted to Shares at an exercise price equal to the price per share outlined in the Offering and with an exercise term of three (3) years from the date of issuance of the warrants to the Agent; and
- In addition, if we request that the Agent provide any corporate finance consulting services beyond those specifically contemplated in the Agency Agreement, we have agreed to pay an hourly fee to the Agent as consideration for such additional consulting services. We will also pay the reasonable expenses of the Agent incurred in connection with the Offering, provided such expenses have been approved by Cannibble.

Item 8: Risk Factors

The purchase of Units involves a high degree of risk. You could lose all the money you invest. There is no guarantee that an investment in us will earn any positive return in the short term or long term. An investment in Cannibble involves a high degree of risk and should be undertaken only by purchasers whose financial resources are sufficient to enable them to assume such risks and who have no need for immediate liquidity in their investment. An investment in Cannibble is appropriate only for purchasers who have the capacity to absorb a loss of some or all of their investment.

Investment Risk

Investment in securities of companies in general and of early-stage companies in particular, is characterized by a high level of risk.

As an early stage enterprise, we do not have a history of profitability. We are therefore subject to many of the risks common to early-stage enterprises, including under-capitalization, cash shortages, limitations with respect to personnel, financial, and other resources and lack of revenues. There is no assurance that we will be successful in achieving a return on our shareholders' investment and the likelihood of success must be considered in light of the early stage of operations.

There is no market for our Shares.

There is currently no market through which our Shares may be sold and there is no assurance our Shares will be listed for trading on a stock exchange, or if listed, will provide a liquid market for the Shares. Until the Shares are listed on a stock exchange, holders of the Shares may not be able to sell their Shares. Even if a listing is obtained, there can be no assurance that an active public market for the Shares will develop or be sustained after listing. The Offering price determined by negotiation between Cannibble and the Agent was based upon several factors, and may bear no relationship to the price that will prevail in any eventual public market.

The Shares are subject to restrictions on transfer.

The Shares are subject to restrictions on transfer under securities laws and our Articles of Association. Accordingly, the Shares may not be resold or otherwise transferred, except in accordance with our Articles of Association or in accordance with applicable Canadian securities laws. Unless and until we become a reporting issuer in a Canadian jurisdiction, under Canadian securities laws you may be required to hold the Shares indefinitely or to transfer the Shares in transactions which are exempt from the prospectus requirements under Canadian securities laws. As a consequence, you must bear the economic risks of the investment in the Shares for an indefinite period of time.

Issuer Risk

We have a limited operating history, a history of losses, and we cannot assure profitability.

As we have yet to generate profits, it is extremely difficult to make accurate predictions and forecasts of our finances. This is compounded by the fact we operate in the cannabis industry, which is rapidly transforming. There is no guarantee that our products will become and continue to be attractive to existing and potential consumers.

There is uncertainty about our ability to continue as a going concern.

We may seek additional capital, as well as consider possible joint ventures, partnerships and other business arrangements intended to expand our product offerings in the cannabis industry and grow our revenue. Our ability to continue as a going concern is dependent upon our ability in the future to grow our revenue and achieve profitable operations and, in the meantime, to obtain the necessary financing to meet our obligations and repay our liabilities when they become due. External financing, predominantly by the issuance of equity, will be sought to finance our operations; however, there can be no certainty that such funds will be available at terms acceptable to us. These conditions indicate the existence of material uncertainties that may cast significant doubt about our ability to continue as a going concern.

We have negative operating cash flow for the years ended December 31, 2020 and 2019.

We had negative operating cash flow for the years ended December 31, 2020 and 2019. To the extent that we have negative operating cash flow in future periods, we may need to allocate a portion of our cash reserves to fund our negative cash flow. We may also be required to raise additional funds through the issuance of equity or debt securities. There can be no assurance that we will be able to generate a positive cash flow from our operations, that additional capital or other types of financing will be available when needed, or that these financings will be on terms favorable to us. The failure to raise such capital could result in the delay or indefinite postponement of current business objectives or us going out of business. There can be no assurance that additional capital or other types of financing will be available if needed or that, if available, the terms of such financing will be favorable to us.

Our actual financial position and results of operations may differ materially from the expectations of our management.

Our actual financial position and results of operations may differ materially from management's expectations. As a result, our revenue and cash flow may differ materially from our projected revenue and cash flow. The process for estimating our revenue and cash flow requires the use of judgment in determining the appropriate assumptions and estimates. These estimates and assumptions may be revised as additional information becomes available and as additional analyses are performed. In addition, the assumptions used in planning may not prove to be accurate, and other factors may affect our financial condition or results of operations.

We have never paid dividends on the Shares and do not anticipate doing so for the foreseeable future.

We have never paid cash dividends on our Shares and do not intend to pay any cash dividends on our Shares for the foreseeable future, except as we may be required to do pursuant to the terms of the offering documents in connection to the crowdfunding rounds as described in *Item 5.1 – Terms of Securities*. We intend to retain any earnings for use in the operation of our business. Our board of directors will determine dividend policy in the future based upon, among other things, our results of operations, financial condition, contractual restrictions and other factors deemed relevant at the time. We intend to retain appropriate levels of its earnings, if any, to support our business activities.

We may continue to sell Shares for cash to fund operations and capital expansion, which will dilute the current shareholders.

There is no guarantee that we will be able to achieve our business objectives. The continued development of our business will require additional financing. If additional funds are raised through issuances of equity or convertible debt securities, existing shareholders could suffer significant dilution. Our constitution documents permit the issuance of 1,000,000,000 Shares, and shareholders will have no pre-emptive rights in connection with further Share issuances. Our directors have discretion to determine the price and the terms of issue of further Share issuances. Moreover, additional Shares will be issued by us on conversion of the Notes and upon the exercise of Share purchase warrants.

There is no guarantee regarding our use of available funds.

We cannot specify with certainty the particular uses of available funds. Management has broad discretion in the application of available funds. Accordingly, you will have to rely upon the judgment of management with respect to the use of available funds, with only limited information concerning management's specific intentions. Our management may spend a portion or all the available funds in ways that our shareholders might not desire, that might not yield a favorable return and that might not increase the value of a purchaser's investment. The failure by management to apply our funds effectively could harm our business.

We depend on the experience and expertise of our founders, senior management team, and key technical employees, and the loss of any key employee could have an adverse effect on our business, financial condition, and results of operations.

Our success depends upon the continued service of our founders and senior management team and key technical employees, as well as our ability to continue to attract and retain additional highly qualified personnel. Each of our founders, executive officers, key technical personnel and other employees could terminate his or her relationship with us at any time. The loss of any of our founders or any other member of our senior management team or key personnel might significantly delay or prevent the achievement of our business objectives and could materially harm our business and our third party relationships.

Insiders will continue to have substantial control over us after this Offering and could limit your ability to influence the outcome of key transactions, including a change of control.

After completion of the maximum Offering, our founders, Messrs. Bar Joseph, Barkan, and Turner, and our other shareholders who own more than 10% of our Shares will collectively own approximately 74.9% of our issued and outstanding Shares. As a result, these Shareholders, if acting together, would be able to influence or control matters requiring approval by our Shareholders, including amendments to our Articles of Association, the election of directors and the approval of mergers or other extraordinary transactions. In addition, they could influence our dividend policy. They may also have interests that differ from yours and may vote in a way with which you disagree and which may be adverse to your interests. The concentration of ownership may have the effect of delaying, preventing or deterring a change of control of our company, could deprive our Shareholders of an opportunity to receive a premium for their common shares as part of a sale of our company and might ultimately affect the value of our Shares.

There is no assurance that we will retain our product manufacturing and distribution agreements with A.L., Natura, Pharma Natural, and Palletized.

