



CANADABIS
— CAPITAL INC. —

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Years Ended July 31, 2021 and 2020

CanadaBis Capital Inc.

Management Discussion & Analysis

For the Years Ended July 31, 2021 and 2020

MANAGEMENT DISCUSSION AND ANALYSIS

This Management Discussion and Analysis (“MD&A”) for CanadaBis Capital Inc. (“CanadaBis” or the “Company”) should be read in conjunction with the Company’s audited consolidated financial statements for the years ended July 2021 and July 31, 2021 (“Financial Statements”) and MD&A. CanadaBis’ Financial Statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”), and the accounting policies applied in these Financial Statements are based on IFRS as issued, outstanding and in effect on August 1, 2020. All amounts are presented in Canadian dollars unless otherwise stated.

These Financial Statements include the financial information of the Company’s subsidiaries:

- Stigma Pharmaceuticals Inc. – 100% held;
- 1998643 Alberta Ltd. (operating as “Stigma Grow”) - 100% held;
- Full Spectrum Labs Ltd. (operating as “Stigma Roots”) - 100% held;
- 2103157 Alberta Ltd. (operating as “INDICative Collection”) -100% held; and
- Goldstream Cannabis Inc. - 95% held.

CanadaBis is a publicly traded corporation whose principal business objective is the production and distribution of cannabis in Canada pursuant to the Cannabis Act. The Company does not engage in any cannabis-related activities in the United States as defined in Canadian Securities Administrators Staff Notice 51-352.

Additional information relating to CanadaBis is available under CanadaBis’ SEDAR profile at www.sedar.com. This MD&A is dated November 26, 2021.

BACKGROUND & STRATEGIC TRANSACTIONS

CanadaBis is a participant in the Canadian recreational market for cannabis. The value proposition of the Company is as follows:

- Deliver quality products and services to the business-to-business and business-to-consumer market.
- Launched and maintain multiple brands under the Stigma Grow umbrella to gather as much market share, while delivering a product with repeatable sales. Brands include WHITE NGL, BLACK NGL, CHAPTER 1, DAB BODS AND STIGMA GROW.
- Provide a range of high potency Concentrates and extracts, potent flower and pre rolls, as well as lifestyle cannabis products such as creams and lip balms;
- Provide third-party and white label processing contracts with reputable, high-volume producers, including product development R&D;
- Continue to Introduce new Canadian concentrate products under our own, as well as third-party brands.
- Develop our brand as an in-demand Licensed Producer with unique abilities and maneuverability; and
- Support education initiatives within the industry to educate consumers on cannabis and its use.

The Company currently owns a 66,000 square foot facility and approximately 44,000 square feet of the building has been developed and equipped for initial capacity to grow 225 kg of cannabis per year.

Effective November 26, 2020, the Company received its Cannabis 2.0 sales license, allowing it to sell Cannabis concentrates products to end users. This development has had a positive impact on the Company as it will no longer needs to engage third parties holding a Cannabis 2.0 sales license to bring its concentrates products to market.

On April 26, 2019, the Company closed its previously announced Qualifying Transaction (the “Qualifying Transaction”). Pursuant to the amalgamation agreement dated October 1, 2018, between the Company and a capital pool company, a subsidiary of the capital pool company amalgamated with 1926360 Alberta Ltd. The shareholders of 1926360 Alberta Ltd. each received one common share of the capital pool company for every common share held in 1926360 Alberta Ltd. The transaction constitutes a Qualifying Transaction pursuant to TSXV Policy 2.4 “Capital Pool Companies” and received exchange approval on April 26, 2019. Upon completion of the Qualifying Transaction, the resulting entity was listed on the TSXV is a Tier 2 Life Sciences Issuer.

CanadaBis Capital Inc.
Management Discussion & Analysis
For the Years Ended July 31, 2021 and 2020

On August 13, 2019, the Company acquired 95% of Goldstream Cannabis Inc., a cannabis company holding \$2 million in cash and access to 13 acres of undeveloped land, already zoned for cannabis production, located on Vancouver Island, British Columbia (the "Goldstream Transaction"). The Goldstream Transaction was an arms' length transaction valued at \$3.5 million with consideration consisting of 11,666,666 common shares of CanadaBis at \$0.30 per share.

FINANCIAL HIGHLIGHTS

	Year ended	
	July 31, 2021	July 31, 2020
Net revenues	\$6,866,305	\$4,428,831
Cost of sales	4,349,746	3,272,146
Gross profit (loss)	2,516,559	1,156,685
Net loss and comprehensive loss	(2,680,910)	(5,391,080)
Loss per share (basic and diluted)	\$ (0.02)	\$ (0.04)

Adjusted EBITDA is a Non-GAAP performance measure. Refer to "Cautionary Statement Regarding Certain Non-GAAP Performance Measures" for further details. Presenting Adjusted EBITDA only for the three months ended April 30, 2021 and 2020 and three months ended July 31, 2021, and 2020. See further details in the Non-GAAP performance measures section of the MD&A

