



CANADABIS
— CAPITAL INC. —

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Years Ended July 31, 2025 and 2024

CanadaBis Capital Inc.

Management Discussion & Analysis

For the Years Ended July 31, 2025 and 2024

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 31, 2025 and July 31, 2024 (the “Financial Statements”). These 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, 2024. All amounts are presented in Canadian dollars unless otherwise stated. This MD&A is dated November 27, 2025.

Basis of Presentation and going concern

This MD&A has been prepared with reference to the National Instrument 51-102 Continuous Disclosure Obligations established by the Canadian Securities Administrators. Additional information concerning CanadaBis, including its Consolidated Financial Statements can be found on SEDAR+ at www.sedarplus.ca.

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, and Extract;
- 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.

The Company’s consolidated financial statements were prepared on a going concern basis. The going concern basis reflects management’s expectation that the Company will be able to continue operating for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business. These financial statements do not include any adjustments to the amounts and classification of assets and liabilities that would be required if the going concern assumption were no longer appropriate.

For the year ended July 31, 2025, the Company recorded a net loss of \$835,204 and cash flows used in operating activities of \$3,195,988. As at July 31, 2025, the Company had excise taxes payable of \$5,984,543, of which approximately \$5,086,277 represented amounts in arrears, including interest and penalties. These arrears are subject to regular scheduled payments in accordance with arrangements with the Canada Revenue Agency which the Company remains fully compliant.

As at July 31, 2025, the Company classified its long term debt with the lender as a current liability due to non-compliance with the Debt Service Coverage Ratio and Debt to Equity Ratio covenants established under the lending agreement (refer to Note 15(iii) – Long term debt). Subsequent to year end, on November 12, 2025, the lender issued a covenant waiver letter confirming that it waived its right to take enforcement action related to these specific covenant breaches until at least July 31, 2026. In accordance with IAS 1, the debt remained classified as current at July 31, 2025, because the covenant waiver was obtained after the reporting date. The Company continues to maintain a cooperative relationship with the lender.

While the Company is taking active steps to strengthen its financial position, the factors noted above represent conditions that create material uncertainty regarding the Company’s ability to continue as a going concern. The Company’s ability to continue as a going concern depends on its ability to improve operating cash flows, continued cooperation with lenders and remediation of debt covenants, continued cooperation with Canada Revenue Agency including compliance with current filing requirements and its ability to successfully raise funds and its ability to meet its debt obligations.

There can be no certainty that the Company will obtain the necessary financing or achieve the operational improvements required to support its ability to continue as a going concern. Accordingly, these financial statements do not reflect any adjustments that might result should the Company be unable to continue as a going concern.

Restatement of Comparative Periods

During the year ended July 31, 2025, the Company identified a prior period error relating to unrecorded interest and penalties on excise tax and GST arrears owing to the Canada Revenue Agency. Management determined that interest and penalties totalling \$684,350 were incurred in the comparative year ended July 31, 2024 but were not recorded in that period. The error resulted from an oversight in the monitoring and reconciliation of historical excise and GST filings. In accordance with IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors, the Company has corrected this error retrospectively and has restated the comparative information as if the interest and penalties had been recorded in the period in which they were incurred. The impact of the restatement on the previously reported financial statements for the year ended July 31, 2024 is as follows:

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	As at July 31, 2024 As previously reported	As at July 31, Adjustment	As at July 31, 2024 As Adjusted
Trade accounts payable and accrued liabilities	\$8,059,518	\$684,350	\$8,743,868
Total Current Liabilities	11,912,432	684,350	12,596,782
Other income (expenses)	357,827	(684,350)	(326,523)
Net income (loss) before tax for the period	681,765	(684,350)	(2,585)

Refer to the Disclosure Controls and Procedures section for actions taken by Management to improve internal controls relating to tax compliance and monitoring, to prevent similar errors in future periods.

Reclassification of comparative amounts

During the year ended July 31, 2025, the Company reclassified certain expenses previously presented within General and Administrative expenses to a new presentation category titled Marketing and Selling expenses. Management believes this presentation provides more reliable and relevant information regarding the nature of these costs and the Company's cost structure. The comparative period amounts have been reclassified to conform to the current year presentation. This reclassification had no impact on total operating expenses, net income, total assets, total liabilities, or equity.

COMPANY OVERVIEW

CanadaBis is a vertically integrated cannabis company with a licensed cultivation and manufacturing facility located in Red Deer, Alberta Canada. The common shares of CanadaBis ("Common Shares") trade on the TSX Venture Exchange ("TSX-V") under the ticker symbol "CANB".

CanadaBis participates in the Canadian recreational cannabis market pursuant to the Canadian 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.

The Company's value proposition is centered on delivering high quality cannabis products and manufacturing services that meet the needs of both 'business to business' and 'business to consumer' customers. The Company focuses on building recognizable and trusted product brands while maintaining flexible production capabilities that allow it to respond quickly to changes in market demand.

