

Cannibble Foodtech Ltd.

**Management's Discussion and Analysis
for the Three Months and Nine Months
ending September 30, 2022**

1. MANAGEMENT'S DISCUSSION AND ANALYSIS – QUARTERLY HIGHLIGHTS

The following management's discussion and analysis – quarterly highlights (“**Interim MD&A**”) of (“**Cannibible**” or the “**Corporation**”) for the three months ended September 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 nine months ended September 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 November 28, 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

Cannibible is an Israeli-based food tech company 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 and hemp protein, where legal to do so. Its corporate headquarters and registered address are located at P.O.Box 4250 Rosh Haayin, Israel.

Cannibible 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 23,519,596 ordinary shares issued and outstanding.

Highlights of Q 3 2022

On March 3, 2022, the Corporation's ordinary shares of started trading on the CSE under the symbol “PLCN”.

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

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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. Since then, the Corporation has been engaged in due diligence on Eshbal and together with Eshbal has been negotiating the terms of a definitive agreement.

On July 28, 2022, the Corporation announced the development of a new line of plant-based protein bars in four different flavors: plain, peanut butter, cocoa, and hazelnut.

On August 17, 2022, the Corporation announced that it had received its first commercial order from a customer in Australia.

On September 6, 2022, the Corporation completed a non-brokered private placement (the "**Private Placement**") comprised of 1,778,800 units of its securities (each, a "**Unit**") at 0.47 CAD per Unit, for aggregate gross proceeds of 836,036 CAD. Each Unit is composed of one ordinary share (a "**Share**") of the Corporation, and one whole Share purchase warrant (a "**Warrant**"). Each Warrant is exercisable at 0.70 CAD per Share for two years from the date of issuance to acquire one additional Share. In connection with the Private Placement, the Corporation paid finder's fees of 8% cash and 8% finder warrants, with each finder's warrant entitling the finder to acquire one Share at a price of \$0.47 for two years from the date of issuance.

On November 16, 2022 the Corporation provided an update on the progress of the Proposed Transaction with Eshbal and announced that the parties had started to collaborate on sales prior to completion of the Proposed Transaction, as a result of which Cannibible had received two orders from a distributor in the United States for one of Eshbal's leading products.

On November 27, 2022 the Corporation signed a definitive agreement for the Proposed Transaction (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, pursuant to which Cannibible will acquire all the outstanding membership interests of Eshbal in exchange for ordinary shares of Cannibible. The Definitive Agreement was negotiated at arm's length and is dated November 27, 2022. Upon closing of the Proposed 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 Proposed 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.

In connection with the Proposed 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.

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

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Financial Review

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

Quarterly Information

Quarter Ended	2021	2022	2021	2022
	Three Months Ended September 30		Nine Months Ended September 30	
	(Thousands of USD)			
Revenue	57	2	180	73
Net income (loss) for the quarter	(565)	(552)	(1,432)	(1,385)
Net income (loss) per share (Basic and diluted)	(0.03)	(0.02)	(0.08)	(0.06)

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

Revenues

For the three months ended September 30, 2022, total revenues amounted to \$2 thousand compared to \$57 thousand for the three months ended September 30, 2021. The revenues were comprised of sales of goods to customers in the United States both through Cannibible's web site and to retailers. The Corporation 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 September 30, 2022, cost of revenues amounted to \$42 thousand and are attributable to cost of goods, , and \$20 thousand for extermination of inventory, compared to \$56 thousand for the three months ended September 30, 2021. The Corporation 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 September 30, 2022, gross loss amounted to \$ 40 thousand, compared to a gross profit of \$1 thousand for the three months ended September 30, 2021. The decrease in gross profit was mainly due to the decrease in sales.

Selling and Marketing Expenses

For the three months ended September 30, 2022, selling and marketing expenses amounted to \$ 168 thousand compared to \$255 thousand for the three months ended September 30, 2021. The decrease of \$87 thousand was mainly a result of a decrease in advertising and marketing expenses.

Research and Development Expenses

For the three months ended September 30, 2022, research and development expenses amounted to \$93 thousand compared to \$76 thousand for the three months ended September 30, 2021. The increase of \$17 thousand is mainly attributable to increases in salaries.

General and Administrative Expenses

For the three months ended September 30, 2022, general and administrative expenses amounted to \$201 thousand compared to \$182 thousand for the three months ended September 30, 2021. The increase in General and Administrative expenses was mainly due to increase in consulting expenses.

Finance expenses, net

For the three months ended September 30, 2022, finance expense net amounted to \$50 thousand, as compared to the finance expenses net of \$53 thousand for the three months ended September 30, 2021.

During the three months ended September 30, 2022, Cannibible recorded a net and comprehensive loss of \$552 thousand comparing to a \$565 thousand net and comprehensive loss for the three months ended September 30, 2021. The decreased of \$13 thousand resulted mainly from a decrease in the revenues of \$55 thousand and a change of \$60 thousand in the fair value of convertible loan, offset by a decrease in selling and marketing expenses of \$87 thousand.

