

Cannibble Foodtech Ltd.

**Management's Discussion and Analysis
for the Three Months and Six Months
ending June 30, 2022**

1. MANAGEMENT'S DISCUSSION AND ANALYSIS

The following management's discussion and analysis – quarterly highlights (“**Interim MD&A**”) of (“**Cannibble**” or the “**Corporation**”) for the three months ended June 30, 2022 provides material information about the Corporation's business activities during the interim period and updates disclosure previously provided in the Corporation's management's discussion and analysis for the financial year ended December 31, 2021 (“**Annual MD&A**”).

This Interim MD&A should be read in conjunction with the Corporation's unaudited condensed interim consolidated financial statements and related notes for the three and six months ended June 30, 2022 (the “**Interim Financial Statements**”), the Corporation's audited consolidated financial statements for the years ended December 31, 2021 and 2020 (the “**Annual Financial Statements**”), and the Corporation's Annual MD&A, including the section describing risks and uncertainties.

The effective date of this Interim MD&A is August 24, 2022.

All financial results presented in this Interim MD&A are expressed in United States dollars unless otherwise indicated.

2. DESCRIPTION OF BUSINESS

Structure of the Corporation

Cannibble is an Israeli-based food tech Corporation that develops and manufactures powder food and drink mix products that it markets under the brand name “the Pelicann”, that are subsequently enhanced variously with hemp seeds, hemp protein, and active and non active cannabinoids where legal to do so. Its corporate headquarters and registered address are located at 40 Carmel St Rosh Haayin, Israel.

Cannibble has developed over 100 product SKUs and as of the date of this Interim MD&A has offered 40 products for sale. The Corporation has an online store at www.thepelicann.com and it has a store on Amazon.com (the Pelicann) where it sells its hemp seed-based products.

The Corporation's ordinary shares trade on the Canadian Securities Exchange (the “**CSE**”) under the symbol ‘PLCN’. As of the date of this Interim MD&A, the Corporation has 21,721,399 ordinary shares issued and outstanding.

Highlights of Q2 2022

On March 3, 2022, the Corporation's ordinary shares of started trading on the CSE under the symbol “PLCN”. The period of this Interim MD&A is the Corporation's first complete quarter as a reporting issuer and listed company.

On March 14, 2022, the Corporation received its first commercial order from a leading US-based supermarket chain. The order was for two of Cannibble's recently developed products, The Pelicann™ protein brownie mix and The Pelicann™ protein chocolate cake mix, which are being sold in seven store locations.

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On March 31st, 2022, the Corporation received a large reorder from an existing client in Las Vegas, Nevada. The client, a chain with sales points for premium adult frozen drinks infused with hemp ingredients, placed the order for roughly two tons of unique powder mix products developed by Cannibible in five different fruit flavors infused with hemp ingredients.

On April 5, 2022, Walmart Marketplace approved “The Pelicann” products hemp protein shakes and hemp protein cake mixes for sale. The Corporation expects sales of these products through Walmart to commence in Q3 of 2022.

On May 15, 2022, the Corporation’s product “The Pelicann Protein Brownie Mix” became available at Sam’s Club Puerto Rico stores. Sam’s Club is a division of Walmart Inc. and operates over 600 stores in the United States and Puerto Rico.

On June 30, 2022, the Corporation announced the launch of a new line of plant based breakfast spreads in 4 different flavors: plain, vanilla, cocoa and hazelnut.

On July 7, 2022 the Corporation signed a non-binding letter of intent with Eshbal Functional Foods Cooperative Ltd. (“**Eshbal**”). Cannibible intends to acquire 100% of Eshbal shares (“Proposed Transaction”). Eshbal is a leading private Israeli manufacturer for dietary supplements, gluten-free products and milk & meat substitutes. The Proposed Transaction is expected to be a fundamental change for Cannibible under the policies of the CSE. The Corporation and Eshbal must negotiate a definitive agreement for the transaction and the Corporation cannot provide any certainty regarding their ability to enter into a definitive agreement for the Proposed Transaction or the completion of the Proposed Transaction, which will be subject to a number of conditions, including CSE and shareholder approval.