2021 HIGHLIGHTS

- On March 10, 2021, it was announced that the Ontario Cannabis Store, Ontario's only online retailer and wholesaler of legal recreational cannabis in the province, has entered into a supply agreement for a selection of Stigma Grow products for sale directly to their growing list of retailers and online shoppers as early as April 2021.
- On March 15, 2021, it was announced that the Company and Stigma Grow formed a sales license partnership with beverage and natural products company, BevCanna Enterprises Inc. ("BevCanna") to launch the Keef Brands line of cannabis-infused beverages across Canada, along with BevCanna's in-house and white label client products under Stigma Grow's sales license.
- Stigma Grow has started producing exclusive live resin and concentrates for Sundial Growers Inc, as per their third-party production agreement dated March 29, 2021.
- The Company started their pre-rolls sales in April 2021 in the Alberta Market under the Stigma Brand in 8 pack 0.3 grams per pre roll format, this has become a new highlight in the sales category during the COVID-19 pandemic and the lack of "sharing joints".
- Multiple new SKU's Launched under Dab Bods brand and the Black and White NGL Brand into 5 Provincial bodies
- On June 3, 2021, the Company announced that a binding commitment letter with Connect First Credit Union for a new credit facility of \$9.6 million to be comprised of a 5-year term, \$8,850,000 commercial mortgage loan and a \$750,000 on demand line of credit. On July 23, 2021, the first tranche of \$7,210,000 was released and was used to settle all non-governmental long-term debt. Refer to "Liquidity and Capital Resources" for further details.
- Input costs have decreased significantly with the addition of multiple suppliers and new formulas developed to save costs while increasing effects and flavors for the customers.
- Company re-formulated its concentrate lines to meet the demands of the current clients to maintain larger terpene profiles across the lineup
- Company re-negotiated with other Cannabis Cultivators which allowed significant reduction in costs and this trend is expected to continue into 2022 as more Cultivators are joining the industry.

CanadaBis Capital Inc.
Management Discussion & Analysis
For the Years Ended July 31, 2021 and 2020

SELECT QUARTERLY FINANCIAL INFORMATION

Three months ended	July 31, 2021	April 30, 2021	January 31, 2021	October 31, 2021	July 31, 2020	April 30, 2020	January 31, 2020	October 31, 2019
	2021 Q4	2021 Q3	2021 Q2	2021 Q1 (Restated)	Q4 2020	2020 Q3	2020 Q2	2020 Q1 (Restated)
Net revenues	\$1,663,630	\$2,213,307	\$1,814,783	\$1,174,585	\$3,581,720	\$563,595	\$230,807	\$52,709
Cost of sales	1,131,827	1,179,306	1,286,001	\$752,612	2,371,354	446,597	369,610	84,585
Gross profit (loss)	531,803	1,034,001	528,782	421,973	\$1,210,366	\$116,998	\$(138,803)	\$(31,876)
Net loss and comprehensive loss	(1,195,906)	(225,326)	(556,302)	(703,376)	(137,130)	(882,918)	(1,417,121)	(2,953,911)
Loss per share (basic and diluted)	\$(0.01)	\$(0.00)	\$0.00	\$(0.01)	\$(0.04)	\$(0.01)	\$(0.01)	\$(0.02)

During the first two quarters of fiscal 2020, the Company's net revenue was generated from retail sales only. Subsequent quarters in fiscal 2020 and 2021, the Company continued to grow its revenue generating activities in all three segments: cultivation and wholesale, retail, and extraction and tolling.

RESULTS OF OPERATIONS

The net revenues significantly decreased in 2021 Q4 compared to 2020 Q4. This decrease was due to Canadabis first major tolling and extraction supply agreement production in 2020 Q4. CanadaBis reported net revenues of \$1,663,630 for the 2021 Q4 as compared to \$3,581,720 for the corresponding period in 2020. The Company reported net revenues of \$6,866,305 for twelve months ended Q4 2021 compared to \$4,428,831 of the 2020 comparative period due to the increased activities of the retail and extraction operations from the acquisition of the Cannabis 2.0 sales license. The Company has also started their Cultivation and Wholesale operation which has contributed to the overall increased performance. See *Segmented Reporting section to this MD&A, for a more detailed discussion.*

The Company has reported net loss for twelve months ended July 31, 2021, of \$2.6 million compared to \$5.4 million in 2020. A decrease in net loss resulted from increased sales to the provinces from its hydrocarbon products and several new SKUs acceptance. Net loss increases for the three months ended July 31, 2021, compared to the same comparative period of 2020. The company's first major extraction and tolling agreements operation in Q4 2020 resulted in a net loss of \$1.2 million in Q4 2021 compared to \$137k for the same period of 2020.

Retail operation has seen a 35% increase in net revenue in 2021 over the comparative period 2020. July 31, 2021, earned \$1,267,168 in net revenue compared to only \$935,879 in 2020. The increase is attributable to continued growth and sales of concentrate products, meeting its demand in the province of Alberta. See *"Segmented information – Retail Operation"*.

Fair value adjustments to inventory relate to recording inventory at the lower of cost and net realizable value, while fair value adjustments to biological assets relate to recording these assets at fair value at each reporting date. More detail on the accounting for these items can be found in Notes 10 and 11 to the Financial Statements.

Overall general and administrative expenses for the twelve months ended July 31, 2021, was \$4,021,475 compared to \$2,905,695 for the corresponding periods in 2020. For all period, general and administrative expenses had a consistent increase, period over period due to increased activities from, cultivation and whole, extraction and retail operations. The Company was granted its sales license to sell cannabis product directly to provinces which resulted in increase operational cost to sell its new and existing SKUs across Canada.

Management notes that the material components of general and administrative expenses were as follows:

- Advertising and promotion included in general and administration for the year ended July 31, 2021 - \$162,388 (July 31, 2020 - \$231,334), the decrease is due to Company taking more strategic approach in spending by renegotiating marketing contracts as part of its efficient spending initiative.
- Consulting fees included in general and administration for the year ended July 31, 2021 - \$466,884 (July 31, 2020 - \$272,420), the increase was due to reliance on additional subcontracted services for operations purposes.

CanadaBis Capital Inc.
Management Discussion & Analysis
For the Years Ended July 31, 2021 and 2020

- Office expenses included in general and administration for the year ended July 31, 2021 - \$205,827 (July 31, 2020 - \$223,585), the reduction is due to managing operational cost through more efficient approach to spending.
- Salaries and wages included in general and administration for the year ended July 31, 2021, \$1,579,069 (July 31, 2020 -\$1,451,242), the increase was due to an increase in overall activity from year to year and more indirect support required.

