

**Cannibble Foodtech Ltd.**

**Management's Discussion and Analysis  
for the Three Months Ended March 31,  
2024**

## **1. MANAGEMENT'S DISCUSSION AND ANALYSIS**

The following management's discussion and analysis – quarterly highlights (“**Interim MD&A**”) of (“**Cannibible**” or the “**Corporation**”) for the three months ended March 31, 2024 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, 2023 (“**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 months ended March 31, 2024 (the “**Interim Financial Statements**”), the Corporation's audited consolidated financial statements for the years ended December 31, 2023 and 2022 (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 May 27, 2024.

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 was incorporated as a private limited liability company under the Israeli Companies Law, 5759-1999 on August 14, 2018. On March 3, 2024 the ordinary shares of the Corporation were listed for trading on the Canadian Securities Exchange (the “**CSE**”) under the symbol ‘PLCN’. As of the date of this MD&A, the Corporation has 26,023,896 ordinary shares issued and outstanding.

Cannibible is an innovative Israeli food tech company that develops food and beverage products variously enhanced with alternative proteins.

Cannibible has developed proprietary powder-based formulas for food and beverage products targeted for the "Better-for-You" segment of the market.

The Corporation's products are sugar free, dairy free, plant based, non-GMO, keto friendly, low carbs and marketed under Cannibible's brand name "The Pelicann<sup>TM</sup>".

The Corporations portfolio also includes the marketing of gluten-free products and other unique food items for the better-for-you segment.

For more information about Cannibible and its business, visit [www.cannibible.world](http://www.cannibible.world).

Cannibible's corporate headquarters and registered address are located at P.O. Box 4250 Rosh Haayin Israel. The Corporation has one wholly-owned subsidiary, EAZY Tech Inc., a limited liability company organized under the laws of the state of Delaware.

**Cannibible Foodtech Ltd.**

## Management's Discussion and Analysis

For the Three Months Ended March 31, 2024

---

**Significant Developments During the Period:**

On November 7, 2023, Mr. Ziv Turner, one of the founders of the Corporation and a member of the board notified the Corporation by email that he intended to file a claim against the Corporation for withholding wages due to the fact that the Corporation stopped paying salaries to the founders in August 2023. On March 27, 2024, the Tel Aviv labor court decided to dismiss Mr. Turner's claim.

On January 31, 2024, the Corporation signed a distribution agreement with Sako Import & Export, the manufacturer of Haila Tahini Spreads, respecting import of Sako's products to the USA. The spreads are manufactured from natural Ethiopian sesame seeds grown on Ethiopian soil. By using traditional production method of hot air-drying process that simulates roasting, at a relatively low temperature they manage to preserve the high nutritional values of the sesame and the sweet and natural taste of the high-quality sesame grain. Implementation of the agreement is subject to the Corporation's raising of approximately \$500 thousand of necessary capital.

On or around February 15, 2024, the Corporation received an initial CAD\$10,000 trial order (the "**Initial Order**") from a food distributor operating in California to deliver Kosher for Passover gluten-free pita bread, hot dog buns and hamburger buns in preparation for Passover. The Initial Order was part of the Corporation's shift in business strategy after signing an amendment to its share purchase agreement with Eshbal Functional Foods Cooperative Ltd. ("**Eshbal**") to sell, market and distribute Eshbal's products in North America.

On March 1, 2024 Aaron Meckler resigned as a director of the Corporation.

**Financial Review**

The following table sets forth selected financial information is presented for, the three months ended March 31, 2024 and 2023. The selected financial information is prepared in accordance with IFRS.

**Quarterly Information**

	<b>Three Months Ended March 31, 2024</b>	<b>Three Months Ended March 31, 2023</b>	<b>Year ended December 31, 2023</b>
	<b>(in thousands)</b>	<b>(in thousands)</b>	<b>(in thousands)</b>
Total revenue	8	41	101
Profit or loss from operations	(24)	(539)	(1,451)
Profit or loss per share, basic and diluted	(0.001)	(0.023)	(0.045)
Total current assets	67	271	93

**Cannibible Foodtech Ltd.**

## Management's Discussion and Analysis

For the Three Months Ended March 31, 2024

---

Non-current assets	253	20	257
Total -current financial liabilities	248	563	248
Total non-current financial liabilities	2,469	1,885	2,469
Total shareholders' equity (deficiency)	(2,397)	(2,157)	(2,367)

**Three Months Ended March 31, 2024, Compared to the Three Months Ended March 31, 2023**Revenues

For the three months ended March 31, 2024, total revenues amounted to \$8 thousand compared to \$41 thousand for the three months ended March 31, 2023. The revenues decreased since during the three-month ended March 31, 2024, the Corporation didn't provide consulting services.

Cost of revenue

For the three months ended March 31, 2024, cost of revenues amounted to \$8 thousand, compared to \$69 thousand for the three months ended March 31, 2023. The decrease in cost of revenue was mainly attribute to the decrease in cost of goods.

