



MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Three Months Ended October 31, 2021 and 2020

CanadaBis Capital Inc.

Management Discussion & Analysis

For the Three Months Ended October 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 unaudited condensed interim for the three months ended October 31 2021 and 2020 (“Financial Statements”) and the July 31, 2021 audited consolidated 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, 2021. 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; include cultivation and wholesale, extraction and tolling
- Full Spectrum Labs Ltd. (operating as “Stigma Roots”) - 100% held;
- 2103157 Alberta Ltd. (operating as “INDICative Collection”) -100% held; the retail operation, 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 December 23, 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 Three Months Ended October 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.

QUARTERLY HIGHLIGHTS

	Three months ended	
	October 31, 2021	October 31, 2020
Net revenues	\$1,845,297	\$1,174,585
Cost of sales	912,968	752,612
Gross profit (loss)	932,329	421,973
Net loss and comprehensive loss	(270,919)	(703,376)
Loss per share (basic and diluted)	\$ (0.00)	\$ (0.01)
Adjusted EBITDA	\$14,142	Not assessed

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 October 31, 2021, as first comparative period to current operations as for first quarter in fiscal 2020 that captured revenue from all three segments. EBITDA calculation shown by entity to present the breakdown of each entity.

Q1 2022 HIGHLIGHTS

- Adjusted EBITDA positive results of \$14,142 mainly from increased Brand awareness and the launch of the DAB BODs Brand into the marketplace. The brand has been well received and sold-out multiple times with increasing orders from provincial purchasers. This positive performance is expected to increase in the next quarter based on high demand and increase purchase orders from the province of Alberta, Ontario and British Columbia on new products such as moonrocks, infuse pre-rolls, Live Rosin vapes and high CBD cartridges.

The Adjusted EBITDA positive results of \$14,142 for the three month period ended October 31, 2021 has a contribution of \$287,792 by Stigma Grow which represent extraction, tolling, and cultivation, and wholesale activities. This amount was offset by negative Adjusted EBITDA of \$227,896 contributed by Canadabis Capital Inc, which is not a revenue generating entity and negative Adjusted EBITDA of \$46,124 by INDICATIVE Collection that represents the retail activities. The balancing Adjusted EBITDA of net \$370 relates to entities such as Stigma Pharmaceuticals Inc and Full Spectrum Labs Ltd, which are not revenue generating entities. *Adjusted EBITDA is a non-GAAP performance measure. Refer to "Cautionary Statement Regarding Certain Non-GAAP Performance Measures" for further details.*

- On July 20, 2021, the Company and Stigma Grow formed a sales license partnership with edibles and natural products company, WABI SABI BRANDS LTD.) to launch its chocolate line of cannabis infuse edibles across Canada under Stigma Grow's sales license. Approximately 20,000 units were sold in Q1 with an expected increase going into Q2.
- On September 7, 2021, it was announced that the Company first tranche of funding of \$7,210,000 in respect to the new credit facility with Connect First Credit Union was completed on July 23, 2021. The second tranche of funding of \$1,640,000 shall be advanced by the Lender upon completion of financial covenant and benchmarks.
- 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
- Increased Brand awareness and the launch of the Dab Bods Brand into the marketplace and the increasing demand for the NGL SKU's. The brands have been well received and sold-out multiple times with increasing orders from provincial purchasers.

CanadaBis Capital Inc.
Management Discussion & Analysis
For the Three Months Ended October 31, 2021 and 2020

- 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.

SELECT QUARTERLY FINANCIAL INFORMATION

Three months ended	October 31, 2021	July 31, 2021	April 30, 2021	January 31, 2021	October 31, 2021	July 31, 2020	April 30, 2020	January 31, 2020
(Unaudited)	2022 Q1	2021 Q4	2021 Q3	2021 Q2	2021 Q1 (Restated)	Q4 2020	2020 Q3	2020 Q2
Net revenues	\$1,845,297	\$1,663,630	\$2,213,307	\$1,814,783	\$1,174,585	\$3,581,720	\$563,595	\$230,807
Cost of sales	912,968	752,612	1,179,306	1,286,001	\$752,612	2,371,354	446,597	369,610
Gross profit (loss)	932,329	421,973	1,034,001	528,782	421,973	\$1,210,366	\$116,998	\$(138,803)
Net loss and comprehensive loss	(270,919)	(703,376)	(225,326)	(556,302)	(703,376)	(137,130)	(882,918)	(1,417,121)
Loss per share (basic and diluted)	\$(0.00)	\$(0.01)	\$(0.01)	\$0.00	\$(0.01)	\$(0.01)	\$(0.01)	\$(0.01)