Financial Review

The following table sets forth selected financial information is presented for, the period ended June 30, 2022 and the period ended June 30, 2021. The selected financial information prepared in accordance with IFRS.

Quarterly Information

Quarter Ended	2021	2022	2021	2022
	Three Months Ended June 30		Six Months Ended June 30	
	(Thousands of USD)			
Revenue	56	26	123	71
Net income (loss) for the quarter	(303)	(335)	(867)	(833)
Net income (loss) per share (Basic and diluted)	(0.02)	(0.015)	(0.05)	(0.038)

Three Months Ended June 30, 2022, compared to the Three Months Ended June 30, 2021

Revenues

For the three months ended June 30, 2022, total revenues amounted to \$26 thousand compared to \$56 thousand for the three months ended June 30, 2021. The revenues were comprised of consulting services and sales of goods to customers in the United States both through Cannibible's web site and to retailers. The company is no longer providing consulting services to others and focusing only in promoting its own brand and products

Cost of revenue

For the three months ended June 30, 2022, cost of revenues amounted to \$26 thousand and are attributable to cost of goods and costs of consulting services, compared to \$37 thousand for the three months ended June 30, 2021. The company is no longer providing consulting services to others and focusing only in promoting its own brand and products

Gross Profit

For the three months ended June 30, 2022, gross profit of 0\$, compared to a gross profit of \$19 thousand for the three months ended June 30, 2021. The decline in gross profit was mainly due to the decline in sales.

Selling and Marketing Expenses

For the three months ended June 30, 2022, selling and marketing expenses were \$ 230 thousand compared to \$136 thousand for the three months ended June 30, 2021. The increase of \$91 thousand was mainly a result of an increase in the activity of the Corporation, which included increases in advertising and marketing expenses and increases in relocation expenses.

Research and Development Expenses

For the three months ended June 30, 2022, research and development expenses amounted to \$122 thousand compared to \$41 thousand for the three months ended June 30, 2021. The increase of \$81 thousand is mainly attributable to increases in salaries.

General and Administrative Expenses

For the three months ended June 30, 2022, general and administrative expenses amounted to \$72 thousand compared to \$186 thousand for the three months ended June 30, 2021. The decrease in G&A expenses was mainly due to a reduction in the Corporation's costs after having completed the process of becoming a reporting issuer and listed company on the CSE.

Finance expenses, net

For the three months ended June 30, 2022, finance income net amounted to \$89 thousand, as compared to the finance expenses net of \$140 thousand for the three months ended June 30, 2021. The decrease in financial expenses was mainly attributed to a non-cash expense of the Notes valuation expenses

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with accordance to IFRS and changes in exchange rate.

During the three months ended June 30, 2022, Cannibble recorded a net and comprehensive loss of \$335 thousand comparing to a \$303 thousand net and comprehensive loss for the three months ended June 30, 2021. The changes in the loss were due to a decrease in the Corporation's revenue, increases in advertising and marketing expenses, increases in salaries, a decrease in expenses incurred by the Corporation in becoming a public company, and a decrease of \$99 thousand in the fair value of a convertible loan.

Six Months Ended June 30, 2022, compared to the Six Months Ended June 30, 2021

Revenues

For the six months ended June 30, 2022, total revenues amounted to \$71 thousand compared to US\$123 thousand for the six months ended June 30, 2021. The revenues were comprised of consulting services and sales of goods to customers in the United States both through Cannibble's web site and to retailers. The company is no longer providing consulting services to others and focusing only in promoting its own brand and products

Cost of revenue

For the six months ended June 30, 2022, cost of revenues amounted to \$37 thousand, compared to \$62 thousand for the six months ended June 30, 2021. The variance is attributable to reduced cost of goods and costs of consulting services.