Gross Profit

For the three months ended March 31, 2024, gross loss amounted to zero, compared to a gross loss of \$28 thousand for the three months ended March 31, 2023. The decline in gross loss was mainly due to the decrease of cost of revenue.

Selling and Marketing Expenses

For the three months ended March 31, 2024, selling and marketing expenses were \$1 thousand, compared to \$172 thousand for the three months ended March 31, 2023. The decrease in selling and marketing expenses was due to allocation of certain expenses to general and administrative expenses and the Corporation's desire to preserve funds until it has raised additional funds to continue its activities.

Research and Development Expenses

For the three months ended March 31, 2024, research and development expenses amounted to zero, compared to \$125 thousand for the three months ended March 31, 2023. The decrease was due to the Corporation's desire to preserve its funds until it has raised additional funds to continue its activities.

General and Administrative Expenses

**Cannibible Foodtech Ltd.**

## Management's Discussion and Analysis

For the Three Months Ended March 31, 2024

---

For the three months ended March 31, 2024, general and administrative expenses amounted to \$23 thousand, compared to \$214 thousand for the three months ended March 31, 2023. The decrease was due to the Corporation's desire to preserve its funds until it has raised additional funds to continue its activities.

Finance expenses, net

For the three months ended March 31, 2024, finance expenses net amounted to \$6 thousand, as compared to finance expenses net of \$1 thousand for the three months ended March 31, 2023. The increase in financial expenses was mainly attributed to changes in exchange rates.

Net and Comprehensive Loss

During the three months ended March 31, 2024, the company recorded a net and comprehensive loss of \$30 thousand, compared to a net and comprehensive loss a \$540 thousand for the three months ended March 31, 2023. The change in loss was due to the Corporation's desire to preserve its funds until it has raised additional funds to continue its activities .

Liquidity and Capital Resources

Since inception, the Corporation has generated limited revenues. The Corporation believes it has the capability to continue financing itself in the foreseeable future through the issuance of equity and future revenue. The Corporation has generated an accumulated deficit of US\$6,613 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 March 31, 2024, the Corporation had negative working capital of \$181 thousand, compared with a negative working capital of \$292 thousand as at March 31, 2023. The Company's negative working capital consists of cash and cash equivalents, other accounts receivable and inventory, trade accounts payable, other accounts payable, warrants 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 three months ended March 31, 2024, the Corporation's overall position of cash and cash equivalents decreased by \$19 thousand, compared to a decrease of \$153 thousand during the three months ended March 31, 2023.

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 three months ended March 31, 2024 amounted to \$19 thousand, as compared to \$252 thousand during three months ended March 31, 2023. The net cash used in operating activities in the three months ended March 31, 2024 was mainly attributable to an increase in other accounts payable and a decrease in trade and other accounts receivable. The net cash used in operation activities in the three-month ended March 31, 2023, was mainly attributable to a decrease in trade and other account

**Cannibible Foodtech Ltd.**

## Management's Discussion and Analysis

For the Three Months Ended March 31, 2024

---

receivable net, and an increase in other accounts payable and decrease in inventory.

- The Corporation's net cash provided by investing activities during the three months ended March 31, 2024 was zero, compared to \$2 thousand during the three months ended March 31, 2023. The amount of investing activities in the three months ended March 31, 2023 was attributable to a withdrawal of restricted cash into the Corporation's checking account.
- The Corporation's net cash provided by financing activities during the three months ended March 31, 2024 was zero, compared to \$97 thousand over the three months ended March 31, 2023. The cash provided by financing activities during the three month ended March 31, 2023 resulted from payments for Shares.

**RELATED PARTY TRANSACTIONS**

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making operating and financial decisions. This would include the Corporation's senior management, who are considered to be key management personnel by the Corporation.

Parties are also related if they are subject to common control or significant influence. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

Effective December 1, 2023, the Corporation announced a change in employee compensation. Previous employment agreements were terminated, and all employees, including senior management, would now be paid an hourly wage. This wage would be capped at the minimum wage.

Management determined that senior staff wouldn't receive any salary or back pay for the work performed during the first quarter of 2024.

During the three months ended March 31, 2024, the Corporation didn't pay or accrued remuneration to its senior management, compared to \$281 thousand accrued during the same period in 2023.

The following table sets forth information concerning the total transactions (expenses) to the named executive officers of the Corporation for the period ended March 31, 2024 and 2023.

	<b>For the Three Months Ended March 31,</b>	
	<b>2023</b>	<b>2024</b>
	(in thousands)	
Fees to CEO, CTO & VP BUSINESS	281	-
Fees to CFO	17	6

**Cannibible Foodtech Ltd.****Management's Discussion and Analysis****For the Three Months Ended March 31, 2024**

---

**Foreign currency risk**

Foreign currency risk is the risk that a variation in exchange rates between the Israeli New Shekel and the United States dollar and other foreign currencies will affect our operations and financial results. Cannibible is exposed to currency risk as funds are held in Israeli currency and revenues and a significant portion of its expenses are denominated in United States currency. As at March 31, 2024, Cannibible had not entered into any hedging agreements to mitigate foreign currency risk. Therefore, Cannibible's financial position and financial results may be adversely affected by unfavorable fluctuations in currency exchange rates. The Corporation has cash that is exposed to possible fluctuations in the U.S. dollar exchange rates.

