

**OFFERING DOCUMENT
UNDER THE LISTED ISSUER FINANCING EXEMPTION**

DECEMBER 15, 2022

CUBICFARM SYSTEMS CORP.

("CubicFarms" or the "Company")

WHAT ARE WE OFFERING?

Offering:	A maximum of 21,428,570 units at a price of \$0.063 (the " Units "). Each Unit consists of one (1) common share of the Company (a " Common Share ") and one (1) Common Share purchase warrant (each a " Warrant "). Each Warrant is exercisable into one Common Share at a price of \$0.078 for a period of 24 months (the " Offering ").
Offering Price:	\$0.063 per Unit
Offering Amount:	A maximum of 21,428,570 Units, for the maximum gross proceeds of US\$1,000,000 at a conversion rate of CAD\$1.35 CAD to US\$1.00.
Closing Date:	On or about December 19, 2022, subject to approval of the Toronto Stock Exchange.
Exchange:	The Common Shares of the Company are listed on the Toronto Stock Exchange (" TSX ") under the trading symbol "CUB".
Last Closing Price:	On December 13, 2022, the closing price of the Common Shares on the TSX was \$0.075.

No securities regulatory authority or regulator has assessed the merits of these securities or reviewed this document. Any representation to the contrary is an offence. This offering may not be suitable for you and you should only invest in it if you are willing to risk the loss of your entire investment. In making this investment decision, you should seek the advice of a registered dealer.

CubicFarm Systems Corp. is conducting a listed issuer financing under section 5A.2 of National Instrument 45-106 Prospectus Exemptions. In connection with this Offering, the Company represents the following is true:

- The Company has active operations and its principal asset is not cash, cash equivalents or its exchange listing.
- The Company has filed all periodic and timely disclosure documents that it is required to have filed.
- The total dollar amount of this offering, in combination with the dollar amount of all other offerings made under the listed issuer financing exemption in the 12 months immediately before the date of this offering document, will not exceed \$5,000,000.

- **The Company will not close this offering unless the Company reasonably believes it has raised sufficient funds to meet its business objectives and liquidity requirements for a period of 12 months following the distribution.**
- **The Company will not allocate the available funds from this offering to an acquisition that is a significant acquisition or restructuring transaction under securities law or to any other transaction for which the Company seeks security holder approval.**

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

This offering document contains “forward-looking information” within the meaning of applicable Canadian and United States securities laws, which is based upon the Company’s current internal expectations, estimates, projections, assumptions and beliefs. The forward-looking information included in this offering document are made only as of the date of this offering document. Such forward-looking statements and forward-looking information include, but are not limited to, statements concerning the completion of the Offering and the date of such completion; and the Company’s expectations with respect to the use of proceeds and the use of the available funds following completion of the Offering. Forward-looking statements or forward-looking information relate to future events and future performance and include statements regarding the expectations and beliefs of management based on information currently available to the Company. Such forward-looking statements and forward-looking information often, but not always, can be identified by the use of words such as “plans”, “expects”, “potential”, “is expected”, “anticipated”, “is targeted”, “budget”, “scheduled”, “estimates”, “forecasts”, “intends”, “anticipates”, or “believes” or the negatives thereof or variations of such words and phrases or statements that certain actions, events or results “may”, “could”, “would”, “might” or “will” be taken, occur or be achieved. Forward-looking statements represent the Company’s internal projections, estimates, expectations, beliefs, plans, objectives, assumptions, intentions or statements about future events or performance. Forward-looking statements are only predictions and involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements.

Although the Company believes that the expectations reflected in the forward-looking statements are reasonable, there can be no assurance that such expectations will prove to be correct. The Company cannot guarantee future results, levels of activity, performance or achievements. Consequently, there is no representation by the Company that actual results achieved will be the same in whole or in part as those set out in the forward-looking statements.