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 increased in 2022 Q1 compared to 2021 Q1. This increase was due to sales from their new SKUs launched under the Stigma Brand and the industry's demand for new innovative products. A 57% increase due to sales growth in pre-rolls, live resin vapes and shatter products. 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 has experienced growth in the existing provinces such as Alberta and British Columbia. The Company reported net revenues of \$1,845,297 for three months ended Q1 2022 compared to \$1,174,585 of the 2021. 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 three months ended October 31, 2021, of \$270,919 compared to \$703,376 in the same prior period. A decrease in net loss resulted from increased sales to the provinces from its hydrocarbon products and several new SKUs acceptance. In addition, the overall loss of \$270,919 was mainly due to high expenses for legal and accounting fees arising from new credit facility and prospectus filing process.

The Company sold over 153,000 units of concentrate products for the quarter ended October 31, 2021, a significant increase compared to the 117,000 units sold over the comparative period.

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 three months ended October 31, 2021, was \$970,170 compared to \$814,996 for the corresponding periods of October 31, 2020. The main increase came from legal fees surrounding the negotiation and processing of the Company's new credit facility and private placement offset partially by reduction in salaries and wages expenses by 20% through its plan to reduce cost, increase efficiency, cashflow and liquidity. Even though many insurance companies created costly and high premiums for the Cannabis industry, the Company was able to negotiate prices for the period that offer minimal increase period over period.

CanadaBis Capital Inc.
Management Discussion & Analysis
For the Three Months Ended October 31, 2021 and 2020

There was reduction in share-based payments from \$27,171 for the three months period ended October 31, 2021 compared to \$117,613 in October 31, 2020. This is due to the cancellation of unvested options and departure of several option grantees during the period and less other share-based payment amounts.

Finance cost increase significantly from \$132,367 for the period ended October 31, 2021, compared to \$72,328 in October 31, 2020. The main reason for this is the new credit facility interest charge.

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.

Below is a summary of results by reportable segments for the three months ended October 31, 2021.

For the three months ended October 31, 2021	Cultivation and wholesale		Retail	Extraction and tolling		Eliminations	Consolidated
Net revenue (external customers)	\$ 156,848	\$ 198,010	\$ 1,490,439	\$ -	\$ 1,845,297		
Cost of sales	106,005	145,273	661,690	-	912,968		
Gross profit (loss)	50,843	52,737	828,749	-	932,329		
General and administrative							970,770
Depreciation and amortization							78,130
Share-based payments							27,171
Operating loss							(143,742)
Financing costs							(132,367)
Other income							5,190
Loss before taxes							(270,919)

Below is a summary of results by reportable segments for the three months ended October 31, 2020.

For the three months ended October 31, 2020 (Restated)	Cultivation and wholesale		Retail	Extraction and tolling		Eliminations	Consolidated
Net revenue	\$ 60,271	\$ 339,912	\$ 774,402	\$ -	\$ 1,174,585		
Cost of sales	56,773	232,514	463,325	-	752,612		
Gross profit	3,498	107,398	311,077	-	421,973		
General and administrative							814,996
Depreciation and amortization							121,040
Share-based payments							117,613
Operating loss							(631,676)
Financing costs							(72,328)
Other income							628
Loss before taxes							(703,376)

CanadaBis Capital Inc.

Management Discussion & Analysis

For the Three Months Ended October 31, 2021 and 2020

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 three month period ended October 31, 2021, was \$156,848 compared to \$60,271 for the corresponding period in 2020. During the period, the Company increased its pre-roll sales across provinces

Retail operations:

Overall net retail revenue for the three months ended October 31, 2021, was \$198,010, compared to \$339,912 in the corresponding period. Retail operations has decreased sales from customer reduction due to road construction and road closures. In addition, there have been increase competition in the market from significant growth in Stores across Alberta. The Company continues to re-brand itself in the face of competition to increase market share with high expectation of growth in Q2 2022.

Extraction and tolling:

The net extraction and tolling revenue for the three month period ended October 31, 2021, was \$1,490,439 compared to \$774,402 for the corresponding period of October 31, 2020. The Company was able to significantly increase its sales of extract products, in the provinces of Alberta, Ontario, Manitoba, Saskatchewan and British Columbia. During Q1, Company increases its sales through its product awareness campaign and the launch of several new SKUs which the market reaction was extremely positive.