We are party to manufacturing arrangements with A.L., Natura, and Pharma Natural for manufacturing of our products in Israel, California, and Florida respectively, and with Palletized for the distribution of the products manufactured by Pharma Natural. While we are not precluded by the terms of our arrangements with A.L., Natura, Pharma Natural, and Palletized from making alternative manufacturing and distribution arrangements with other manufacturers and distributors, any disruption or cessation of our arrangement with A.L., Natura, Pharma Natural or Palletized could adversely impact the timing and volume of our current sales, which could have a material adverse effect on our business, financial condition, and results of operations.

Our reputation and ability to do business may be negatively impacted by the conduct of our business partners, employees or agents.

We depend on our third party manufacturing and logistics partners to produce and timely ship our products. Products produced by our manufacturing partners are sold to our customers. These partners could fail to produce products to our specifications or quality standards and may not deliver orders on a timely basis. Any change in our partners to resolve production or logistics issues could disrupt our ability to fulfill orders and also disrupt our business as a result of delays in finding new suppliers.

We may be subject to product recalls for product defects self-imposed or imposed by regulators.

Manufacturers and distributors of products are sometimes subject to the recall or return of their products for a variety of reasons, including product defects, such as contamination, unintended harmful side effects or interactions with other substances, packaging safety and inadequate or inaccurate labeling disclosure. If any of our products are recalled due to an alleged product defect or for any other reason, we could be required to incur the unexpected expense of the recall and any legal proceedings that might arise in connection with the recall. We may lose a significant amount of sales and may not be able to replace those sales at an acceptable margin or at all. In addition, a product recall may require significant management attention. Although we have detailed procedures in place for testing our products, there can be no assurance that any quality, potency or contamination problems will be detected in time to avoid unforeseen product recalls, regulatory action or lawsuits. Additionally, if one of our products were subject to recall, the image of the Pelicann brand and Cannibble could be harmed. A recall for any of the foregoing reasons could lead to decreased demand for our products and could have a material adverse effect on the results of operations and our financial condition. Additionally, product recalls may lead to increased scrutiny of our operations by regulatory agencies, requiring further management attention and potential legal fees and other expenses.

We face the risk of exposure to product liability claims.

As a manufacturer and distributor of products designed to be ingested by humans, we face an inherent risk of exposure to product liability claims, regulatory action and litigation if our products are alleged to have caused significant loss or injury. In addition, the manufacture and sale of our products involve the risk of injury to consumers due to tampering by unauthorized third parties or product contamination. A product liability claim or regulatory action against us could result in increased costs, could adversely affect our reputation with our clients and consumers generally, and could have a material adverse effect on the results of operations and our financial condition. There can be no assurances that we will be able to obtain or maintain product liability insurance on acceptable terms or with adequate coverage against potential liabilities.

We may not be able to effectively manage our growth and operations, which could materially and adversely affect our business.

If we implement our business plan as intended, we may in the future experience rapid growth and development in a relatively short period of time. The management of this growth will require, among other things, continued development of our financial and management controls and management information systems, stringent control of costs, the ability to attract and retain qualified management personnel and the training of new personnel. We intend to utilize outsourced resources, and hire additional personnel, to manage our expected growth and expansion. Failure to successfully manage our possible growth and development could have a material adverse effect on our business and the value of our Shares.

We expect competition from other companies where we conduct business or expand our business operations that may have higher capitalization, more experienced management, or may be more mature as a business.

An increase in the companies competing in our industry could limit our ability to establish our business and expand our operations. Current and new competitors may be better capitalized, have a longer operating history, have more expertise and ability to develop higher quality products, at the same or a lower cost. We cannot provide assurances that we will be able to compete successfully against current and future competitors. Competitive pressures faced by us could have a material adverse effect on our business, operating results and financial condition.

Exchange rate fluctuations between the U.S. dollar, the New Israeli Shekel, and the Canadian dollar may negatively affect our earnings.

Although most of our revenues and a portion of our expenses are denominated in U.S. dollars, substantially all of our research and development expenses, as well as a portion of manufacturing cost and cost of revenues, selling and marketing, and general and administrative expenses, are incurred in New Israeli Shekels. In addition, we are raising capital denominated in Canadian dollars. As a result, we are exposed to foreign exchange risks, including the risks that the New Israeli Shekel may appreciate relative to the U.S. dollar or Canadian dollar, or, if the New Israeli Shekel instead devalues relative to the U.S. dollar or Canadian dollar, that the inflation rate in Israel may exceed the rate of devaluation of the New Israeli Shekel, or that the timing of such devaluation may lag behind inflation in Israel. In any such event, the U.S. dollar cost of our operations in Israel would increase and our U.S. dollar-denominated results of operations would be adversely affected. If the value of the Canadian dollar depreciates against the U.S. dollar or the New Israeli Shekel, the value of funds raised in Canada will be reduced. We cannot predict any future trends in the rate of inflation in Israel or the rate of devaluation (if any) of the New Israeli Shekel against the U.S. dollar or the Canadian dollar or the relative value of the U.S. and Canadian dollars. If the U.S. dollar cost of our operations in Israel increases, the dollar-measured results of operations will be adversely affected. We may, in the future, establish a program to hedge a portion of our foreign currency exposure with the objective of minimizing the impact of adverse foreign currency exchange movements. However, even if we develop a hedging program, there can be no assurance that it will effectively mitigate currency risks.

Our headquarters, some manufacturing and other significant operations are located in Israel and, therefore, our results may be adversely affected by political, economic and military instability in Israel.

We are headquartered in Israel and most of our operations (other than the final manufacturing of the Pelicann products in the United States) takes place in Israel. In addition, our key employees, officers and directors are residents of Israel. The government in Israel faces ongoing problems including but not limited to inflation, unemployment, and inequitable income distribution. While Israel's current credit rating by Standard & Poor's is "AA-minus/stable", Israel has a history of geopolitical instability and crises including those related to terrorism. Any armed conflicts, terrorist activities or political instability in the region could adversely affect business conditions and could harm our results of operations and could make it more difficult for us to raise capital. Although there is no current major political instability in Israel, this could change in the future and could adversely affect our business, financial condition and results of operations.

An investor may have difficulty enforcing Canadian law against an Israeli company like us.

We are incorporated in Israel. All of our directors and executive officers named in this offering memorandum reside outside of Canada, and most of our assets and most of the assets of these persons are located outside of Canada. Therefore, a judgment obtained against us, or any of these persons, including a judgment based on the civil liability provisions of Canadian securities laws, may not be collectible in Canada and may not be enforced by an Israeli court. It also may be difficult for an investor to effect service of process on these persons in Canada or to assert Canadian securities law claims in original actions instituted in Israel. Additionally, it may be difficult for an investor, or any other person or entity, to initiate an action with respect to Canadian securities laws in Israel. Israeli courts may refuse to hear a claim based on an alleged violation of Canadian securities laws reasoning that Israel is not the most appropriate forum in which to bring such a claim. In addition, even if an Israeli court agrees to hear a claim, it may determine that Israeli law and not Canadian law is applicable to the claim. If Canadian law is found to be applicable, the content of applicable Canadian law must be proven as a fact by expert witnesses, which can be a time consuming and costly process. Certain matters of procedure will also be governed by Israeli law. There is little binding case law in Israel that addresses the matters described above. As a result of the difficulty associated with enforcing a judgment against us in Israel, an investor may not be able to collect any damages awarded by either a Canadian or foreign court.

We conduct a significant part of our operations in Hebrew and English translations of documents may not be available.

As a result of us being based in Israel, our books and records, including many key documents such as material contracts and financial documentation are principally negotiated and entered into and recorded in the Hebrew language and English translations may not exist or be readily available.

We may not be able to adequately protect our intellectual property.

The success of our activities involves, inter alia, our ability to preserve and secure our intellectual property regarding our technology and/or products. Any third party with whom we contract may violate its obligation to preserve and secure our intellectual property, without there being an adequate remedy available to us. Our design and manufacturing processes involve usage of proprietary know-how and intellectual property rights, which may be susceptible to infringement by third parties.

