

Cannibible Signs Definitive Agreement to Acquire Eshbal Functional Foods, an Israeli Gluten Free Food Tech Manufacturer with 2021 Sales of over CAD\$14M

Rosh Haayin, Israel--(Newsfile Corp. - November 28, 2022) - Cannibible Foodtech Ltd., (CSE: PLCN) ("**Cannibible**" or the "**Company**"), a food tech company that develops and manufactures food and beverage products that are enhanced variously with hemp seeds, hemp protein, and other hemp ingredients, where legal to do so, is pleased to announce that, further to its press release of August 29, 2022, it has entered into a share purchase agreement (the "**Definitive Agreement**") with Eshbal Trading, Ltd., an Israeli private company, L.D. Barel Ltd., an Israeli private company (together, the "**Selling Members**") and Eshbal Functional Foods Cooperative Ltd., a private Israeli gluten free food tech manufacturer with 2021 sales of over CAD\$14M ("**Eshbal**"), pursuant to which Cannibible will acquire all the outstanding membership interests of Eshbal in exchange for ordinary shares of Cannibible (the "**Transaction**"). The Definitive Agreement was negotiated at arm's length and is dated November 27, 2022. Upon closing of the Transaction ("**Closing**"), Eshbal will become a wholly-owned subsidiary of Cannibible and the combined companies (the "**Resulting Issuer**") will carry on the businesses of Cannibible and Eshbal.

The purpose of the Transaction is to leverage Eshbal's success in providing the Israeli retail market with innovative gluten free baked products into sales and marketing of these products in the US gluten free market. According to a report by Grand View Research, the US gluten free baked products market reached US\$ 449M in 2021 and is expected to grow at a CAGR of over 10% to 2030.¹

The Transaction

Under the terms of the Definitive Agreement, in exchange for 100% of the membership interests in Eshbal, Cannibible will issue an aggregate number of its ordinary shares (the "**Consideration Shares**") that will result in the former owners of Eshbal holding 51% of the issued and outstanding shares of Cannibible immediately post-Closing, without taking into consideration those Cannibible shares that are issued pursuant to the Concurrent Financing (described below). The Definitive agreement provides for additional contingent consideration payable as follows: (a) an additional number of Cannibible shares equal to 20% of the issued and outstanding shares of Cannibible immediately post-Closing, without taking into consideration those Cannibible shares that are issued pursuant to the Concurrent Financing, may be issued to the former members of Eshbal, conditional upon the business of Eshbal achieving certain revenue and profitability milestones during one calendar year within a six year period following Closing; and (b) an additional number of Cannibible shares that is equal to CAD\$6,965,347 (based on the ten day volume-weighted average price of the Cannibible shares traded on the Canadian Securities Exchange ("**CSE**") prior to issuance, subject to CSE policies) may be issued to the former members of Eshbal conditional upon the business of Eshbal achieving specified gross sales during any one year within the 36 month period following Closing.

Concurrent Financing

In connection with the Transaction and as a condition to Closing, Cannibible will complete a concurrent financing to raise a minimum of C\$4,500,000 (the "**Concurrent Financing**"). The net proceeds of the Concurrent Financing will be placed into escrow and released to the Resulting Issuer upon Closing.

This news release does not constitute an offer for sale of, nor a solicitation for offers to buy, any securities in the United States.

Fundamental Change

The Transaction is a "fundamental change" for Cannibble under Policy 8 of the CSE and will be subject to satisfaction of all applicable regulatory requirements and conditions necessary to complete the Transaction, including approval by the CSE and the shareholders of Cannibble (including on a majority of the minority basis) and the members of Eshbal, and compliance with Israeli law, as well as a number of other conditions that are customary for transactions like the Transaction. Cannibble cannot guarantee that the conditions to Closing will be satisfied, or that the Transaction will complete as planned, or at all.