There was reduction in share-based payments from \$2,689,308 in July 31, 2020 to \$458,042 in July 31, 2021. This is due to the cancellation of unvested options and departure of several option grantees during the year and less other share-based payment amounts.

Finance cost decrease significantly from 676,671 in July 31, 2020 to 399,545 in July 31, 2021. The main reason for this is the company terminate its financing arrangement with third party contracts in acquiring products for operation. This is apart of the Company's efficient spending initiative.

Segmented Information and Products and Services Offered

For management purposes, the Company is organized into operating segments based on its products, services, locations and distribution methods. Four operating segments have been identified which have been aggregated into three reportable segments: wholesale, retail and extraction and tolling. The wholesale segment involves the cultivation and distribution of cannabis and cannabis products to and through, provincial liquor and cannabis boards which is subsequently sold onto end consumers. The Retail segment involves the sale of cannabis and cannabis related products to end consumers on premise owned and operated by the Company. The extraction and tolling segment provides cannabinoid extraction services to other licensed producers. For segment information presentation purposes, the change to fair value on biological assets and realized fair value on finished goods sold are included in "Extraction and tolling" segment as to date the Company used its own harvested cultivations in entirety in the extraction process. During the first two quarters of fiscal 2020, the Company's net revenue was generated from retail sales only. Subsequent quarters in fiscal 2020 and 2021, the Company continued to grow its revenue generating activities in all three segments: cultivation and wholesale, retail, and extraction and tolling.

Below is a summary of results by reportable segments for the year ended July 31, 2021.

For the year ended July 31, 2021	Cultivation and wholesale	Retail	Extraction and tolling	Eliminations	Consolidated
Net revenue (external customers)	\$ 307,121	\$ 1,267,168	\$ 5,292,016	\$ -	\$ 6,866,305
Cost of sales	252,390	894,403	3,202,953	-	4,349,746
Gross profit (loss)	54,731	372,765	2,089,063	-	2,516,559
General and administrative					4,021,475
Depreciation and amortization					322,690
Share-based payments					458,042
Operating loss					(2,285,648)
Financing costs					(399,545)
Other income					4,283
Loss before taxes					(2,680,910)

CanadaBis Capital Inc.
Management Discussion & Analysis
For the Years Ended July 31, 2021 and 2020

Below is a summary of results by reportable segments for the year ended July 31, 2020.

For the year ended July 31, 2020	Cultivation and wholesale	Retail	Extraction and tolling	Eliminations	Consolidated
Net revenue (external customers)	\$ 326,855	\$ 935,879	\$ 3,166,097	\$ -	\$ 4,428,831
Cost of sales	229,999	665,491	2,376,656	-	3,272,146
Gross profit (loss)	96,856	270,388	789,441	-	1,156,685
Acquisition costs					-
General and administrative					2,905,695
Depreciation and amortization					281,719
Share-based payments					2,689,308
Operating loss					(4,720,037)
Financing costs					(676,371)
Other income					5,328
Loss before taxes					(5,391,080)

Below is a summary of operations by segment including a detailed analysis on the change in revenue by period.

Cultivation and wholesale:

Overall, the net cultivation and wholesale revenue for the year ended July 31, 2021, was \$307,121 compared to \$326,855 for the corresponding period in 2020. During the period, the Company re-launched its brand of pre-rolls and Dab Bods that has gained attention across provinces.

Retail operations:

Overall net retail revenue for the year ended July 31, 2021, was \$1,267,168, compared to only \$935,879 in the comparative period of 2020. Retail operations has increased sales operations strategically fulfilling customer demand in the Cannabis market in comparison to prior period when the Company was in early stages of its retail revenue generating activities.

Extraction and tolling:

The net extraction and tolling revenue for the year ended July 31, 2021, was \$5,292,016 compared to only \$3,166,097 for the corresponding period in 2020. As the Company received its Cannabis 2.0 sales license to sell concentrates products effective November of 2020, the Company was able to significantly increase its sales of extract products, in the provinces of Alberta, Manitoba, Saskatchewan and British Columbia. During the beginning of Q4 Company was approved by the Ontario Cannabis Retail Corporation to supply the provinces without extract products which has increased the Company's overall sales margin. The Company launched several new SKUs under the Bad Bod Brand and the Black and White NGL brand in the last six months of the fiscal year that contributed to the significant increase in the year over year.

General

Management monitors the results of its operating segments separately for making decisions about resource allocation and performance assessment. Segment performance is evaluated on several measures, the most significant being profit and loss, which is measured consistently with the definition of profit and loss in the Financial Statements. Management also uses gross profit excluding fair value adjustments as a key performance indicator by reportable segment. Management adjusts external pricing of its products/service to end users to ensure that optimal gross profit percentages are being met, while pricing within market demand and expectations. Selling prices are adjusted to account for fluctuations in cost to achieve consistent in gross profit by product line and service.

Given the Company's position as a vertically integrated Cannabis company/producer, management will continue to adjust internal strategy based on external factors causing fluctuations in either selling prices of products/services and input cost of products and services to ensure capacity allocation is being optimised on products/services in highest demand, while ensuring mandated gross profit margins are being achieved.

CanadaBis Capital Inc.
Management Discussion & Analysis
For the Years Ended July 31, 2021 and 2020

Management notes that the current climate of Cannabis industry is extremely competitive and saturated with multiple products across the Nation. The Company has several competitive advantages to ensure long-term success within the industry. In the short-term, this relates primarily with respect to our butane hydrocarbon (BHO) extraction process.

For the period ended October 31, 2020, the Company expanded its concentrate production lines to include Crumble - a dryer form of extract presenting a honeycomb-like consistency, Diamonds - similar to caviar, but providing more crystals and less sauce, Shatter - a harder translucent extract similar to glass with high cannabinoid potencies. The Company has also introduced its own brand of pre-rolls to the market which has been largely accepted and growing. For the year ended July 31, 2021, production of shatter and live resin vape carts inventory continued and began selling these products predominantly and continued to provide tolling services while also performed testing and product developments for potential future clients.