To protect the proprietary know-how we use in our production, we rely primarily on contractual arrangements with our management and technical personnel who have access to our proprietary know-how. We cannot assure you that our standard confidentiality and non-competition agreement or the non-disclosure clauses in our employment contracts are adequate to protect our intellectual know-how.

Industry Risk

The size of our target market is difficult to quantify, and investors will be reliant on their own estimates concerning the accuracy of market data.

Because the cannabis industry is in an early stage with uncertain boundaries, there is a lack of information about comparable companies available for potential investors to review in deciding about whether to invest in us and, few, if any, established companies whose business model we can follow or upon whose success we can build. Accordingly, investors will have to rely on their own estimates in deciding about whether to invest in us. Although we regularly purchase and follow market research to assist in developing expectations for our business, there can be no assurance that our estimates are accurate or that the market size is sufficiently large for our business to grow as projected, which may negatively impact our financial results.

Our industry is experiencing rapid growth and consolidation that may cause us to lose key relationships and intensify competition.

The cannabis industry and businesses ancillary to and directly involved with cannabis businesses are undergoing rapid growth and substantial change, which has resulted in an increase in competitors, consolidation, and formation of strategic relationships. Acquisitions or other consolidating transactions could harm us in a number of ways, including by losing strategic partners if they are acquired by or enter into relationships with a competitor, losing customers, revenue and market share, or forcing us to expend greater resources to meet new or additional competitive threats, all of which could harm our operating results. As competitors enter the market and become increasingly sophisticated, competition in our industry may intensify and place downward pressure on retail prices for our products and services, which could negatively impact our profitability.

If we are unable to develop and market new products, we may not be able to keep pace with market developments.

The cannabis industry is in its early stages and we and our competitors will seek to introduce new products in the future. In attempting to keep pace with any new market developments, we will need to expend significant amounts of capital in order to successfully develop and generate revenues from new products, which may be subject to significant competition with offerings by new or existing competitors in the business. We may not be successful in developing new products, bringing such products to market, or gaining market acceptance for our products, which together with capital expenditures made in relation to such product development, may have a material adverse effect on our business, financial condition and results of operations.

General economic and political risks

Global economic events could have a material adverse impact on our business and operations.

A general economic downturn or volatility could have a material adverse effect on our business, financial condition and results of operations. In addition, weakening of economic conditions could lead to reductions in demand for our products. For example, our revenues may be adversely affected by high unemployment and other economic factors. Further, weakened economic conditions or a recession could reduce the amount of income customers are able to spend on our products. In addition, as a result of volatile or uncertain economic conditions, we may experience the negative effects of increased financial pressures on our clients. For instance, our business, financial condition, and results of operations could be negatively impacted by increased competitive pricing pressure, which could result in our margins being reduced. If we are not able to timely and appropriately adapt to changes resulting from a weak economic environment, our business, results of operations, and financial condition may be materially and adversely affected.

COVID-19

The ongoing Impact of COVID-19 may have a negative effect on our business, financial condition, and results of operation.

Since December 31, 2019, governments worldwide have been enacting emergency measures to combat the spread of COVID-19. These measures, which include the implementation of travel bans, self-imposed quarantine periods and physical distancing, have caused material disruption to business globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. The development and operation of our business plan is dependent on labour inputs and governmental approvals, which could be adversely disrupted by the ongoing impact of COVID-19. It is difficult to predict how this virus may affect our business in the future, including the effect it may have on demand for our products. While the roll out of several vaccines is ongoing in the United States, Canada, UK, and Israel, and other promising vaccines are in development, COVID 19-variants continue to cause concern, and an end to the COVID-19 pandemic is believed to be some way off. Until the pandemic ends, it remains possible the COVID-19 virus could have a material adverse effect on our business, financial condition and results of operation. The results of the COVID-19 restrictions have closed down dispensaries in North America and other points-of-sales such as kiosks, convenience shops, and others.

Item 9: Reporting Obligations

9.1 Continuous Disclosure

We are not a “reporting issuer” in any jurisdiction in Canada. This means we are not required to file documents with securities regulators or provide you with financial or other information under Canadian securities laws. We are not required to send you any documents on an annual or ongoing basis.

As a holder of our Shares, you will have a right to receive upon your request a copy of our financial statements and a copy of our Articles of Association. In addition, as a holder of Shares, you will have a right to receive notice of and participate in any general meeting of the Company, if such meeting will convene.

9.2 Corporate information with securities regulators

Information about our Company, amendments to our Articles of Association, directors, officers, annual corporate filings and other corporate information can be obtained from the Israeli Registry of Corporations by accessing the registry at https://www.gov.il/en/service/company_extract. The information provided is in Hebrew only.

Item 10: Resale Restrictions

10.1 General Statement

For purchasers resident in Alberta, British Columbia, New Brunswick, Newfoundland and Labrador, Northwest Territories, Nova Scotia, Nunavut, Ontario, Prince Edward Island, Quebec, Saskatchewan and Yukon, the Securities will be subject to a number of resale restrictions, including a restriction on trading. Until the restriction on trading

expires, you will not be able to trade the Securities unless you comply with an exemption from the prospectus and registration requirements under securities legislation.

10.2 Restricted Period

For purchasers resident in Alberta, British Columbia, New Brunswick, Newfoundland and Labrador, Northwest Territories, Nova Scotia, Nunavut, Ontario, Prince Edward Island, Saskatchewan and the Yukon, unless permitted under securities legislation, you cannot trade the Securities before the date that is 4 months and a day after the date Cannibale becomes a reporting issuer in any province or territory of Canada.

10.3 Manitoba Resale Restrictions

For purchasers resident in Manitoba, unless permitted under securities legislation, you must not trade the Securities without the prior written consent of the regulator in Manitoba unless

- (a) Cannibale has filed a prospectus with the regulator in Manitoba with respect to the securities you have purchased and the regulator in Manitoba has issued a receipt for that prospectus, or
- (b) you have held the Securities for at least 12 months.

The regulator in Manitoba will consent to your trade if the regulator is of the opinion that to do so is not prejudicial to the public interest.

Item 11: Purchasers' Rights

If you purchase these securities you will have certain rights, some of which are described below. For information about your rights, you should consult a lawyer.

11.1 Two Day Cancellation Right

You can cancel your agreement to purchase these Units. To do so, you must send a notice to us by midnight on the 2nd business day after you sign the subscription agreement to buy the Units.

11.2 Statutory Rights of Action in the Event of a Misrepresentation

Applicable securities laws in the Offering jurisdictions provide you with a remedy to sue to cancel your agreement to buy the Units, or for damages if this offering memorandum, or any amendment thereto, contains a misrepresentation. Unless otherwise noted, in this section, a “**misrepresentation**” means an untrue statement or omission of a material fact that is required to be stated or that is necessary in order to make a statement in this offering memorandum not misleading in light of the circumstances in which it was made.

These remedies are available to you whether or not you relied on the misrepresentation. However, there are various defences available to the persons or companies that you have a right to sue. In particular, they have a defence if you knew of the misrepresentation when you purchased the securities. In addition, these remedies, or notice with respect thereto, must be exercised or delivered, as the case may be, by you within the strict time limit prescribed in the applicable securities laws.

The applicable contractual and statutory rights are summarized below. Subscribers should refer to the applicable securities laws of their respective Offering jurisdiction for the particulars of these rights or consult with professional advisors.

Subscribers for the Units resident in jurisdictions of Canada that do not provide for such statutory rights will be granted a contractual right similar to the statutory right of action and rescission described below for Subscribers resident in Ontario and such right will form part of the Subscription Agreement to be entered into between each such Subscriber and we in connection with the Offering. The following summaries are subject to the express provisions of the securities legislation applicable in each of the Provinces of Canada and the regulations, rules and policy statements thereunder. Subscribers should refer to the securities legislation applicable in their Province along

with the regulations, rules and policy statements thereunder for the complete text of these provisions or should consult with their legal advisor. The contractual and statutory rights of action described in this offering memorandum are in addition to and without derogation from any other right or remedy that purchasers may have at law.