Gross Profit

For the six months ended June 30, 2022, gross profit amounted to \$34 thousand, compared to a gross profit of \$61 thousand for the six months ended June 30, 2021. The decline in gross profit was mainly due to the decline in sales.

Selling and Marketing Expenses

For the six months ended June 30, 2021, selling and marketing expenses were \$ 406 thousand compared to \$214 thousand for the six months ended June 30, 2021. The increase of \$189 thousand was mainly a result of an increase in the activity of the Corporation, which included increases in advertising and marketing expenses.

Research and Development Expenses

For the six months ended June 30, 2022, research and development expenses amounted to \$200 thousand compared to \$147 thousand for the six months ended June 30, 2021. The increase of \$53 thousand was mainly attributed to increases in salaries.

General and Administrative Expenses

For the six months ended June 30, 2022, general and administrative expenses amounted to \$361 thousand compared to \$451 thousand for the six months ended June 30, 2021. The decrease in general

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and administrative expenses was mainly due to decreased expenses in 2022 following the completion of the costs incurred to clear a prospectus and become a listed company on the CSE.

Finance expenses, net

For the six months ended June 30, 2022, finance income net amounted to \$83 thousand, as compared to the finance expenses net of \$17 thousand for the six months ended June 30, 2021. The decrease in financial expenses was mainly attributed to a non-cash expense of the Notes valuation expenses with accordance to IFRS.

During the Six months ended June 30, 2022, Cannibble recorded a net and comprehensive loss of \$833 thousand comparing to a \$867 thousand net and comprehensive loss for the six months ended June 30, 2021. The loss was increased by a total of \$182 thousand resulting mainly from a decrease in the Corporation's revenue, increases in advertising and marketing expenses, increases in salary, offset by a decrease in expenses related to Cannibble's status as a publicly traded Corporation and a change of \$216 thousand in the fair value of convertible loan.

Liquidity and Capital Resources

Since inception, the Corporation has generated limited revenues, with sales commencing during the third quarter of the year ended December 31, 2021. The Corporation believes it has the capability to continue financing itself in the foreseeable future, through the issuance of equity and future revenue from sales. The Corporation has generated an accumulated deficit of US\$4,379 thousand since inception. These events or conditions, along with other matters, indicate that a material uncertainty exists that may cast significant doubt on the Corporation's ability to continue as a going concern.

On June 30, 2022, the Corporation had working capital of \$279 thousand, compared with a working capital of \$440 thousand on June 30, 2021, which consists of cash and cash equivalents, other accounts receivable and inventory, trade accounts payable, other accounts payable and accrued liabilities.

As of the date of this MD&A, the Corporation anticipates raising additional funds to support additional research and development costs and to have sufficient resources to support its operations, including the payment of current and non-current liabilities, as they become due.

During the six months ended June 30, 2022, the Corporation's overall position of cash and cash equivalents decreased by \$473 thousand compared to an increase of \$803 thousand during the six months ended June 30, 2021.

This change in cash and cash equivalents can be mainly attributed to the following:

- The Corporation's net cash used in operating activities during the six months ended June 30, 2022, amounted to \$554 thousand as compared to \$378 thousand for six months ended June 30, 2021. The increase in net cash used in operating activities in the six months ended June 30, 2022, is mainly attributable to decrease in change in fair value of convertible loan in the period ended on June 30, 2021 and increase in inventory in the period ended on June 30, 2022.
- The Corporation's net cash provided by investing activities during the six months ended June 30, 2022 was 38\$ thousand, compared to \$105 thousand used in investing activities for the six

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months ended June 30, 2021. The amount of investing activities in the six months ended June 30, 2022 is mainly attributable to Withdraw of restricted cash into checking account. The amount of investing activities in the six months ended June 30, 2021 is mainly attributable to an advanced payment for fixed assets.