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.

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 three month 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 three months period ended October 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.

CanadaBis Capital Inc.
Management Discussion & Analysis
For the Three Months Ended October 31, 2021 and 2020

FINANCIAL CONDITION

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

	Increase / (decrease)	Primary factors explaining change
Cash and cash equivalents	\$(829,693)	The decrease is due to increase purchases as a result of increase in operation and sales.
Accounts receivable	248,595	Increase is due to the increase demand of our new SKUs in the province of Alberta, BC and the Ontario Cannabis Store.
Goods and services tax receivable	1,449	Net increase due to timing of revenue and expenses, offset by collection of outstanding taxes receivable.
Prepaid expenses	78,648	Increase due to insurance prepaid for the period and Health Canada deposits.
Inventory	314,749	Increase due to harvest in August 2021.
Biological assets	41,010	Increase due to cost related to several strains growing during the period.
Property, plant and equipment	(90,388)	Net decrease mainly due to additions and depreciation charge for the period.
Intangible assets	(3,326)	Decrease is due to amortization charge for period.
Due from related parties	630	Marginal increase
Accounts payable and accrued liabilities	427,772	Increase is due to products purchased to meet demand and increase in sales
Due to related parties	(277,194)	Decrease is due to repayment of related party balances
Lease obligation (in aggregate)	(21,560)	Decrease is due to repayment during the period
Long-term debt (in aggregate)	(119,006)	Decrease is due to payment made during the period.
Deferred income liability	(4,590)	Decrease due to implied benefit from government funding

LIQUIDITY AND CAPITAL RESOURCES

For the three month period ended October 31, 2021, the Company incurred a net loss of \$270,919 (October 31, 2020 - \$703,376), current liabilities exceeding current assets by \$7,412,937 (July 31, 2021 - \$7,241,968).

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 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 28 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).

CanadaBis Capital Inc.
Management Discussion & Analysis
For the Three Months Ended October 31, 2021 and 2020

As at October 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 October 31, 2021, the Company was in non-compliance with the debt service coverage ratio at (0.0082):1, the debt to equity ratio at 7.72 and the current ratio at 0.27. The Credit Union confirmed in writing to the Company that payment of the Commercial Mortgage 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 existing loan facilities:

On February 23, 2021, the Company through one of its wholly-owned subsidiaries secured funding of \$393,428 under the Regional Relief and Recovery Fund ("RRRF"), an economic relief program under Canada's overall COVID-19 Economic Response Plan to fund ongoing non-capital operations. Repayment of this loan commences on January 31, 2023 with 35 consecutive monthly installments of \$10,930 and one final payment of \$10,878 due on December 31, 2025. Interest will be charged at an average bank rate plus 3% from commencement of repayment on January 31, 2023 to December 30, 2025. Considering the interest free period and that received funding at an interest rate below market, the funding was deemed a government grant resulting in a deferred income liability recognized representing the benefit received. As at October 31, 2021, the deferred income liability outstanding was \$53,496 net of \$4,589 recognized during the three months ended October 31, 2021 as other income representing recognition of this benefit over the term of the funding agreement. An annual effective interest rate of 5.45% was considered reflective of a market rate available at a financial institution under similar terms of repayment. A corresponding accretion expense of \$4,589 was recognized during this period to accrete the loan outstanding, resulting in a net impact of \$Nil to net loss for the three month period ended October 31, 2021.

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). Aggregate financing costs associated with the New Credit Facility incurred was \$225,000 that was allocated against the Commercial Mortgage Loan. The costs associated with the loan form part of the amortized costs of the loan used to determine the effective interest rate of 3.63%. The monthly payable of principal and accrued interest of the Commercial Mortgage Loan is \$91,081. The second tranche of \$1,640,000 shall be advanced upon completion and delivery of the Company's July 31, 2021 year-end audited financial statements, the 2022 projections and following compliance with debt covenants for two (2) quarters of the year ending July 31, 2022. Upon receipt of the second tranche, this funding will be used to settle the related party debt (Note 20). As at October 31, 2021, the demand line of credit was not drawn down

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

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:

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	

CanadaBis Capital Inc.

Management Discussion & Analysis

For the Three Months Ended October 31, 2021 and 2020

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 2022 Q1. 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 October 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 October 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.

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.

CanadaBis Capital Inc.
Management Discussion & Analysis
For the Three Months Ended October 31, 2021 and 2020

SUBSEQUENT EVENT

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.