Investors in British Columbia

If you are a resident in British Columbia and this offering memorandum, together with any amendments hereto, contains a misrepresentation, you have a statutory right to sue:

- (a) us to cancel your agreement to buy the Units; or
- (b) for damages against us, every person who was a director of Cannibble at the date of this offering memorandum, and every person or company who signed this offering memorandum.

If a misrepresentation is contained in a record incorporated by reference in, or is deemed to be incorporated into, this offering memorandum, the misrepresentation is deemed to be contained in this offering memorandum.

This statutory right to sue is available to you whether or not you relied on the misrepresentation. However, there are various defences available to the persons or companies that you have a right to sue. In particular, they have a defence if you knew of the misrepresentation when you purchased the Units. If you intend to rely on the rights described in (a) or (b) above, you must do so within strict time limitations.

You must commence your action to cancel the agreement within 180 days after the date of the transaction that gave rise to the cause of action or commence your action for damages within the earlier of: (a) 180 days after the plaintiff first had knowledge of the facts giving rise to the cause of action, or (b) three years after the transaction that gave rise to the cause of action.

Investors in Alberta

If you are a resident in Alberta and this offering memorandum, together with any amendments hereto, contains a misrepresentation, you have a statutory right to sue:

- (a) us to cancel your agreement to buy the Units; or
- (b) for damages against us, every person who was a director of Cannibble at the date of this offering memorandum, and every person or company who signed this offering memorandum.

If a misrepresentation is contained in a record incorporated by reference in, or is deemed to be incorporated into, this offering memorandum, the misrepresentation is deemed to be contained in this offering memorandum.

This statutory right to sue is available to you whether or not you relied on the misrepresentation. However, there are various defences available to the persons or companies that you have a right to sue. In particular, they have a defence if you knew of the misrepresentation when you purchased the Units. If you intend to rely on the rights described in (a) or (b) above, you must do so within strict time limitations.

You must commence your action to cancel the agreement within 180 days after the date of the transaction that gave rise to the cause of action or commence your action for damages within the earlier of: (a) 180 days after the plaintiff first had knowledge of the facts giving rise to the cause of action, or (b) three years after the transaction that gave rise to the cause of action.

Investors in Manitoba

If you are a resident in Manitoba and this offering memorandum, together with any amendments hereto, contains a misrepresentation, you have a statutory right to sue:

- (a) us to cancel your agreement to buy the Units; or
- (b) for damages against us, every person who was a director of Cannibble at the date of this offering memorandum, and every person or company who signed this offering memorandum.

If a misrepresentation is contained in a record incorporated by reference in, or is deemed to be incorporated into, this offering memorandum, the misrepresentation is deemed to be contained in this offering memorandum.

This statutory right to sue is available to you whether or not you relied on the misrepresentation. However, there are various defences available to the persons or companies that you have a right to sue. In particular, they have a defence if you knew of the misrepresentation when you purchased the Units. If you intend to rely on the rights described in (a) or (b) above, you must do so within strict time limitations.

You must commence your action to cancel the agreement within 180 days after the date of the transaction that gave rise to the cause of action or commence your action for damages within the earlier of: (a) 180 days after the plaintiff first had knowledge of the facts giving rise to the cause of action, or (b) two years after the day of the transaction that gave rise to the cause of action.

Investors in Ontario

If you are a resident of Ontario and there is a misrepresentation in this offering memorandum, together with any amendment to it, you have a statutory right to sue:

- (a) us to cancel your agreement to buy the Units; or
- (b) for damages against us.

This statutory right to sue is available to you whether or not you relied on the misrepresentation. However, there are various defences available to the persons or companies that you have a right to sue. In particular, they have a defence if you knew of the misrepresentation when you purchased the Units. If you intend to rely on the rights described in (a) or (b) above, you must do so within strict time limitations.

You must commence your action to cancel the agreement within 180 days after the date of the transaction that gave rise to the cause of action.

You must commence your action for damages within the earlier of: (a) 180 days after the plaintiff first had knowledge of the facts giving rise to the cause of action; or (b) three years after the date of the transaction that gave rise to the cause of action.

A misrepresentation is defined in the *Securities Act* (Ontario) as an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary in order to make any statement therein not misleading in light of the circumstances in which it is made. A material fact, when used in relation to securities issued or proposed to be issued, is defined in the *Securities Act* (Ontario) as a fact that significantly affects, or would reasonably be expected to have a significant effect on, the market price or value of such securities.

Investors in Saskatchewan

If you are resident in Saskatchewan and this offering memorandum, together with any amendments hereto, contains a misrepresentation, subject to certain limitations, you have a statutory right to sue:

- (a) us to cancel your agreement to buy the Units; or
- (b) for damages against:
 - (i) us, every person who was a director or the promoter of Cannibale, respectively, at the date of this offering memorandum,
 - (ii) every person or company whose consent has been filed respecting the Offering, but only with respect to reports, opinions or statements that have been made by them,
 - (iii) every person who, or company that, in addition to the persons or companies mentioned in clauses (i) and (ii), signed this offering memorandum, and
 - (iv) every person who, or company that, sells the Units on our behalf under this offering memorandum.

This statutory right to sue is available to you whether or not you relied on the misrepresentation. However, there are various defences available to the persons or companies that you have a right to sue. In particular, they have a

defence if you knew of the misrepresentation when you purchased the Units. If you intend to rely on the rights described in (a) or (b) above, you must do so within strict time limitations.

You must commence your action to cancel the agreement within 180 days after you signed the agreement to purchase the Units.

You must commence your action for damages within the earlier of: (a) one year after learning of the misrepresentation; or (b) six (6) years after you signed the subscription agreement to purchase Units.

In addition, subject to certain limitations, where any advertising or sales literature (as such terms are defined in the Saskatchewan securities legislation) disseminated in connection with the Offering contains a misrepresentation, a purchaser who purchases the Units referred to in that advertising or sales literature has a right of action against the Corporation, every promoter and director of the Corporation, and every person who or company that sells the Units under the Offering with respect to which the advertising or sales literature was disseminated. In addition, subject to certain limitations, where an individual makes an oral statement to a prospective purchaser that contains a misrepresentation relating to the Units and the oral statement is made either before or contemporaneously with the purchase of the Units the purchaser has a right of action for damages against the individual who made the oral statement.

You should refer to the applicable provisions of the securities legislation for particulars of the rights or consult with a lawyer.

You should consult your own legal advisers with respect to your rights and the remedies available to you. The rights discussed above are in addition to and without derogation from any other rights or remedies, which you may have at law.

Item 12: Financial Statements

Accompanying this offering memorandum are the following financial statements:

- 1) Audited consolidated financial statements for the years ended December 31, 2020 and December 31, 2019.

CANNIBBLE FOOD-TECH LTD.

CONSOLIDATED FINANCIAL STATEMENTS

AS OF DECEMBER 31, 2020

CANNIBBLE FOOD-TECH LTD.

CONSOLIDATED FINANCIAL STATEMENTS

AS OF DECEMBER 31, 2020

INDEX

	Page
Independent Auditor's Report	3-5
Consolidated Statements of Financial Position	6
Consolidated Statements of Comprehensive Loss	7
Consolidated Statements of Changes in Shareholders' Equity (Deficiency)	8
Consolidated Statements of Cash Flows	9
Notes to Financial Statements	10 - 26

Independent Auditors' Report to the Shareholders of CANNIBBLE FOOD-TECH LTD.

We have audited the accompanying consolidated statements of financial position of CANNIBBLE FOOD-TECH LTD. and its subsidiaries ("the Company"), which comprise the consolidated statements of financial position as at December 31, 2020 and December 31, 2019, and the consolidated statements of comprehensive loss, changes in shareholder's equity (deficiency) and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2020 and December 31, 2019, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements relevant to the audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1b of the consolidated financial statements, which indicates that the Company's ability to consummate its plans in connection with increasing the volume of current CBD activity and continue the development of its THC products, is dependent on its ability to continue to finance its activities by raising additional funds. As stated in Note 1b, these conditions, along with other matters as set for in Note 1b, indicate a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not qualified in respect of this matter.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company's to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.