Forward-looking statements or forward-looking information are subject to a variety of risks and uncertainties which could cause actual events or results to differ materially from those reflected in the forward-looking statements or forward-looking information, including, without limitation, risks and uncertainties relating to: regulatory approval for the Offering; completion of the Offering; general economic, market and business conditions in Canada and other countries, including reduced availability of debt and equity financing generally; the Company’s ability to maintain current financing and to raise equity and/or debt financing on acceptable terms; the duration and effect of the COVID-19 pandemic; the Ukraine conflict; risks relating to the effective management of the Company’s growth; liabilities and risks, including environmental liabilities and risks associated with the Company’s operations; the execution of strategic growth plans; the Company’s ability to attract and retain customers; the competitive nature of the industries in which the Company operates; competition for, among other things, capital and skilled personnel and management; limitations on insurance; failure to obtain industry partner and other third party consents and approvals when required; failure to obtain granted patents for applied patents and

failure to have patent assignments properly recorded; imprecision in estimating capital expenditures and operating expenses; fluctuations in pricing environments; stock market volatility; market for the Securities; investment eligibility; trading market; shareholders' rights; the impact of new laws and regulatory requirements and other laws and regulations and changes in how they are interpreted and enforced; the Company's ability to maintain and obtain required regulatory approvals; geopolitical, political and economic conditions; the results of litigation or regulatory proceedings that may be brought against the Company; changes in income tax laws; and management's success in anticipating and managing the foregoing factors.

Readers are cautioned that the actual results achieved may vary from the information provided in this offering document and any document incorporated or deemed to be incorporated herein, and the variations may be material. Readers are also cautioned that the foregoing list of factors is not exhaustive. Consequently, there is no representation by the Company that actual results achieved will be the same in whole or in part as those set out in the forward-looking statements. Furthermore, the forward-looking statements contained in this offering document and any document incorporated or deemed to be incorporated herein, are made as of the date hereof or as of the date of such documents incorporated by reference, as the case may be, and the Company is under no obligation, except as required by applicable securities legislation, to update publicly or to revise any of the included forward-looking statements, whether as a result of new information, future events or otherwise. The forward-looking statements contained in this offering document and any document incorporated or deemed to be incorporated herein, are expressly qualified by this cautionary statement.

For more information on the Company and the risks and challenges of its business, investors should review the Company's annual filings that are available at www.sedar.com. The Company provides no assurance that forward-looking statements or forward-looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements and information. Accordingly, readers should not place undue reliance on forward-looking statements and forward-looking information. Any forward-looking statement speaks only as of the date on which it is made and, except as may be required by applicable securities laws, the Company disclaims any intent or obligation to update any forward-looking information, whether as a result of new information, changing circumstances, or otherwise.

SUMMARY DESCRIPTION OF BUSINESS

What is our Business?

CubicFarms is a local chain agricultural technology company that provides unique automated on-site commercial-scale food and livestock feed technologies. CubicFarms' technologies convert wasteful long supply chain agriculture into local chains to improve independent access to quality food and maximize crop yield all while reducing the environmental cost of food and feed production.

The Company operates two segments, which are its fresh division (the "**Fresh Division**") and feed division (the "**Feed Division**"). The Fresh Division and Feed Division use two distinct technologies that address two distinct markets.

Fresh Division

The Company's Fresh Division operates using the patented CubicFarm™ System, which contains CubicFarms' patented technology for growing leafy greens and other crops (the "**CubicFarm System**"). It

is a unique modular growing system which is the product of eight years of research by Dutch greenhouse growers, Jack and Leo Benne. Jack and Leo Benne were the majority shareholders of Bevo Agro Inc., one of the largest plant propagation businesses in North America. The CubicFarm System addresses two of the most difficult challenges in the vertical farming industry, being high electricity and labour costs, using unique undulating path technology. CubicFarms leverages its patented technology by operating its own research and development facility in Langley, British Columbia, selling the CubicFarm System to farmers, licensing its technology and providing industry-leading vertical farming expertise to its customers.

Feed Division

The Company's Feed Division operates using CubicFarms' HydroGreen technology for growing nutritious livestock feed (the "**HydroGreen System**"). The HydroGreen System was invented by Dihl Grohs, a rancher with operations in South Dakota, Utah and Missouri. This system utilizes a unique process to sprout grains, such as barley and wheat, in a controlled environment with minimal use of land, labour and water. The HydroGreen System is fully automated and performs all growing functions including seeding, watering, lighting, harvesting, and re-seeding – all with the push of a button – to deliver nutritious livestock feed without the typical investment in fertilizer, chemicals, fuel, field equipment and transportation. The HydroGreen System not only provides superior nutritious feed to benefit the animals, but also enables significant environmental benefits to the farm.

Further details concerning the Company, including information with respect to the Company's assets, operations and history, are provided in other documents published by the Company.