Nine Months Ended September 30, 2022, compared to the Nine Months Ended September 30, 2021

Revenues

For the nine months ended September 30, 2022, total revenues amounted to \$73 thousand compared to US\$180 thousand for the nine months ended September 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 Corporation is no longer providing consulting services to others and focusing only in promoting its own brand and products.

Cost of revenue

For the nine months ended September 30, 2022, cost of revenues amounted to \$79 thousand and are attributable to cost of goods, costs of consulting services, and \$20 thousand for extermination of inventory, compared to \$118 thousand for the nine months ended September 30, 2021. The decrease is mainly attributable to reduced cost of goods. The Corporation is no longer providing consulting services to others and focusing only in promoting its own brand and products.

Gross Profit

For the nine months ended September 30, 2022, gross deficiency amounted to \$6 thousand, compared to a gross profit of \$62 thousand for the nine months ended September 30, 2021. The decrease in gross profit was mainly due to the decrease in sales.

Selling and Marketing Expenses

For the nine months ended September 30, 2021, selling and marketing expenses were \$ 573 thousand compared to \$469 thousand for the nine months ended September 30, 2021. The increase of \$104 thousand was mainly a result of an increase in the activity of the Corporation, which included costs related to the relocation of an executive to the United States and the maintenance of an office in the United States.

Research and Development Expenses

For the nine months ended September 30, 2022, research and development expenses amounted to \$292 thousand compared to \$223 thousand for the nine months ended September 30, 2021. The increase of \$ 69 thousand was mainly attributed to increases in salaries.

General and Administrative Expenses

For the nine months ended September 30, 2022, general and administrative expenses amounted to \$562 thousand compared to \$633 thousand for the nine months ended September 30, 2021. The decrease in general 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 nine months ended September 30, 2022, finance income net amounted to \$48 thousand, as compared to the finance expenses net of \$169 thousand for the nine months ended September 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 nine months ended September 30, 2022, Cannibible recorded a net and comprehensive loss of \$1,385 thousand comparing to a \$1,432 thousand net and comprehensive loss for the nine months ended September 30, 2021. The decrease of \$47 thousand resulted mainly from a decrease in the revenue of \$107 thousand, increases in advertising and marketing expenses of \$104 thousand, offset by a decrease in expenses related to Cannibible's status as a publicly traded corporation and a change of \$176 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 has generated an accumulated deficit of US\$ 4,931 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.

As at September 30, 2022 the Corporation had cash and cash equivalents of \$567 thousand.

During the nine months ended September 30, 2022, the Corporation's overall position of cash and cash

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equivalents decreased by \$127 thousand compared to an increase of \$525 thousand during the nine months ended September 30, 2021.

On September 30, 2022, the Corporation had working capital of \$572 thousand, compared with a working capital of \$104 thousand on September 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 that it will need to raise 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. The Corporation believes will be able to continue financing itself in the foreseeable future through the issuance of equity until it is able to grow its sales to the point where they can sustain operations, however, Cannibible's ability to raise additional capital will be dependent on a number of factors such as the market's perception of its business prospects, the price of and demand for the products it manufactures, the state of the market to finance food tech businesses such as Cannibible's, and global market conditions in general. No assurance can be given that additional capital will be available at all or available on terms acceptable to Cannibible.

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 nine months ended September 30, 2022, amounted to \$ 822 thousand as compared to \$832 thousand for nine months ended September 30, 2021. The net cash used in operating activities in the nine months ended September 30, 2022, is mainly attributable to increase in inventory of \$74 thousand and increase in other accounts payable of \$539 thousand.
- The Corporation's net cash provided by investing activities during the nine months ended September 30, 2022 was 38 \$ thousand, compared to \$21 thousand used in investing activities for the nine months ended September 30, 2021. The cash provided by investing activities during the nine months ended September 30, 2022 is mainly attributable to the withdrawal of restricted cash of \$39 thousand into the Corporation's checking account.
- The Corporation's net cash provided by financing activities during the nine months ended September 30, 2022 was \$657 thousand as compared to \$1,374 thousand for nine months ended September 30 2021. The cash provided by financial activities during the nine month ended September 30,2022 resulted from net proceeds from Private Placement of \$655 thousand. The cash provided by financing activities during the nine months ended September 30, 2021 resulted mainly from a convertible loan of \$1,286 thousand.

RELATED PARTY TRANSACTIONS

During January until September 30, 2022, the Corporation paid or accrued remuneration to its senior management an amount of \$590 thousand, compared to \$540 thousand accrued during the same period in 2021.

RISKS AND UNCERTAINTIES

The Corporation's business as an early-stage food-tech company 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 is listed on a Canadian stock exchange and incurs expenses in US dollars. The ongoing effects 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 Proposed Transaction and the Concurrent Financing and costs related to that transaction and financing, its business plans for the Resulting Issuer, and its need for additional capital and its ability to raise additional funds.

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 Concurrent Financing, the prospects for the business of the Resulting Issuer and the ongoing 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.

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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 Cannibible 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 Cannibible’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://cannibible.world/>