We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Tel-Aviv, Israel

April 13, 2021



Ziv Haft
Certified Public Accountants (Isr.)
BDO Member Firm


CANNIBBLE FOOD-TECH LTD.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(In thousands of US Dollars)

		December 31,	
		2020	2019
		US\$ in thousands	
	Note		
CURRENT ASSETS:			
Cash and cash equivalents	4	304	66
Trade accounts receivable		10	-
Prepays and other receivables	5	48	43
Restricted cash	6	16	27
Inventory	7	99	111
Total current assets		477	247
TOTAL ASSETS			
		477	247
CURRENT LIABILITIES:			
Trade accounts payable		47	44
Other accounts payable	8	477	11
Total current liabilities		524	55
NON-CURRENT LIABILITIES:			
Convertible loan	9	149	-
Total non-current liabilities		149	-
SHAREHOLDERS' EQUITY (DEFICIENCY):			
Share capital	12	13	12
Additional paid in capital		1,176	910
Accumulated deficit		(1,385)	(730)
Total shareholders' equity (deficiency)		(196)	192
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIENCY)			
		477	247

April 13, 2021
Date of approval of the
financial statements


Joav Bar Joseph
Chief Executive officer


Uri Ben-Or, CPA, MBA
Chief Financial Officer

Uri Ben-Or
Chief Financial officer

The accompanying notes are an integral part of the consolidated financial statements.

CANNIBBLE FOOD-TECH LTD.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

(In thousands of US Dollars except share and per share data)

	Note	For The Year Ended	
		December 31,	December 31,
		2020	2019
		US\$ in thousands	
Revenues from consulting services		64	-
Revenues from sale of goods		32	-
Total Revenues		96	-
Cost of Revenues – consulting services		14	-
Cost of Revenues - sale of goods		42	-
Total Cost of revenues		56	-
Gross Profit		40	-
Operating expenses:			
Selling and marketing expenses	13	265	245
Research and development expenses	14	240	250
General and administrative expenses	15	191	188
Total operating expenses		696	683
Operating loss		656	683
Financial expenses		3	4
Financial income		4	18
Net loss and comprehensive loss for the year		655	669
Basic and diluted loss per share		(0.14)	(0.15)
Weighted average number of shares outstanding used to compute basic and diluted loss per share		4,600,540	4,449,899

The accompanying notes are an integral part of the consolidated financial statements.

CANNIBBLE FOOD-TECH LTD.
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIENCY)
(In thousands of US Dollars)

	Ordinary share capital amount	Additional paid in capital	Accumulated deficit	Total
Balance at January 1, 2019	<u>11</u>	<u>-</u>	<u>(61)</u>	<u>(50)</u>
Changes during 2019:				
Issuance of common shares, net	1	910	-	911
Total comprehensive loss for the period	<u>-</u>	<u>-</u>	<u>(669)</u>	<u>(669)</u>
Balance at December 31, 2019	<u>12</u>	<u>910</u>	<u>(730)</u>	<u>192</u>
Changes during 2020:				
Issuance of common shares, net	1	266	-	267
Total comprehensive loss for the period	<u>-</u>	<u>-</u>	<u>(655)</u>	<u>(655)</u>
Balance at December 31, 2020	<u>13</u>	<u>1,176</u>	<u>(1,385)</u>	<u>(196)</u>

The accompanying notes are an integral part of the consolidated financial statements.

CANNIBBLE FOOD-TECH LTD.
CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands of US Dollars)

	For The year ended December 31, 2020	For The year ended December 31, 2019
	<u>US\$ in thousands</u>	
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss and comprehensive loss for the period	(655)	(669)
Adjustments to reconcile net loss to net cash used in operating activities:		
Increase in trade and other accounts receivable	(15)	(27)
Decrease (increase) in inventory	12	(111)
Increase in trade accounts payable	3	31
Increase (decrease) in other accounts payable	466	(27)
Net cash used in operating activities	<u>(189)</u>	<u>(803)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Deposit to restricted cash	11	(27)
Net cash provided by (used in) investing activities	<u>11</u>	<u>(27)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Issuance of common shares, net	267	911
Convertible loan	149	-
Loan repayment	-	(27)
Net cash provided by financing activities	<u>416</u>	<u>884</u>
Net Increase in cash and cash equivalents	238	54
Cash and cash equivalents at the beginning of the period	<u>66</u>	<u>12</u>
Cash and cash equivalents at the end of the period	<u><u>304</u></u>	<u><u>66</u></u>

The accompanying notes are an integral part of the consolidated financial statements.

CANNIBBLE FOOD-TECH LTD.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(In thousands of US Dollars)

NOTE 1: NATURE OF BUSINESS, GOING CONCERN AND IMPACT OF COVID-19

a. Nature of business

Cannibible Food-Tech Ltd. (the “Company”, the “Group”, or “Cannibible”) was incorporated on August 14, 2018 in Israel and commenced operations in May 2018. Cannibible is a cannabis food tech company that develops and manufactures cannabis infused edibles with powder-mix products that are enhanced variously with hemp seeds, hemp protein, hemp seed oil, cannabidiol (“CBD”) and tetrahydrocannabinol (“THC”) where legal to do so. The product range includes powdered food mixes, beverages, nutritional supplements, spices and a special line of products for athletes, infused with cannabinoids and hemp protein, for the wellness, health and recreational markets.

The Company has developed its own knowledge and filed a provisional patent in the United States during January 2021.

The Company’s registered address and principal place of business is 40th Carmel Street, Roash ha'ayin, Israel.

The accompanying consolidated financial statements include the accounts of Cannibible and its wholly-owned subsidiary, EAZY Tech Inc ("EAZY"). All intercompany transactions between the Company and its subsidiary have been eliminated upon consolidation.

EAZY was incorporated on May 23, 2019 under the laws of the State of Delaware and has been the marketing and distribution branch of the Company in the U.S. edibles and cannabis market since June 2020.

b. Going concern

During the year ended December 31, 2020, the Company incurred a loss of \$655 and negative cash flows from operating activities of \$189 and as at December 31, 2020 has an accumulated deficit of \$1,385. Between January to March 2021, the Company raised a total amount of \$1,797 CAD (approximately \$1,400), under a convertible loan agreement. See note 18.

The Company's ability to consummate its plans in connection with increasing the volume of current CBD activity and to continue the development of its THC products, is dependent upon its ability to continue to finance its activities by raising additional funds. As a result, there is material uncertainty that may cast significant doubt about the Company’s ability to continue as a going concern .

These consolidated financial statements were prepared on a going concern basis, which assumes that the Company will be able to obtain the necessary financing as needed to realize its assets and discharge its liabilities in the normal course of business. If the going concern assumption was not appropriate for these consolidated financial statements then adjustments would be necessary to the carrying value of the assets and liabilities.

CANNIBBLE FOOD-TECH LTD.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(In thousands of US Dollars)

NOTE 1: NATURE OF BUSINESS, GOING CONCERN AND IMPACT OF COVID-19 (Cont.)

c. Impact of COVID-19

The ongoing impact of COVID-19 may have a negative effect on our business, financial condition, and results of operations. Since December 31, 2019, governments worldwide have been enacting emergency measures to combat the spread of COVID-19. These measures, which include the implementation of travel bans, self-imposed quarantine periods and physical distancing, have caused material disruption to business globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness and restrictions have closed down dispensaries in North America and other points-of-sales such as kiosks, convenience shops, and others.

The development and operation of our business plan is dependent on labour inputs and governmental approvals, which could be adversely disrupted by the ongoing impact of COVID-19 and it is difficult to predict how this virus may affect our business in the future, including the effect it may have on demand for our products. Currently, we have:

- Reduced expenses on flights and overseas stays which resulted in reduced monthly expenditures;
- Shifted our focus from retail sales to e-commerce;
- Invested in digital marketing and online campaigns to promote the Company's business; and
- Utilized the time to develop new products that will be launched when the markets re-open.