FINANCIAL CONDITION

The following chart highlights significant changes in the Consolidated Statements of Financial Position from July 31, 2020 to July 31, 2021:

	Increase / (decrease)	Primary factors explaining change
Cash and cash equivalents	\$682,501	This increase is due to the new credit facility and working capital funds generated during the period
Accounts receivable	(399,834)	Decrease is due to collections of accounts
Goods and services tax receivable	(233,519)	Decrease due to collection of outstanding taxes receivable and timing of revenue and expenses
Prepaid expenses	28,662	Increase due to insurance prepaid for the period
Inventory	137,512	Increase due to harvest in July 2021.
Biological assets	(42,691)	Decrease due to harvest in July 2021
Long-term deposit	274,449	Increase is due to GIC marketable securities set up as part of the New Credit Facility arrangement.
Property, plant and equipment	322,938	Net increase mainly attributable to recognition of right-of-use asset of \$629,240 on extraction equipment lease with related party offset by depreciation charge for the period
Intangible assets	(13,274)	Decrease is due to amortization charge for period
Due from related parties	5,138	Marginal increase
Accounts payable and accrued	(458,232)	Decrease is payments made from quarter to quarter
Due to related parties	395,707	Increase due to advances from related parties
Lease obligation (in aggregate)	213,475	Net increase mainly attributable to recognition of lease liability associated with right-of-use asset (see section above) offset with payment of other lease liabilities
Long-term debt (in aggregate)	1,786,397	Net increase due to the New Credit Facility and government funding, offset by the settlement of non-government funding
Deferred income liability	58,086	Increase due to implied benefit from government funding

LIQUIDITY AND CAPITAL RESOURCES

As of July 31, 2021, CanadaBis had net debt of \$8,550,620 (July 31, 2020 - \$6,353,756). The Company will continue to fund its on-going operations from a combination of debt and equity financings as needed.

The Company's ability to continue as a going concern is contingent on the Company completing successful future financings (both from equity and debt sources). Further, the Company needs to secure additional contracts with customers and continue to sell products actively

CanadaBis Capital Inc.

Management Discussion & Analysis

For the Years Ended July 31, 2021 and 2020

in the market to produce sufficient revenues to meet both short-term and long-term obligations. In the event Company is unsuccessful in these efforts, it will look to insiders and related entities for additional support while obligations come due. If these efforts are unsuccessful, the Company's ability to operate as a going concern will be in significant doubt. The Company plans to remedy its working capital deficiency by completing successful future financings and securing contracts with new customers in all Provinces it currently operates. See Notes 15 of the Financial Statements for additional financing secured.

As of July 23, 2021, the Company secured additional debt financing through the New Credit Facility. The proceeds were used to satisfy existing non-governmental mortgages and loans, as well as payout short-term debt due. (See Note 15 of the Financial Statements).

As at July 31, 2021 management notes that covenant breaches were in the form of:

The commitment letter requires that the Company maintains the following debt covenants: 1) a debt service coverage ratio not less than 1.40:1 to be tested annually; 2) a debt-to-equity ratio not greater than 1.00:1.00 to be tested annually; and 3) a current ratio not less than 1.25:1.00 to be tested monthly. As at July 31, 2021, the Company was in non-compliance with the debt service coverage ratio at (0.26):1, the debt to equity ratio at 6.63 and the current ratio at 0.29. Therefore, the Commercial Mortgage Loan as at July 31, 2021 of \$6,987,148 was classified as current. The Credit Union confirmed in writing to the Company that payment of the Commercial Mortgage as at July 31, 2021 is not demanded due to this non-compliance with debt covenants and that this loan will be classified as long-term for purposes of their assessments.

The Company has the following new and existing loan facilities:

On June 3, 2021, the Company announced that a binding commitment letter was signed on May 24, 2021 with Connect First Credit Union (the "Credit Union") for a new credit facility of \$9.6 million to be comprised of a 5-year term, \$8,850,000 commercial mortgage loan bearing interest at a fixed rate of 4.35% per annum (calculated daily and payable monthly in arrears) (the "Commercial Mortgage Loan") and a \$750,000 on demand line of credit bearing interest at a rate of the lender's prime lending rate plus 1.00% per annum (calculated daily and payable monthly in arrears) (collectively, the "New Credit Facility"). On July 23, 2021, the first tranche of \$7,210,000 was released upon the meeting customary closing conditions and was used to settle exiting long-term debt (vendor takeback mortgage and demand mortgage). The New Credit Facility is secured through the First Coverage Demand Collateral Mortgages over the properties held by 1998643 Alberta Ltd. and 2103157 Alberta Ltd. in the amounts of \$8,850,000 and \$750,000, respectively. Also, first charge security interest over all present and acquired personal property, unlimited guarantees and postponement of claims by Goldstream Cannabis Inc. and 1926360 Alberta Ltd., and the assignment and postponement of all related party debt to the amount of \$1,640,000 is in place. (See Note 15 of the Financial Statements for details)

Original vendor takeback mortgage for \$250,000, bearing interest at 8% per annum, with a maturity date of January 22, 2021, which was not settled as at January 31, 2021. The lender can trigger demand for payment. The principal plus accrued interest is due on maturity. The mortgage is secured by a fixed charge over the land. On July 23, 2021, the Company settled this debt using the funding received under the New Credit Facility.

A fixed term mortgage in the amount of \$1,000,000, due on demand. On April 27, 2021, the Company renewed the facility payable in monthly blended installments of \$4,747 bearing interest at lender's prime rate lending rate plus 1.55% per annum until April 1, 2022. The mortgage was secured by a fixed charge over the building, land, and improvements as well as a personal guarantee in the amount of \$500,000 issued by an Officer and Director of the Company. On July 23, 2021, the Company settled this debt using the funding received under the New Credit Facility.