Board and Management of the Resulting Issuer

Effective post-Closing, the Resulting Issuer is expected to reconstitute its board of directors and management team. The board of directors of the Resulting Issuer will increase from five to up to nine members, with four non-external directors to be nominated by the Selling Members and two non-external directors to be nominated by Yoav Bar Joseph and Elad Barkan. The remaining three members of the board of directors of the Resulting Issuer will be "external directors" as prescribed for under applicable Israeli law. Aaron Meckler and Sophie Mas, current external directors of Cannibble, and Iftah Ifhar, as a nominee of Eshbal, are expected to serve as the initial external directors of the Resulting Issuer. Yuval Levy of Eshbal will serve as chairman of the board of directors, Yoav Bar Joseph will serve as Chief Executive Officer, Elad Barkan will serve as Chief Technology Officer, and Danit Kochva will serve as Chief Financial Officer of the Resulting Issuer.

Listing Statement and Circular and Caution

Further details about the Transaction and the Resulting Issuer will be provided in a management proxy circular to be provided to shareholders of Cannibble in connection with the shareholder meeting at which the Transaction and related matters will be presented to the Cannibble shareholder for approval, as well as in the listing statement of Cannibble to be prepared and filed with the CSE in connection with its review of the Transaction. Investors are cautioned that, except as disclosed in the listing statement, any information released or received with respect to the Transaction may not be accurate or complete and should not be relied upon.

Trading in Cannibble Shares

Trading in the common shares of the Company has been halted pending the review of the proposed Transaction by the CSE. Cannibble expects that trading in its ordinary shares will remain halted until Closing.

About Cannibble

Cannibble is a food tech company that develops and manufactures food and beverage products variously enhanced with hemp seeds, hemp protein, and other hemp ingredients, where legal to do so. Cannibble has developed proprietary formulas for food and beverage products enhanced with hemp seeds and protein, targeted for the "Better-for-You" segment. The products are sugar free, dairy free, plant based, non GMO, and marketed under Cannibble's brand name "The Pelicann™". Cannibble has developed over 100 product SKUs, of which 40 have been manufactured to date. For more information about Cannibble and its business, visit www.cannibble.world.

About Eshbal

Eshbal develops and produces unique formulations of nutraceuticals, medicinal foods, sugar-free and gluten-free products, vegan products, syrups, and dry mixes, including sweeteners and a line of keto products. Eshbal focuses on the development of unique formulations of functional food products that it believes promote health beyond their nutritional values, for retail brands, private labels, and B2B. Eshbal's products can be found in many supermarkets as well as other food retailers and health stores throughout Israel. For further information see Eshbal's website at www.eshbal.com.

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Cautionary Statement

Certain statements in this news release constitute "forward-looking information" under applicable Canadian securities laws. Words such as will, plan, anticipate, believe, estimate, expect, may, intend, and similar expressions often identify forward-looking information. Forward-looking information in this news release includes statements related to the Transaction and the conditions to Closing, including the completion of the Concurrent Financing, the obtaining of necessary shareholder and CSE and other approvals, and the satisfaction of the other conditions precedent to Closing, none of which can be assured. Forward-looking information contained herein is based on the opinions and reasonable assumptions and estimates of management as at the date hereof and is subject to a variety of known and unknown risks and uncertainties and other factors, many of which are beyond the control of Cannibble or Eshbal, that could cause actual events or results to differ materially from those contained in the forward-looking information. Such factors include: risks related to the ability of Cannibble and Eshbal to satisfy the conditions precedent for the completion of the Transaction, including their ability to obtain requisite shareholder and regulatory approvals including CSE approval, and the timing for these approvals, as well as risks related to Cannibble's ability to complete the Concurrent Financing. Because of such risks, uncertainties and other factors, investors should not place undue reliance on the forward-looking information contained herein. Cannibble does not intend to update or revise any forward-looking information for any reason, except as required by applicable law.

¹ <https://www.grandviewresearch.com/press-release/global-gluten-free-products-market#:~:text=The%20global%20gluten%2Dfree%20products,in%20driving%20the%20product%20de>

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