While the roll out of several vaccines has begun in the United States, Canada, the United Kingdom and Israel, and a number of other promising vaccines are in development, it remains possible the COVID-19 virus could have a material adverse effect on our business, financial condition and results of operations.

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES

The following accounting policies have been applied consistently in the financial statements for all periods presented, unless otherwise stated.

a. Basis of presentation of the financial statements:

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standard Board ("IASB"). The financial statements have been prepared under the historical cost convention,, except for financial instruments which are measured at fair value through profit or loss.

The Company has elected to present profit or loss items using the "function of expense" method. In addition, these consolidated financial statements are presented in US dollars and all currency amounts have been recorded to the nearest thousand, unless otherwise indicated.

CANNIBBLE FOOD-TECH LTD.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(In thousands of US Dollars)

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES (Cont.)

b. Foreign currency

The financial statements are prepared and presented in U.S. Dollars, the Company's functional currency.

Transactions and balances in foreign currencies are converted into U.S. Dollars in accordance with the principles set forth by International Accounting Standard (IAS) 21 "The Effects of Changes in Foreign Exchange Rates".

Transactions and balances have been converted as follows:

- Monetary assets and liabilities – at the rate of exchange applicable at the statements of the financial position date.
- Expense items – at exchange rates applicable as of the date of recognition of those items.
- Non-monetary items are converted at the rate of exchange used to convert the related statements of financial position items i.e. at the time of the transaction. Exchange gains and losses from the aforementioned conversion are recognized in the statement of comprehensive income.

c. Cash and cash equivalents

Cash equivalents are considered as highly liquid investments, including unrestricted short-term bank deposits with an original maturity of three months or less from the date of acquisition.

d. Inventories

Inventories are initially recognized at cost, and subsequently at the lower of cost and net realizable value. Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Weighted average cost is used to determine the cost of ordinarily interchangeable items. A provision is made to reduce excess and obsolete inventories to net realizable value.

e. Research and development expenses, net of participations:

Research and development expenses are recognized in profit or loss when incurred. An intangible asset arising from a development project or from the development phase of an internal project is recognized if the Company can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale; the Company's intention to complete the intangible asset and use or sell it; the Company's ability to use or sell the intangible asset; how the intangible asset will generate future economic benefits; the availability of adequate technical, financial and other resources to complete the intangible

CANNIBBLE FOOD-TECH LTD.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(In thousands of US Dollars)

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES (Cont.)

asset; and the Company's ability to measure reliably the expenditure attributable to the intangible asset during its development. Since the Company's research and development projects are often subject to regulatory approval procedures and other uncertainties, the conditions for the capitalization of costs incurred before receipt of approvals are not normally satisfied and, therefore, development expenditures are recognized in profit or loss when incurred.

f. Revenue recognition

Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

Revenues from the sale of goods are recognized at the point in time when control of the asset is transferred to the customer, generally upon delivery of the product.

Revenues from services are recognized at the point in time when control of the asset is transferred to the customer, generally upon the provision of the service.

All of the company's customers are from the US.

Major customers over 10% of the Company's revenues:

	For the year ended December 31 2020
Customer A	67%
Customer B	33%

g. Financial instruments

Financial assets

The Company classifies its financial assets based upon the business model for managing the financial asset and its contractual cash flow characteristics.

The Company's financial assets are all classified as amortized cost as they arise principally from the provision of goods and services to customers (e.g. trade accounts receivable) or where the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest. They are initially recognized at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortized cost using the effective interest rate method, less provision for impairment.

CANNIBBLE FOOD-TECH LTD.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(In thousands of US Dollars)

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES (Cont.)

g. Financial instruments (Cont.)

Financial Liabilities

The Company classifies its financial liabilities, including trade accounts payable and other accounts payable, which are initially recognized at fair value and subsequently carried at amortized cost using the effective interest method.

The convertible note (see also Note 9) is measured at fair value through profit or loss.

De-recognition

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the rights to receive the contractual cash flows.

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire.

Impairment of financial assets

The Company assesses at the end of each reporting period whether there is any objective evidence of impairment of financial assets carried at amortized cost. The Company recognizes an allowance for expected credit losses (ECL) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. ECLs are recognized in two stages.

For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL). For trade accounts receivable, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. As of the reporting date, no provision has been made for doubtful debts

Write-off policy

The Company writes off its financial assets if any of the following occur:

- Inability to locate the debtor.
- Discharge of the debt in a bankruptcy.
- It is determined that the efforts to collect the debt are no longer cost effective given the size of receivable.

The collections department must comply with the collection efforts outlined in the policy to collect on delinquent customer accounts before any write-offs are made.

CANNIBBLE FOOD-TECH LTD.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(In thousands of US Dollars)

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES (Cont.)

h. Loss per share:

Loss per share is calculated by dividing the net loss attributable to owners of the Company by the weighted number of ordinary shares outstanding during the period. Basic loss per share only include shares that were actually outstanding during the period. Potential ordinary shares (convertible securities such as employee options) are only included in the computation of diluted loss per share when their conversion decreases earnings per share or increases loss per share from continuing operations. Further, potential ordinary shares that are converted during the period are included in the diluted loss per share only until the conversion date, and since that date they are included in the basic loss per share.

i. Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

When there are no quoted prices in active markets for identical assets or liabilities, the Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

Classification by fair value hierarchy

Assets and liabilities measured in the statement of financial position at fair value are grouped into classes with similar characteristics using the following fair value hierarchy which is determined based on the source of input used in measuring fair value:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 - Inputs other than quoted prices included within Level 1 that are observable either directly or indirectly.
- Level 3 - Inputs that are not based on observable market data (valuation techniques that use inputs that are not based on observable market data).

CANNIBBLE FOOD-TECH LTD.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(In thousands of US Dollars)

NOTE 3:- SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUPMTIONS USED IN THE PREPARATION OF THE FINANCIAL STATEMENTS

The areas requiring the use of estimates and critical judgments that may potentially have a significant impact on the Company's earnings and financial position is convertible loan valuation..

NOTE 4:- CASH AND CASH EQUIVALENTS

	December 31,	
	2020	2019
	US\$ in thousands	
Cash	304	20
Short term deposits	-	46
Total	304	66

NOTE 5:- PREPAIDS AND OTHER RECEIVABLES

	December 31,	
	2020	2019
	US\$ in thousands	
Government authorities	3	2
Prepaid expenses and other	45	41
Total	48	43

NOTE 6:- RESTRICTED CASH

The Company restricted cash is mainly a guarantee to the credit cards liability in the banks in total sum of \$16.

NOTE 7:- INVENTORY

	December 31,	
	2020	2019
	US\$ in thousands	
Finished goods	76	88
Raw materials	23	23
Total	99	111
The cost of inventory expenses during the year	30	-

CANNIBBLE FOOD-TECH LTD.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(In thousands of US Dollars)

NOTE 8:- OTHER ACCOUNTS PAYABLES

	December 31,	
	2020	2019
	US\$ in thousands	
Accrued expenses (*)	474	11
Other	3	-
Total	<u>477</u>	<u>11</u>

(*) See also note 17.

NOTE 9:- CONVERTIBLE NOTE

On December 2020, the Company signed a financing in Israel pursuant to which it raised amount of \$149 [CAD 190] through the issuance of convertible 8% notes (the "Notes").

Subsequent to the balance sheet, the Company increased the amount of the convertible notes to 1,797 CAD (\$1,400), see also note 18.

If the Company completes an initial public offering and/or the listing of its shares on the Canadian Securities Exchange (a "Listing Event") at any time prior to December 31, 2021, which may be extended to June 30, 2022 at the noteholder's discretion (the "Maturity Date"), the Note principal, together with all accrued interest, will automatically convert, immediately prior to the Listing Event, into Cannibble Shares at a conversion price per share equal to the lower of: NIS 7.5 (approximately CAD\$ 2.96) (subject to customary adjustments), or the price of the Company's shares as provided in the transaction documents of the Listing Event (the "Listing Share Price"). If no Listing Event is consummated prior to the Maturity Date, then the Notes will be converted into Cannibble Shares at a price per share reflecting a company valuation of US\$ 10,000,000, on a fully diluted basis and on an as-converted basis.