A demand facility, expired on June 1, 2021 (the next renewal date), secured by the Company's cultivation facility as well as joint and several guarantees and postponements in the amount of \$3,500,000. In addition to financial covenants, the Company is required to report audited financial statements to the lender within 90 days of fiscal year-end. The Company is in violation of certain debt covenants. On July 23, 2021, the Company settled this debt using the funding received under the New Credit Facility.

Capital Plans

Since Q1 2021, the development of the Company's facility remains suspended. Below is a summary of the Company's capital plans associated with its Cultivation Facility:

CanadaBis Capital Inc.
Management Discussion & Analysis
For the Years Ended July 31, 2021 and 2020

Facility Development				
Phase	Estimated Total Cost	Cost Incurred to Date	Cost to Complete	Status
Phase 1	\$5,500,000	\$5,088,355	-	Complete
Phase 2	\$750,000	\$687,584	\$62,416	92% Complete
Phase 3	\$1,330,000	-	\$1,330,000	Suspended
	\$7,550,000	\$5,775,939	\$1,362,416	

Notes:

- (1) Phase 1 included the purchase and construction of Facility and first floor (22,000 sq. ft.) build-out of office space and cultivation space.
- (2) Phase 2 included the build-out of the second floor (22,000 sq. ft.) including an extraction lab, office space and potential cultivation space (subject to installation of lighting, waterlines and other fixtures necessary for cultivation).
- (3) Phase 3 would include the build-out of the third floor (22,000 sq. ft) which is currently undeveloped.

The Company determined to suspend major capital expansion plans as it pertains to the cultivation facility or use of its adjacent land zoned for Cannabis cultivation. Under phase 2 noted in the above table, the 22,000 sq. ft. is developed with office space and an extraction lab. All that remains to finalize phase 2 would be to install the necessary lighting and waterlines to finalize the cultivation space. As the prices for dried flower remain soft, management has delayed the expenditure of such funds until such time as the economics of cultivated flower increase. Management's use of existing capital will be put into productive use for funding working capital for growth into new provinces for wholly owned brands of concentrates products. The Company has yet to reach full capacity output of its existing cultivation facility and processing equipment, thereby limiting the need for aggressive short-term expansion or significant capital budgets. The Company will continue to pursue means of financing as documented throughout this MD&A. When sufficient capital means become available, the Company will revisit its capital budget and planning in correlation to current market demand and overall utilization of existing facility resources.

The decision to suspend major capital expansion plans alters previously disclosed forward looking information provided by the Company in its previous continuous disclosure, including the management's discussion and analysis for the year ended July 31, 2020, specifically the statement that the Company expects the expansion work of the facility to be completed in 2021 Q1. As such projects are currently on hold, the expansion was not completed in 2021 Q4. There are no current plans or timelines as to when the expansion will be recommenced.

The Company's current total output capacity with respect to its extraction and processing equipment is 800,000 one-gram units per month, of which the Company is yielding 30% monthly capacity as of July 31, 2021. The Company's total capacity with respect to cultivation activity is approximately 225 kg per annum with existing cultivation space, of which the Company is currently producing at 75% capacity (approximately 169 kg per annum).

In connection with the Goldstream Transaction, the Company acquired outdoor acreage zoned for cannabis cultivation in British Columbia. There are no current plans to develop this acreage for active cultivation at this time, however, as outdoor cultivation has lower operating costs than indoor cultivation, when determining where capital expansion funds should be allocated, the development of the outdoor space may take priority over further development of the indoor facility.

OFF BALANCE SHEET ARRANGEMENTS

CanadaBis does not have any special purpose entities nor is it party to any arrangements that would be excluded from the balance sheet, other than short-term leases as disclosed in *Commitments and Contingencies*.

COMMITMENTS AND CONTINGENCIES

Other than disclosed in Note 14 to the Financial Statements, the Company has not entered into any agreements resulting in contractual commitments outstanding as at July 31, 2021.

COVID-19 Pandemic

On March 11, 2020, the World Health Organization ("WHO") characterized the outbreak of a strain of the novel coronavirus ("COVID-19") as a global pandemic which has resulted in a series of public health and emergency measures that have been put in place to combat the spread of the virus. The Company has taken significant steps to ensure the health and safety of the employees and that all safety guidelines as established by Federal and Alberta health authorities are met.

CanadaBis Capital Inc.
Management Discussion & Analysis
For the Years Ended July 31, 2021 and 2020

The production and sale of cannabis have been recognized as essential services in Canada. The Company has applied for, qualified for, and received funding from certain government economic stimulus programs (See Note 15 of the Financial Statements). Subsequent to May 1, 2021, various provinces have announced gradual de-confinement regulations and re-opening plans. The duration of and impact of COVID-19 is unknown at this time, and it is not possible to reliably estimate the impact that the developments will have on the financial results and condition of the Company in future periods, including the possible impact on future financing opportunities. It is possible that estimates in these Financial Statements will change in the near term as a result of COVID-19. The Company is closely monitoring the impact of the pandemic on all aspects of its business.

SUBSEQUENT EVENTS

On November 5, 2021, the Company announced that it is proceeding with the previously announced amended private placement (the "Amended Private Placement") and withdrew its previously announced short-form prospectus offering of units. The Amended Private Placement of 11,538,462 units (the "Units") of the Corporation at a price of \$0.13 per unit for gross proceeds of \$1,500,000 (collectively, the "Amended Private Placement"). Each Unit shall be comprised of one (1) common share of the Company ("Common Share") and one (1) common share purchase warrant ("Warrant"). Each Warrant will entitle the holder thereof to purchase one (1) Common Share ("Warrant Share") at an exercise price of \$0.25 per Warrant Share for three years from the date of issuance of such Warrants. The Common Shares and warrants comprising the Units are subject to a hold period of four months and one day. As at the date of approval of these Financial Statements, the Amended Private Placement has not closed.