Recent Developments

On June 2, 2022, the Company announced the closing of its overnight marketed public offering of unsecured convertible debenture units and common shares for the aggregate gross proceeds of approximately \$10,588,550, including the partial exercise of the overallotment option.

On June 14, 2022, the Company announced a 10-machine Automated Vertical Pastures™ installation for and sale valued at approximately \$3,800,000 to the Clossen Dairy located in Hereford, West Texas.

On June 17, 2022, the Company announced the voting results from its Annual General and Special Meeting of shareholders held virtually on June 16, 2022, including the election of the members of the Board of Directors, the appointment of auditor and the approved amendment of its stock option plan to increase the number of shares that may be issued upon the exercise of all options granted under the plan.

On June 28, 2022, the Company announced its agreements with NTE Discovery Park Ltd. for the purchase of 26 modules at a sale price of approximately \$4,400,000, the manufacturing of those initial 26 modules, as well as the future manufacturing of major components for contracts within North America.

On August 10, 2022, the Company announced the preliminary results of its methane and carbon dioxide-equivalent reduction study and beef finishing carcass study. The Company also provided updates related

to the Company's animal feed division, Hydrogreen Inc. (“**Hydrogreen**”), and previously announced carbon commercialization program and a corporate update.

On August 15, 2022, the Company reported its second quarter financial and operating results for the three and six months ended June 30, 2022.

On September 9, 2022, the Company announced changes to management, the appointment of a Special Committee of the Board of Directors to determine and evaluate strategic alternatives and direction, and an update on a FreshHub project.

On September 12, the Company announced additional cost reduction measures to optimize operating efficiency and accelerate its path to profitability.

On September 14, 2022 and September 20, 2022, the Company announced its senior secured revolving term loan in the approximate amount of \$6,400,000 provided by a group of lenders to support its business operations.

On October 24, 2022, the Company announced key leadership changes and appoints John de Jonge as its Interim Chief Executive Officer and President of Hydrogreen, following the departure of prior Interim Chief Executive Officer, Edoardo De Martin, at CubicFarms and of former President, Dan Schmidt, at HydroGreen.

On November 9, 2022, the Company announced the completion of Phase II of its project for the commercial validation of its larger FreshHub configuration using the Company’s patented technology and of its first successful harvest from the FreshHub configuration prototype project with two machines at its research and development facility in Langley, BC.

On November 14, 2022, the Company reported its quarterly financial and operating results for the three and nine months ended September 30, 2022.

On November 21, 2022, the Company announced the sale in South Dakota to DGI Feeds by Hydrogreen of a seven-system GLS 808 (HydroGreen machines) valued at approximately \$1,900,000.

On November 23, 2022, the Company announced the wholesale program and support agreement between Hydrogreen and DLL Finance LLC to provide a wholesale financing program for its animal feed division and the resignation of Leo Benne as the Head of Innovation and a member of the Board of Directors of the Company.

On December 2, 2022, the Company announced the sale of 12 CubicFarms machines for US\$1,955,000.

Material Facts

There are no material facts about the securities being distributed that have not been disclosed in this offering document or in any other document filed by the Company in the 12 months preceding the date of this offering document.

Business Objectives and Milestones

What are the business objectives that we expect to accomplish using the available funds?

The Company intends to use the net proceeds from the Offering for debt reduction purposes.

USE OF AVAILABLE FUNDS

Available Funds

What will our available funds be upon the closing of the offering?

The expected availability of funds is \$6,272,859 for the maximum offering size.

		Assuming 100% of this Offering
A	Amount to be raised by this offering	\$1,350,000
B	Selling commissions and fees	Nil
C	Estimated offering costs (e.g. legal, accounting, audit)	\$15,000
D	Net proceeds of offering: $D = A - (B + C)$	\$1,335,000
E	Working capital as at most recent month end (deficiency)	\$4,937,859
F	Additional sources of funding	Nil
G	Total available funds: $G = D + E + F$	\$6,272,859

Use of Available Funds

How will we use the available funds?

20% of the available funds will be used to reduce debts. The principal purpose of the debt was for working capital and general corporate purposes and research and development.