As the convertible note will result in the issuance of a variable number of shares, the loan was designated as a financial liability at fair value through profit or loss. As of the balance sheet date, there was no change in fair value.

NOTE 10:- COMMITMENTS AND CONTINGENCIES

On November 2020, Asaf Porat, one of the founders, filed a lawsuit against the Company regarding a violation of labor conditions. The total amount of the claim is 312 NIS (approximately \$97). As of December 31, 2020, no provision was recognized on this claim as the Company's management, and legal advisors indicate that it is not probable that a significant liability will arise.

CANNIBBLE FOOD-TECH LTD.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(In thousands of US Dollars)

NOTE 11:- FINANCIAL INSTRUMENTS

- a. Classification of financial assets and liabilities:

	December 31,	
	2020	2019
	US\$ in thousands	
Financial assets at amortized cost:		
Cash and cash equivalents	304	66
Trade accounts receivable	10	-
Restricted cash	16	27
	320	93
Financial liabilities at amortized cost:		
Trade accounts payable	47	44
Other accounts payable	477	11
Financial liabilities at fair value:		
Convertible loan	149	-
Total Financial liabilities	673	55

The convertible loan is classified as a level 3 fair value in the fair value hierarchy.

- b. Financial risk factors:

The Company's activities expose it to various market risks (foreign currency risk, Israeli CPI risk and interest rate risk) and credit risk. The Company's comprehensive risk management plan focuses on activities that reduce to a minimum any possible adverse effects on the Company's financial performance.

Risk management is performed by the Company's Board. The Board identifies, measures and manages financial risks in collaboration with the Company's operating units. The Board establishes documented objectives for the overall risk management activities as well as specific policies with respect to certain exposures to risks such as exchange rate risk, interest rate risk, credit risk, the use of non-derivative financial instruments and the investments of excess liquid positions.

Credit risk:

The Company has no significant concentrations of credit risk. All deposits are invested in financial institutions that are considered to be financially sound.

CANNIBBLE FOOD-TECH LTD.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(In thousands of US Dollars)

NOTE 11:- FINANCIAL INSTRUMENTS (Cont.)

b. Financial risk factors (Cont.)

Foreign currency risk:

The Company has cash that is exposed to possible fluctuations in the U.S. dollar exchange rates. The currency exposure arising from current accounts managed in NIS. The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

		December 31, 2020	
		US\$ in thousands	
		NIS	Total
Assets:			
Cash and cash equivalents		304	304
Restricted Cash		16	16
		<u>304</u>	<u>304</u>
		December 31, 2020	
		US\$ in thousands	
		NIS	Total
Liabilities:			
Trade accounts payable		47	47
Other accounts payable		477	477
Convertible loan		149	149
		<u>673</u>	<u>673</u>
		December 31, 2019	
		US\$ in thousands	
		NIS	Total
Assets:			
Cash and cash equivalents		20	20
Short term deposit		46	46
		<u>66</u>	<u>66</u>
		December 31, 2019	
		US\$ in thousands	
		NIS	Total
Liabilities:			
Trade accounts payable		44	44
Other accounts payable		11	11
		<u>55</u>	<u>55</u>

CANNIBBLE FOOD-TECH LTD.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(In thousands of US Dollars)

NOTE 11:- FINANCIAL INSTRUMENTS (Cont.)

b. Financial risk factors (Cont.)

Sensitivity analysis

A 10% strengthening of the United States Dollar against the following currencies would have increased (decreased) equity and the income statement by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. For a 10% weakening of the United States Dollar against the relevant currency, there would be an equal and opposite impact on the profit and other equity.

	2020	2019
Linked to NIS	304	66
	10%	10%
	(30.4)	(6.6)

c. Liquidity risk:

Liquidity risk is the risk that arises when the maturity of assets and the maturity of liabilities do not match. An unmatched position potentially enhances profitability, but can also increase the risk of loss. The Company has procedures to minimize such loss by maintaining sufficient cash and other highly liquid current assets and by having available an adequate amount of committed credit facilities. As of the balance sheet date, the Company has negative working capital.

The following tables details the Company's remaining contractual maturities for its financial liabilities based on the undiscounted cash flows at the earliest date on which the Company can be required to pay.

December 31, 2020:

	Less than one year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	> 5 years	Total
	USD in thousands						
Trade payables	47	-	-	-	-	-	47
Other payables	477	-	-	-	-	-	477
Convertible loan	149						149
	524	-	-	-	-	-	673

CANNIBBLE FOOD-TECH LTD.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(In thousands of US Dollars)

NOTE 11:- FINANCIAL INSTRUMENTS (Cont.)

c. Liquidity risk: (Cont.)

December 31, 2019:

	<u>Less than one year</u>	<u>1 to 2 years</u>	<u>2 to 3 years</u>	<u>3 to 4 years</u>	<u>4 to 5 years</u>	<u>> 5 years</u>	<u>Total</u>
	USD in thousands						
Trade payables	44	-	-	-	-	-	44
Other payables	11	-	-	-	-	-	11
	<u>55</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>55</u>

NOTE 12:- EQUITY

- a. Rights attached to shares:
An ordinary share confers upon its holder(s) a right to vote at the general meeting, a right to participate in distribution of dividends, and a right to participate in the distribution of surplus assets upon liquidation of the Company.
- b. On August 14, 2018 the Company issued 4,000,000 common shares with a par value of 0.01 NIS to its founders
- c. On January 16, 2019 the Company completed its first round of crowdfunding (the "First Round") via the platform of PipelBiz, a Brokered Private Placement. The Company issued 351,667 Ordinary shares in consideration of a total gross amount of 2,417 NIS (approximately 676\$), Issuance expenses amounted to 388 NIS (approximately 108\$).
- d. On April 4, 2019 the Company completed its second round of crowdfunding (the "Second Round") via the platform of PipelBiz, a Brokered Private Placement The Company issued 173,620 Ordinary shares in consideration of a total gross amount of 1,194 NIS (approximately 319\$), Issuance expenses amounted to 126 NIS (approximately 34\$)..
- e. During the period of January through May 2019, the Company issued to a private investors ("the Investors") 31,171 Ordinary shares in consideration of 214 NIS (approximately 59\$). Following the transaction, the Investors will hold 0.68% of all issued and outstanding share capital of the Company.
- f. On May 7, 2019 the Company signed an agreement with ZerMatok Consulting Ltd. to provide consulting services in connection with its listing on a Canadian stock exchange by means of an initial public offering or reverse takeover (the "ZerMatok Agreement"). Under the ZerMatok Agreement, ZerMatok provides advisory services including preparation of a business plan, advice on legal and financial structure, introductions to Canadian investment banks, assistance regarding board composition, assistance with raising capital in Israel, and other related services.

CANNIBBLE FOOD-TECH LTD.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(In thousands of US Dollars)

NOTE 12:- EQUITY (Cont.)

As compensation, ZerMatok is paid a monthly retainer of \$2,000, a cash fee of 5% on funds invested by investors introduced by ZerMatok, and 546,776 (post-split) share purchase warrants to be exercised into Shares at a closing of an IPO at a price of NIS 1.719 (post-split) per warrant Share. The ZerMatok Agreement is for a 2 year period and can be terminated by either party on 30 days' notice in writing.

As of the balance sheet date, the Company does not expect the occurrence of the IPO. Thus, no expense has been recorded.