CAUTIONARY STATEMENT REGARDING CERTAIN NON-GAAP PERFORMANCE MEASURES

This MD&A contains certain financial performance measures that are not recognized or defined under IFRS (termed "Non-GAAP Measures"). As a result, this data may not be comparable to data presented by other licenced producers and cannabis companies. For an explanation of these measures to related comparable financial information presented in the Consolidated Financial Statements prepared in accordance with IFRS, refer to the discussion below. The Company believes that these Non-GAAP Measures are useful indicators of operating performance and are specifically used by management to assess the financial and operational performance of the Company. These Non-GAAP Measures include, but are not limited, to the following:

Adjusted EBITDA is a measure of the Company's financial performance. It is intended to provide a proxy for the Company's operating cash flow and is widely used by industry analysts to compare CanadaBis to its competitors and derive expectations of future financial performance of the Company. Adjusted EBITDA increases comparability between comparative companies by eliminating variability resulting from differences in capital structures, management decisions related to resource allocation, and the impact of fair value adjustments on biological assets, inventory, and financial instruments, which may be volatile on a period-to-period basis. Adjusted EBITDA is not a recognized, defined, or standardized measure under IFRS. The Company calculates Adjusted EBITDA as net loss and comprehensive loss excluding unrealized gain on changes in fair value of biological assets, change in fair value of biological assets realized through inventory sold, depreciation and amortization expense, share-based payments and finance costs. Outlined below a reconciliation from GAAP measure (Net loss) to Non-GAAP Measure (Adjusted EBITDA).

Adjusted EBITDA

(Unaudited)	Three months ended		Three months ended	
	April 30, 2021	April 30, 2020	July 31, 2021	July 31, 2020
Net loss	\$(225,326)	\$(882,918)	\$(1,195,906)	\$(137,130)
Adjustment				
Finance cost	97,937	87,318	136,516	433,990
Depreciation and amortization	138,723	161,929	468,918	281,719
Change in fair value of biological asset	(15,039)	(196,569)	(57,635)	61,286
Realized fair value on inventory sold	(68,762)	-	111,068	148,829
Share-based payments	179,312	159,550	49,714	182,653
Adjusted EBITDA	\$106,845	\$(670,690)	\$(487,325)	\$971,347

CanadaBis Capital Inc.

Management Discussion & Analysis

For the Years Ended July 31, 2021 and 2020

SHAREHOLDERS' CAPITAL

CanadaBis is authorized to issue an unlimited number of common voting shares, common non-voting shares, and preferred shares. The common voting shares trade on the TSX Venture Exchange ("TSX-V") under the symbol "CANB". As at July 31, 2021, CanadaBis had the following issued and outstanding:

- 135,982,534 common voting shares;
- 3,888,143 warrants; and
- 7,528,333 options.

Share Capital

During year ended July 31, 2021, net proceeds of \$537,500 were raised in a non-brokered private placement and shares were issued for debt to value of \$72,617. See Note 17 to the *Financial Statements* for more detailed information.

Stock Option Plan

The Company has established a stock option program for its officers, directors, employees, and certain consultants under which the Company may grant options to acquire common voting shares at the market price of the shares, at the grant date. With the exception of \$0.10 options, which vest immediately, all options granted before April 30, 2020 under the stock option plan have a five-year term and vest over 3 years. For options issued subsequent to April 30, 2020, one-half vest immediately while remaining one-half vest on the first anniversary.

See Notes 17 & 18 to the *Financial Statements* for more detailed information.

Warrants

From time to time, the Company may issue warrants in connection with a financing as an incentive to participate in such offerings.

On November 9, 2018, the Company completed non-brokered private placements of 5,222,286 units, each unit comprising of one common voting share and one-half common voting share purchase warrant. Each whole warrant entitles its holder to acquire one common voting share for \$1.00 per common voting share for a period of 12 months from the closing date.

On February 11, 2019, the Company completed a non-brokered private placement, to members of the management team, of 554,000 units, each unit comprising of one common voting share and one-half common voting share purchase warrant. Each whole warrant entitles its holder to acquire one common voting share for \$1.00 per common voting share for a period of 12 months from the closing date. In accordance with the Company's accounting policy, the full value of the unit proceeds were allocated to common shares.

On April 24, 2019, the Company issued 2,000,000 units, each unit comprising of one common voting share and one-half common voting share purchase warrant. Each whole warrant entitles its holder to acquire one common voting share for \$1.00 per common voting share for a period of 12 months from the closing date. In accordance with the Company's accounting policy, the full value of the unit proceeds were allocated to common shares.

On November 9, 2021, 2,611,143 warrants were expired

Escrowed shares

Pursuant to an escrow agreement (the "Escrow Agreement") dated as of February 1, 2017, among the Company, Computershare Trust Company of Canada ("Computershare") and certain shareholders of the Company, have deposited their common voting shares, under escrow. At July 31, 2021, 47,175,302 outstanding common shares were held in escrow at various prices ranging from \$0.05 to \$0.50 per share. The share of the Principals are subject to escrow for a period of 36 months from the date of closing, with 5% releasable immediately, 5% releasable in six months, further 10% releasable on the twelve and eighteenth month, further 15% releasable on each of twenty-fourth and thirtieth months, and remaining 40% on the thirty-sixth month.

RISKS RELATED TO THE BUSINESS AND INDUSTRY

Business risk

The production and sale of adult-use cannabis involves many risks which may influence the ultimate success of the Company. While the management of CanadaBis realizes these risks cannot be eliminated, we are committed to monitoring and mitigating these risks. These risks include, but are not limited to the following:

- ability to successfully obtain and renew Cannabis Act licenses and adhere to all regulatory requirements;

CanadaBis Capital Inc.