Description of Intended Use of Available Funds Listed in Order of Priority	Assuming 100% of Offering
Working Capital and General Corporate Purposes	\$4,937,859
Debt Reduction	\$1,335,000

Description of Intended Use of Available Funds Listed in Order of Priority	Assuming 100% of Offering
Total: (Equal to G in the total available funds in the section above)	\$6,272,859

The above noted allocation and anticipated timing represents the Company's current intentions with respect to its use of proceeds based on current knowledge, planning and expectations of management of the Company. Although the Company intends to expend the proceeds from the Offering as set forth above, there may be circumstances where, for sound business reasons, a reallocation of funds may be deemed prudent or necessary and may vary materially from that set forth above, as the amounts actually allocated and spent will depend on a number of factors, including the Company's ability to execute on its business plan. In particular, and without limiting the generality of the foregoing, if the Company is successful in closing the Offering, then the gross proceeds will be applied towards reducing debt.

The most recent audited annual financial statements and interim financial report of the Company included a going-concern note. The Offering is intended to permit the Company to reduce debt, and is not expected to affect the decision to include a going-concern note in the next annual financial statements of the Company.

Use of Funds from Previous Financings

How have we used the other funds we have raised in the past 12 months?

Date of Financing and Funds Raised	Intent of Use of Funds	Use of Funds to Date / Explanation of Variances (if any)	Impact of Variances on Business Objectives and Milestones (if applicable)
On September 20, 2022, the Company announced that it completed the closing of a senior secured revolving term loan of \$6,400,000.	Payroll and related expenses \$889,229.00	\$889,229.00	N/A
	Bevo Farms Ltd. Payable \$364,047.56	\$364,047.56	N/A
	Agentis Capital Advisors Payable \$403,200.00	\$403,200.00	N/A

Date of Financing and Funds Raised	Intent of Use of Funds	Use of Funds to Date / Explanation of Variances (if any)	Impact of Variances on Business Objectives and Milestones (if applicable)
	Osler, Hoskin & Harcourt LLP Payable \$25,000.00	\$25,000	N/A
	Rent \$68,483.00	\$68,483.00	N/A
	Vendor Payments \$36,036.00	\$36,036.00	N/A
	Upfront Fee \$64,000.00	\$64,000	N/A
	Working Capital and General Corporate Purposes \$4,550,004.44	\$1,627,737	N/A

Date of Financing and Funds Raised	Intent of Use of Funds	Use of Funds to Date / Explanation of Variances (if any)	Impact of Variances on Business Objectives and Milestones (if applicable)
On June 2, 2022, the Company announced the closing of an overnight marketed public offering of unsecured convertible debenture units and common shares for the aggregate gross proceeds of approximately \$10,588,000.	Sales and Marketing \$1,056,000	\$1,056,000	N/A
	Research and Development \$6,336,000	\$6,336,000	N/A
	Working Capital and Other General Corporate Purposes \$3,196,000	\$3,168,000	N/A

FEEES AND COMMISSIONS

Involvement of dealers or finders and their fees

Who are the dealers or finders that we have engaged in connection with this offering, if any, and what are their fees?

The Company has not engaged any dealers or finders in connection with this Offering.

Dealer Conflicts

Do(es) the dealer(s) have a conflict of interest?

There is no dealer engaged in connection with this Offering.

PURCHASERS' RIGHTS

Purchasers' rights

Rights of Action in the Event of a Misrepresentation

If there is a misrepresentation in this offering document, you have a right:

- a. to rescind your purchase of these securities with the Company, or
- b. to damages against the Company and may, in certain jurisdictions, have a statutory right to damages from other persons.

These rights are available to you whether or not you relied on the misrepresentation. However, there are various circumstances that limit your rights. In particular, your rights might be limited if you knew of the misrepresentation when you purchased the securities.

If you intend to rely on the rights described in paragraph (a) or (b) above, you must do so within strict time limitations.

You should refer to any applicable provisions of the securities legislation of your province or territory for the particulars of these rights or consult with a legal adviser.

ADDITIONAL INFORMATION

Additional Information

Where can you find more information about us?

Security holders can access the Company's continuous disclosure at www.sedar.com and on the Company's website at www.cubicfarms.com.

DATE AND CERTIFICATE

Certificate

This offering document, together with any document filed under Canadian securities legislation on or after December 15, 2021, contains disclosure of all material facts about the securities being distributed and does not contain a misrepresentation.

Dated: December 15, 2022

(s) John de Jonge

John de Jonge
Interim Chief Executive Officer

(s) Daniel Burns

Daniel Burns
Chairman of the Board