- g. On August 10, 2020 the Company completed its third round of crowdfunding (the "Third Round") via the platform of PipelBiz, a Brokered Private Placement. The Company issued 112,798 Ordinary shares in consideration of a total gross amount of 1,058 NIS (approximately 310\$), Issuance expenses amounted to 150 NIS (approximately 44

In connection with the capital raised through the January 2019, April 2019 and August 2020 crowdfunding arrangements, the Company undertook to pay annual dividends to the new shareholders in the amount of at least 20% of the net profit, as reflected in Company's audited annual financial statements for the fiscal years ending December 31, 2019, 2020 and 2021. The Company has not yet been required to pay any dividends in connection with these financings.

Composition:

Number of shares as of December 31, 2020	
	Issued and outstanding
Authorized	
Common shares with a par value of NIS 0.01	4,669,256
Number of shares as of December 31, 2019	
	Issued and outstanding
Authorized	
Common shares with a par value of NIS 0.01	4,556,458
Share activity	Issued and outstanding December 31, 2019
Balance – Beginning of Period	4,000,000
January 16, 2019 PipelBiz Private Placement (note 12c)	351,667
January through May 2019 private investors Placement (note 12e)	31,171
April 4, 2019 PipelBiz Private Placement (note 12d)	173,620
Balance – End of Period	4,556,458

CANNIBBLE FOOD-TECH LTD.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(In thousands of US Dollars)

NOTE 12:- EQUITY (Cont.)

Composition (Cont.)

Share activity	Issued and outstanding December 31, 2020
Balance – Beginning of Period	4,556,458
On August 10, 2020 PipelBiz Private Placement (note 12f)	112,798
Balance – End of Period	4,669,256

NOTE 13:- Selling and marketing expenses:

	Year ended December 31,	
	2020	2019
	US\$ in thousands	
Salaries and related expenses	141	52
Professional services	121	103
Travel abroad	-	88
Other	3	2
Total	265	245

NOTE 14:- Research and development expenses:

	Year ended December 31,	
	2020	2019
	US\$ in thousands	
Salaries and related expenses	231	94
Professional services	-	56
Travel abroad	5	96
Other	4	4
Total	240	250

CANNIBBLE FOOD-TECH LTD.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(In thousands of US Dollars)

NOTE 15:- General and administrative expenses:

	Year ended December 31,	
	2020	2019
	US\$ in thousands	
Salaries and related expenses	35	93
Professional services	150	78
Other	6	17
Total	191	188

NOTE 16:- TAXES ON INCOME

- a. Corporate tax rates in Israel:
The Israeli corporate tax rate in n 2019 and 2020 was 23%.
- b. Final tax assessments:
The Company did not received final tax assessments since inception.
- c. Deferred taxes:
The Company did not recognize deferred tax assets for carryforwards losses and other temporary differences because their utilization in the foreseeable future is not probable.

	Year ended December 31, 2020	Year ended December 21, 2019
Loss before taxation	(655)	(669)
Theoretical tax credit at applicable statutory 2020 and 2019: 23%	(151)	(154)
Non allowable expenses	-	-
Temporary differences and tax losses for which no DTA is recognized	151	154
Income tax benefit	-	-

- d. Current taxes:
The Company did not record any current taxes for the years ended December 31, 2019 and 2020 as it is still incurring losses on an ongoing basis.

CANNIBBLE FOOD-TECH LTD.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(In thousands of US Dollars)

NOTE 17:- BALANCES AND TRANSACTIONS WITH RELATED PARTIES

- a. Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party's making of financial or operational decisions, or if both parties are controlled by the same third party. The Company has transactions with key management personnel. Transactions with related parties, if any, are incurred in the normal course of business and are measured at the exchange amount, which is the amount of consideration established and approved by the related parties.

b. Payable related parties:

Related Party	Nature	For the year ended December 31, 2020	For the year ended December 31, 2019
		(US\$ in thousands)	
Asaf Porat – FORMER CFO, Director & shareholder & founder	Salary fees	-	58
Elad Barkan – CTO, Director & shareholder & founder	Salary fees (*)	140	55
Ziv Turner- VP BUSNIESS, Director & shareholder & founder	Salary fees (*)	140	64
JOAV BAR JOSEPH – CEO, Director & shareholder & founder	Salary fees (*)	140	61

- c. **The following transactions arose with related parties:**
Transactions- expenses

	For the year ended December 31,	
	2020	2019
	(US\$ in thousands)	
Fees paid to the FORMER CFO (see also note 10; 17d)	-	58
Fees to CEO, CTO & VP BUSNIESS (*)	432	61
Fees paid to Omrikrum LTD (2)	-	55
Fees paid to Apologens LTD (1)	-	64

- (*) Due to a board of directors, the three founders employees shall receive a salary of 20 \$ a month from June 2020. As for December 31, 2020 this amount is a part of accrued expenses (see note 8). The Company and the founders reached an agreement that the Company has the option to convert the debt into shares at a value on the day of the conversion, in case there is not enough money to repay the debt.

CANNIBBLE FOOD-TECH LTD.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(In thousands of US Dollars)

NOTE 17:- BALANCES AND TRANSACTIONS WITH RELATED PARTIES (Cont).

c. The following transactions arose with related parties:

Transactions- expenses (Cont).

- (1) A company in which, Ziv Turner, a director and shareholder receive consulting fees
- (2) A company in which, Elad barkan, a director and shareholder receive consulting fees

- d. On February 2, 2020 The company's CFO and director Mr. Asaf Porat announced his resignation.

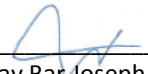
NOTE 18: SUBSEQUENT EVENTS

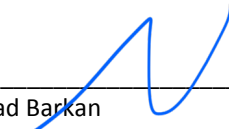
- a. On February 24, 2021, the Company authorized the split of its Shares on a one for four basis. The number of shares reflected throughout the consolidated financial statements are on a pre-split basis.
- b. On March 25, 2021, the Company raised approximately 1,797 CAD (\$1,400). through the issuance of a convertible note (the "Note"). (see also note 9). The note will incur annual interest of 8%. If the Company completes an initial public offering and/or the listing of its shares on the Canadian Securities Exchange (a "Listing Event") at any time prior to December 31, 2021, which may be extended to June 30, 2022 at the noteholder's discretion (the "Maturity Date"), the Note principal, together with all accrued interest, will automatically convert, immediately prior to the Listing Event, into Cannibble Shares at a conversion price per share equal to the lower of: NIS 7.5 (approximately CAD\$ 2.96) (subject to customary adjustments), or the price of the Company's Shares as provided in the transaction documents of the Listing Event (the "Listing Share Price"). If no Listing Event is consummated prior to the Maturity Date, then the Notes will be converted into Cannibble Shares at a price per Share reflecting a company valuation of US\$ 10,000,000, on a fully diluted basis. In addition certain investors associated with the convertible note offering were issued warrants to acquire shares of the Company at an exercise price equal to 150% of the Listing Share Price or a period of 18 months.
- c. On February 11, 2021 the Company entered to a finder's fee agreement with Exiteam Capital Partners Ltd., an Israeli venture capital firm. As compensation for introducing Israeli investors who invest in Cannibble, the Company has agreed to pay Exiteam a cash commission equal to 8% of the amount invested by such investors and issue to Exiteam share purchase warrants ("Exiteam Warrants") to purchase shares of the Company equal to 8% of the number of shares issued to investors introduced by Exiteam. The Exiteam Warrants are exercisable for a period ending on the earliest of: the listing of the Company's shares on a Canadian stock exchange, a change of control of Cannibble; or 36 months from the issuance of the Exiteam Warrants. As additional compensation, if Exiteam introduces investors who invest more than CAD\$1,000,000, Exiteam will be entitled to an additional bonus of CAD\$50,000, payable in shares.

Item 13: Date and Certificate

Dated the 15th day of April, 2021.

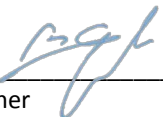
This offering memorandum does not contain a misrepresentation.



Yoav Bar Joseph
Chief Executive Officer

Elad Barkan
Chief Technology Officer

On behalf of the Board of Directors of Cannibble Food-Tech Ltd.



Ziv Turner
Director