Management Discussion & Analysis

For the Years Ended July 31, 2021 and 2020

- actions by governmental authorities, including changes in laws, regulations and guidelines which may have adverse effects to the Company's operations;
- the risk that the Company continues as a going concern;
- no guarantee that the lender approves the new credit facility
- risk of failure to acquire regulatory approvals required to produce and sell cannabis;
- risks related to negative public perception of cannabis consumption which may have an adverse effect on the Company's operational results, consumer base, and financial results;
- competition in the market place, in what is quickly maturing industry;
- ability to execute the Company's strategy without additional financing;
- operating hazards and uninsured risks;
- potential for loss of key employees;
- ability to expand operations into international jurisdictions;
- availability of strategic alliances which complement or augment the Company's existing business;
- possibility of product liability claims against the Company;
- risk of product recalls and returns;
- ability to successfully develop new products and obtain required regulatory approvals;
- conflicts of interest which may arise between the Company and its directors and officers;
- risks related to agricultural operations, including disease, insect pests, and changes in climate;
- the Company's dependence on transportation and the possibility of disruptions;
- fluctuating prices of raw materials;
- risks related to compliance with safety, health, and environmental regulations;
- ability to protect and preserve intellectual property rights;
- risk of political and economic instability in the jurisdictions in which the Company operates;
- ability to successfully identify and make attractive acquisitions, joint ventures or investments, or successfully integrate future acquisitions;
- global economy risk, which may impact the Company's ability to raise equity or obtain additional financing;
- misappropriation of assets and security breaches;
- cyber security risks, loss of information and computer systems;
- risks related to global pandemic such as the current COVID-19 pandemic;
- demand for the Company's products and services and fluctuations in future revenues;
- development costs remaining consistent with budgets;
- ability to manage anticipated and unanticipated costs;
- pricing of various cannabis products;
- approval by the TSX-V and regulatory authorities of the financings and acquisitions being undertaken by the Company;
- impact of the COVID-19 pandemic on the Company's business;
- market demand for proposed product and brand launches;
- regulatory authorities continuing to act in accordance with prior guidance;
- equity and debt markets continuing to provide the Company with access to capital on terms acceptable to the Company;
- general economic trends and conditions;
- expected actions of third parties;
- future growth prospects and business opportunities;
- expected growth in the amount of cannabis sold by the Company and the expected timing, size and pricing regarding the recreational market;
- expectations with respect to future production costs;
- expectations with respect to the renewal and/or extension of the Company's licences and permits;
- capital cost of expected expansion by the Company;
- ability of the Company to achieve expected production;
- competitive conditions of the cannabis industry;
- applicable laws, regulations and any amendments thereof; and
- grant and impact of any licence or supplemental licence to conduct activities with cannabis or any amendments thereof.

Financial instrument and risk management

The Company's principal financial instruments are outstanding amounts drawn from its credit facilities. Other financial assets and liabilities arising directly from its operations and corporate activities include cash and cash equivalents, accounts payable and accrued liabilities, taxes

CanadaBis Capital Inc.
Management Discussion & Analysis
For the Years Ended July 31, 2021 and 2020

payable or receivable and long-term debt. The primary risk arising from the Company's financial instruments are credit risk, liquidity risk, and interest rate risk, each of which is discussed below. Management manages and monitors these exposures to ensure appropriate measures are implemented in a timely and effective manner.

Credit risk

Credit risk is the risk of loss associated with the counterparty's inability to fulfill its payment obligations. Financial instruments that would potentially subject the Company to concentrations of credit risks consist principally of cash and accounts receivable. All of the Company's cash was held at three financial institutions at July 31, 2021, all of which are Canadian Chartered Banks.

For accounts receivable, the Company does not hold any collateral as security but mitigates this risk by dealing only with what management believes to be financially sound counterparties. As at July 31, 2021, approximately 75% of the accounts receivable balances were with four parties. The Company has a credit concentration risk as it deals with counterparties that are in the licensed cannabis industry. The Company's expected credit loss allowance is determined based on 1% of not past due amounts, 5% for 1-30 days, 10% for 31- 60 days, 25% up to 90 days and 50% up to 90 days.

The Company's aging of trade receivables was as follows:

	July 31, 2021	July 31, 2020
Account receivables		
Not past due	\$ 612,886	\$ 1,084,418
1-30 days	2,812	39,522
31-90 days	39,383	33,902
90+ days	554,466	-
Total gross carrying amount	997,147	1,157,841
Loss allowance	(537,040)	(85,500)
Total carrying amount	\$ 672,507	\$ 1,072,341

Reconciliation of the loss allowance

The following table shows a reconciliation of the opening to the closing balance of the loss allowance by the class of financial instrument. All classes of financial instruments shown are assessed for impairment in the current year using the simplified approach permitted under IFRS 9, whereby the loss allowance is always measured at an amount equal to lifetime expected credit losses.

	July 31, 2021	July 31, 2020
Account receivables		
Balance, beginning of year	\$ 85,500	\$ -
New financial assets originated	451,540	85,500
Balance, end of year	\$ 537,040	\$ 85,500

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet financial obligations at the point at which they are due. The Company's operating cash requirements are continuously monitored by management. As factors impacting cash requirements change, liquidity risks may necessitate the need for the Company to raise capital by issuing equity or obtaining debt financing.

The Company primarily financed its operations and growth initiatives by generating revenue, equity financing and other means of short-term financing available. Management is actively pursuing all sources of financing options available, which includes working with existing and new potential lenders to consider refinancing of existing credit facilities, equity financing, and other means of short-term and long-term financing. Near-term operating capital has been funded by way of related party advances, with repayment terms disclosed in Note 22 to the audited Financial Statements. (See Note 22 for details in the Financial Statements)

CanadaBis Capital Inc.
Management Discussion & Analysis
For the Years Ended July 31, 2021 and 2020

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates. The Company is exposed to interest rate risk through its long-term debt (Note 15 to the Financial Statements). A 1% increase to the interest rate would have an approximate impact of \$74,425 on pre-tax earnings for the year ended July 31, 2021.