**Credit Risk**

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Corporation has no significant concentration of credit risk arising from operations. Management believes that the credit risk concentration with respect to financial instruments is remote.

**Liquidity Risk**

The Corporation's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities as they come due by raising sufficient funds. As of March 31, 2024, the Corporation had a \$181 thousand negative working capital balance (March 31, 2023 - \$292 thousand negative working capital), and the Corporation had little exposure to liquidity risk, as it intends to balance expenditures with available working capital.

**Interest Rate Risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Corporation is exposed to the risk that the value of financial instruments will change due to movement in market interest rates. The Corporation periodically monitors its cash activity and is satisfied with the credit ratings of its banks.

**RISKS AND UNCERTAINTIES**

The Corporation's business as a foodtech company is subject to a number of significant risk factors. It also faces additional risks related to the Proposed Transaction. If any event arising from the risk factors set forth below occurs, the Corporation's business, prospects, financial condition, results of operation or cash flows and in some cases, its reputation, could be materially adversely affected. Although the Corporation believes that the risk factors described below are the most material risks that it faces, they are not the only ones. Additional risk factors not presently known to the Corporation or that the Corporation currently believes are immaterial could also materially and adversely affect its business, prospects, cash flows, results of operations or financial condition and negatively affect the value of Cannibible's ordinary shares. Readers should carefully consider each of these risks and all of the information in this MD&A.

**The following risk factors are relevant to:**

Please refer to the Corporation's final long form prospectus dated January 31, 2022 that is available

**Cannibible Foodtech Ltd.**

## Management's Discussion and Analysis

For the Three Months Ended March 31, 2024

---

under the Corporation's profile on SEDAR at [www.sedarplus.ca](http://www.sedarplus.ca) for additional information on the identification and consideration of risks and uncertainties applicable to the Corporation.

The Corporation is subject to a number of risks and uncertainties that could significantly affect its financial condition and performance. As the Corporation grows and seeks to enter new markets, these risks may increase.

These risk factors are not a definitive list of all risk factors associated with the Corporation or in connection with the Corporation's operations.

The Corporation has no history of profitable operations and a limited operating history. The Corporation's present business is at an early stage of development. As such, many risks common to such early-stage enterprises, including cash shortages and limitations with respect to personnel, financial and other resources, and access to capital, exist.

Certain risks and assumptions include, among others:

- the ability to successfully execute the distribution agreement with Eshbal is dependent upon the efforts of certain key personnel of Eshbal and the ability of Eshbal to produce and supply the products;
- the Corporation's limited operating history;
- uncertainty as to the Corporation's ability to continue as a going concern;
- substantial fluctuation of losses due to numerous external risk factors out of the Corporation's control that cause the Corporation to incur significant losses in the future;
- uncertainty as to the Corporation's ability to raise additional funding to support operations;
- ability to generate product revenue to maintain its operations without additional funding;
- regulatory approval as well as with health and data protection laws and risks;
- compliance with environmental, food safety, and consumer health and safety laws and regulations;
- uncertainty surrounding the Corporation's reputation and its brand recognition;
- the Corporation's ability to adequately protect its intellectual property and trade secrets;
- inaccurate information posted on social media platforms;
- risks related to product recalls and insurance coverage;
- risks related to the Corporation's status as an Israeli company;
- risks related to various tax matters;
- risks related to foreign exchange fluctuations among the Canadian dollar, the US dollar, and the New Israeli Shekel;
- the Corporation's reliance on the capabilities and experience of the Corporation's key executives and the resulting loss of any of these individuals;
- liquidity of the Corporation's securities;
- risks related to additional issuances and dilution of the Corporation's securities;



**Cannibible Foodtech Ltd.**

## Management's Discussion and Analysis

For the Three Months Ended March 31, 2024

---

- risks related to the Corporation's capital structure;
- the costs associated with maintaining a public listing; and
- other factors beyond the Corporation's control.

There is no assurance that the Corporation will be successful in executing its business plan and generating a return on shareholders' investments. The likelihood of success must be considered in relation to its early stage of operations and industry. There are a number of risk factors that could cause future results to differ materially from those described herein. Additional risks and uncertainties, including those that the Corporation does not know about or that it currently deems immaterial, could also adversely affect the Corporation's business and results of operations.

**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, including its proposed transaction with Eshbal, 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; and the Company's proposed transaction with Eshbal.

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 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.sedarplus.ca](http://www.sedarplus.ca).

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

**Cannibible Foodtech Ltd.**

Management's Discussion and Analysis

For the Three Months Ended March 31, 2024

---

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.sedarplus.ca](http://www.sedarplus.ca)) and on the Corporation's website at <https://cannibible.world/>