- The Corporation's net cash provided by financing activities during the six months ended June 30, 2022 was \$43 thousand as compared to \$1,286 thousand for six months ended June 30 2021. The cash provided by financial activities during the six month ended June 30,2022 resulted from payments upon Shares. The cash provided by financing activities during the six months ended June 30, 2021 resulted from a Convertible loan.

RELATED PARTY TRANSACTIONS

During the three months ended June 30, 2022, the Corporation paid or accrued remuneration to its senior management of \$134 thousand, compared to \$159 thousand accrued during the same period in 2021.

RISKS AND UNCERTAINTIES

The Corporation's business as an early-stage food-tech Corporation operating in the cannabis industry is subject to a number of significant risk factors. The Corporation has a history of losses since inception and may never become profitable. The cannabis industry is relatively new and evolving and competition is high. The Corporation will need additional funds to develop its business and those funds may not be available on favourable terms or at all. The Corporation is dependent on the continued services of its founders to drive its business and achieve success. The Corporation is exposed to foreign currency risks as an Israeli Corporation that its listed on a Canadian stock exchange and incurs expenses in US dollars. The effect of COVID-19 on the Corporation's business development and results of operations cannot be predicted and may be adverse. Additional risks or uncertainties not presently known to the Corporation or that the Corporation currently considers immaterial may also impair its business operations. For additional risk factors, refer to the risks and uncertainties described in the Corporation's audited annual financial statements and annual MD&A. Readers should carefully consider these risks and uncertainties.

These risks and uncertainties, many of which are outside the control of the Corporation, could have a significant negative impact on the Corporation's overall operations and financial condition and could materially affect the Corporation's future operating results and business plans. The Corporation cannot give assurance that it will successfully address these risks. Therefore, an investment in the securities of the Corporation involves significant risks and should be considered highly speculative.

FORWARD-LOOKING INFORMATION

This MD&A contains information and statements that constitute "forward-looking information" under Canadian securities laws. All statements, other than statements of historical fact, are forward-looking statements and are based on expectations, estimates and projections as of the date of this news release. Any statement that involves discussions with respect to expectations, beliefs, plans, objectives, assumptions, future events or performance are not statements of historical fact and may be forward-looking statements. In this MD&A, forward-looking statements relate to the Corporation's business plans and its need for additional capital and its ability to raise additional funds.

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Such forward-looking statements or information are based on a number of assumptions which are subject to known and unknown risks and uncertainties and may prove to be incorrect. Assumptions have been made regarding, among other things: the conditions of general economic and financial markets; the regulatory environment in which the Corporation operates, the Corporation's ability to raise necessary financing to develop its business, the ability of the Corporation's product offerings to achieve market acceptance and compete successfully, future operating costs; the Proposed Transaction; and the impact of the COVID-19 pandemic.

Forward-looking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable, are subject to known and unknown risks, uncertainties, and other factors which may cause the actual results and future events to differ materially from those expressed or implied by such forward looking statements. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements.

Factors which could cause actual results, events, or circumstances to differ materially from those expressed or implied in forward-looking statements include, but are not limited to: general economic, political, tax, market and business factors and conditions; interest rate and foreign exchange rate fluctuations; volatility in Israeli, Canadian, or global equity and capital markets; statutory and regulatory developments; unexpected judicial or regulatory proceedings; catastrophic events; and other risks related to Cannibble and its business. These and other risks and uncertainties are described in the section entitled "*Risk Factors*" in the Corporation's annual financial statements and MD&A, all of which are filed and available for review under Cannibble's profile on SEDAR at www.sedar.com.

Readers should not place undue reliance on forward-looking statements because of the inherent uncertainty of forward-looking statements. Forward-looking statements in this MD&A are provided as of the date of this MD&A, and the Corporation disclaims any obligation to update any forward-looking statements, except to the extent required by applicable securities laws.

ADDITIONAL INFORMATION AND CONTINUOUS DISCLOSURE

Additional information on the Corporation is available through regular filings of press releases and financial statements on SEDAR (www.sedar.com) and on the Corporation's website at <https://cannibble.world/>