RELATED PARTY TRANSACTIONS

There were transactions between related parties which required disclosure in the Financial Statements.

Balances due from related parties as at:

Amount due from related party	July 31, 2021	July 31, 2020
890859 Alberta Ltd.	\$ 11,570	\$ 6,432

890859 Alberta Ltd. is a company owned by a shareholder and officer of the Company. 890859 Alberta Ltd. sells non-cannabis balms and creams produced by the Company and subleases space from the Company's retail location for rental income of \$2,400 (July 31, 2020 - \$2,000) for the year ended July 31, 2021.

Balance due to related parties as at:

Amount due to related parties	July 31, 2021	July 31, 2020
SS Pipelines Ltd. (i)	\$ 689,744	\$ 580,640
Runaway Developments Ltd. (ii)	930,985	650,000
Director and shareholders (iii)	10,556	4,939
	\$ 1,631,286	\$ 1,235,579

- (i) SS Pipelines Ltd. is a related party owned by the Chief Executive Officer of the Company. The amounts are non-interest bearing, unsecured, and have no fixed terms of repayment.
- (ii) Runaway Developments Ltd. is a company owned by a shareholder of the Company. The amounts due to Runaway Developments Ltd. bears interest at 7% per annum and matured on September 30, 2020. Subsequent to July 31, 2020 year-end, the maturity was extended to December 31, 2021. Subsequent to July 31, 2021, additional funds of \$277,193 advanced for operational purposes during the year were repaid.
- (iii) As at July 31, 2021, an aggregate amount of \$10,556 was due to a Director and shareholders of the Company. These amounts are due on demand, unsecured and interest free. During the year ended July 31, 2021, an aggregate \$344,000 were advanced for operational purposes and repaid in full.

On January 31, 2021, 1998643 Alberta Ltd. entered into a lease arrangement with a company that is owned by two directors and a significant shareholder of CanadaBis to lease an extraction machine over a 72-month term for a monthly payment of \$11,991.47 plus applicable taxes and residual value of \$1, with first payment due April 30, 2021. Considering the related party nature of this transaction, the rate implicit to the arrangement approved by the Board of Directors was 11.0%. For accounting purposes, the incremental borrowing rate for the Company (lessee) was assessed as 12.0% supported by an independent financing quote but due to financing constraints the Company entered into this lease arrangement with a related party. As at January 31, 2021, a right-of-use asset of \$629,240 was recognized and a corresponding lease obligation was recognized, see Notes 12(ii) and 14 to the Financial Statements for further details. The right-of use asset is depreciated over the lease term on a straight-line basis, which is shorter than the asset's useful life.

CRITICAL ACCOUNTING ESTIMATES & JUDGEMENTS

There have been no significant changes in CanadaBis' critical accounting estimates in the year ended July 31, 2021. Further information on the Company's critical accounting policies and estimates can be found at notes 5 to the July 31, 2021, audited consolidated Financial Statements

FORWARD-LOOKING STATEMENTS

This MD&A contains forward-looking information that reflects management's expectations related to expected future events, financial performance and operating results of the Company. Investors should not place undue reliance on forward-looking statements as the plans, intentions or expectations upon which they are based might not occur.

All statements other than statements of historical fact included in the MD&A may be forward-looking information. Forward-looking information are not facts, but only expectations as to future events and generally can be identified by the use of statements that include words or phrases such as, "anticipate", "believe", "continue", "could", "estimate", "expect", "intend", "likely", "may", "project", "predict", "propose", "potential", "might", "plan", "seek", "should", "targeting", "will", "Non-GAAP Measures", "Adjusted EBITDA" and similar expressions. These statements are not guarantees of future performance and are subject to known and unknown risks, uncertainties and other factors that may cause CanadaBis' actual results or events to differ materially from those anticipated in such forward-looking statements.

CanadaBis believes that the expectations reflected in these forward-looking statements are reasonable but no assurance can be given that these expectations will prove to be correct and such forward-looking statements included in this MD&A should not be unduly relied upon by investors as actual results may vary. These statements speak only as of the date of this MD&A and are expressly qualified, in their entirety, by this cautionary statement. This MD&A contains forward-looking statements pertaining to the following:

- the Company's business plans;
- the Company's monitoring of consumer plans and expectations regarding the developments of extraction products in the cannabis space;
- projections on products and relationships with toll processors;
- the plans to rectify debt covenants including new credit facility approval;
- expectations regarding the Company's evaluation of growth opportunities and plans with respect to the same;
- projection of market prices and costs;
- anticipated supply and demand for recreational cannabis;
- the Company's expansion of the cultivation and extraction facilities;
- the Company's ability to offer high quality cannabis products; and
- impact of the proposed changes to the edibles market.

With respect to forward-looking statements listed above and contained in this MD&A, CanadaBis has made assumptions regarding, among other things, the following:

- there will be no material change to the regulatory environment in which CanadaBis operates;
- CanadaBis will receive the required license and approvals on a timely basis, as anticipated;
- Pricing of various cannabis products;
- Development costs remaining consistent with budgets;
- Market demand for proposed product and brand launches;
- The expected growth in the amount of cannabis sold by the Company and the expected timing, size and pricing regarding the recreational market; and
- Capital cost of expected expansion by the Company.

CanadaBis' actual results could differ materially from those anticipated in these forward-looking statements as a result of the risk factors set forth above. Readers are cautioned that the foregoing lists of factors are not exhaustive. The forward-looking statements contained in this MD&A are expressly qualified by this cautionary statement. CanadaBis does not undertake any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, unless required by law.