On December 3, 2021, the Company announced that it closed the first tranche of its previously announced non-brokered private placement consisting of 1,153,846 Units at a price of \$0.13 per Unit to raise gross proceeds of \$150,000. Each unit consisted of one common share and one common share warrant. Each Warrant entitles the holder to purchase one additional share at a price of \$0.25 per share for a period of three years following closing or until December 1, 2024. As at the date of approval of these Financial Statements, the second tranche of 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 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. The depreciation and amortization expense for the three month period ended October 31, 2021 is before reclassification of \$43,504 from "Depreciation and amortization" financial statement line item to "Cost of sales – extraction and tolling" (Note 8 to the Financial Statements) and capitalization of \$11,854 to Biological Assets (Note 10 to the Financial Statements). Outlined below a reconciliation from GAAP measure (Net loss) to Non-GAAP Measure (Adjusted EBITDA).

Adjusted EBITDA

(Unaudited)	Three months ended	
	October 31, 2021	October 31, 2020
Net loss	\$(270,919)	N/A
Adjustment		
Finance cost	132,367	N/A
Depreciation and amortization	133,487	N/A
Change in fair value of biological asset	-43,692	N/A
Realized fair value on inventory sold	35,728	N/A
Share-based payments	27,171	N/A
Adjusted EBITDA	\$14,142	

CanadaBis Capital Inc.

Management Discussion & Analysis

For the Three Months Ended October 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 October 31, 2021, CanadaBis had the following issued and outstanding:

- 135,982,534 common voting shares;
- 3,888,143 warrants; and
- 7,451,666 options.

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. In accordance with the Company's accounting policy, the full value of the unit proceeds were allocated to common shares.

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. 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. 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 October 31, 2021, 33,548,403 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:

CanadaBis Capital Inc.
Management Discussion & Analysis
For the Three Months Ended October 31, 2021 and 2020

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

CanadaBis Capital Inc.
Management Discussion & Analysis
For the Three Months Ended October 31, 2021 and 2020

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 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 four financial institutions at October 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 October 31, 2021, approximately 93% 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:

	October 31, 2021	July 31, 2021
Account receivables		
Not past due	\$ 795,126	\$ 612,886
1-30 days	125,231	2,812
31-90 days	17,721	39,383
90+ days	534,568	554,466
Total gross carrying amount	1,472,646	1,209,547
Loss allowance	(551,544)	(537,040)
Total carrying amount	\$ 921,102	\$ 672,507

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.

	October 31, 2021	July 31, 2021
Loss allowance		
Balance, beginning of period	\$ 537,040	\$ 85,500
Increase in loss allowance for the period	14,504	451,540
Balance, end of period	\$ 551,544	\$ 537,040

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.

CanadaBis Capital Inc.
Management Discussion & Analysis
For the Three Months Ended October 31, 2021 and 2020

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)

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 \$18,309 on pre-tax earnings for the year ended October 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	October 31, 2021	July 31, 2021
890859 Alberta Ltd.	\$ 12,200	\$ 11,570

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 \$600 (October 31, 2020 - \$600) for the three months period ended October 31, 2021.

Balance due to related parties as at:

Amount due to related parties	October 31, 2021	July 31, 2021
SS Pipelines Ltd. (i)	\$ 689,744	\$ 689,744
Runaway Developments Ltd. (ii)	653,792	930,985
Director and shareholders (iii)	10,556	10,556
	\$ 1,354,092	\$ 1,631,286

- (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, 2021 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. As at October 31, 2021, the balance outstanding includes accrued interest of \$3,792
- (iii) As at October 31, 2021, an aggregate amount of \$10,556 (July 31, 2021 - \$10,556) was due to a Director and shareholders of the Company. These amounts are due on demand, unsecured and interest free.

During the three months ended October 31, 2021 and 2020, no operational and capital expenses were paid by the related parties on behalf of the Company. During the three months ended October 31, 2021, non-cannabis products sales of \$2,400 (October 31, 2020 - \$Nil) to the related parties were made. The Company is leasing an extraction machine from a company that is owned by three directors of CanadaBis. See Notes 12(ii) and 14 for further details. During the year ended July 31, 2021, the Company entered into an agreement to rent for a twelve-month period a vape filling machine from a director and shareholder of the Company. During the three months period ended October 31, 2021, an aggregate equipment rental expense of \$27,112 was incurred representing a rental fee of \$1 per vape filled.

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.

CanadaBis Capital Inc.
Management Discussion & Analysis
For the Three Months Ended October 31, 2021 and 2020

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.