The Canadian cannabis market continues to shift toward high potency, extract derived and infused product formats. These formats require specialized extraction and formulation capabilities which are not widely available across the sector. CanadaBis has established recognized expertise in producing high quality concentrates and infused products at scale, and the Company's strategy is to leverage this capability to support growth across both 'business to business' and 'business to consumer' channels.

The Company's strategic priorities include:

- **Strengthening its position as an industry leader** in innovative and efficient, scalable production of concentrate and infused formats.
- **Maintaining a focused and differentiated brand portfolio** (DAB BODS, NGL, HIGH PRIESTESS, STIGMA GROW, VERO) with an emphasis on consistent product performance and consumer recognition.
- **Aligning product offerings with evolving consumer demand**, continuous development of innovative new products including high-potency concentrates, infused pre-rolls, extract-derived formats and select complementary dried flower SKUs.
- **Expanding contract manufacturing and white label services** for licensed producers seeking access to specialized extraction capacity without significant capital investment.
- **Advancing product development capabilities** to drive internal innovation and support partner co-development and commercialization initiatives.
- **Leveraging operational agility** to efficiently scale new formulations and adjust production mix based on provincial sell-through trends and market pricing dynamics.
- **Providing reliable customer service and supply execution** across both business-to-business and business-to-consumer channels.
- **Supporting education and awareness efforts** focused on concentrate and infused product characteristics to promote responsible and informed use.

By prioritizing formats that align with evolving consumer purchasing behavior, the Company aims to improve production throughput, enhance margin sustainability and expand revenue across both wholesale and retail channels. The strategic focus on extraction and infused product capabilities is expected to support scalable growth and improved financial performance as the market continues to move toward higher THC, extract driven categories.

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Consumer Brands:

The Company maintains a portfolio of established product brands that are distributed across multiple provincial markets in Canada. The CanadaBis brand family includes **DAB BODS**, **NGL**, **HIGH PRIESTESS**, **STIGMA GROW** and **VERO**, each designed to serve distinct consumer preferences within the concentrates, infused pre roll and specialty flower categories. The portfolio reflects the Company's focus on extract-derived formats, consistent product quality and recognizable brand identity. The Company continues to support brand development through targeted commercialization strategies, product innovation and ongoing engagement with provincial distributors and retailers to maintain shelf presence and market relevance.

- **DAB BODS** focuses on approachable, high-potency concentrate and infused formats designed for broad consumer appeal and repeatable performance.
- **NGL** offers modern and trend-driven product expressions tailored to younger legal-age consumers seeking bold flavor and high THC impact formats.
- **HIGH PRIESTESS** is oriented toward artisanal concentrate and infused offerings with emphasis on terpene expression, sensory profile and premium experience.
- **STIGMA GROW** represents the Company's core extraction identity and is associated with reliability, potency and consistency across multiple concentrated formats.
- **VERO** focuses on curated and formulated products that highlight cannabinoid balance, controlled potency and refined flavor profiles.



DAB BODS



HIGH PRIESTESS



NGL



VERO

MARKETING AND COMMERCIALIZATION ADVANTAGE

The Company maintains a diversified commercialization and market engagement strategy through selective participation in board-supported promotional initiatives, and by leveraging the Company's in-house Retail Relationship Management team, which engages directly and consistently with licensed retailers across key provincial markets. These representatives provide ongoing product education, highlight new and upcoming launches, support merchandising and promotional planning, and gather real-time feedback on consumer preferences and store-level sell-through trends.

This direct-to-retailer engagement model enhances brand visibility, supports stronger product positioning at the point of sale, and enables the Company to adapt commercial and production strategies more rapidly to changing market dynamics. Management believes that this approach provides a meaningful competitive advantage in a highly saturated market where differentiation is driven not only by product quality but also by sustained store-level support and presence. Our strategic marketing approach is evidenced through repeat shelf placement and sustained performance for the Company's flagship brands, each of which has demonstrated consistent consumer demand and meaningful retail velocity in core markets.

STRATEGIC TRANSACTIONS AND DEVELOPMENTS

On March 11, 2025, the Company and Simply Solventless Concentrates Ltd. ("SSC") entered into a definitive arrangement agreement (the "Arrangement Agreement"), pursuant to which SSC was to acquire all of the issued and outstanding shares of the Company in consideration for the issuance of SSC Shares on the basis of the Exchange Ratio as defined in the Arrangement Agreement (the "Transaction").

On April 28, 2025, CanadaBis terminated the Arrangement Agreement with SSC due to an "SCC Material Adverse Change" under the terms of the Arrangement Agreement. The Company does not anticipate additional costs associated with the termination (Note 29 – Commitments and contingencies).

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On April 2, 2025 and April 14, 2025, the Company closed a brokered private placement of the issuance of 2,620 and 1,415 unsecured 11% convertible debentures (the "Debenture(s)"), respectively at \$1,000 per Debenture for the aggregate gross proceeds of \$4,035,000 (collectively, the "Financing") from the First and Final Tranches. The Financing provided additional funds for short term liquidity needs. Refer to "Liquidity and Capital Resources" for further details on the resulting accounting. The Company granted 1,251,000 broker warrants and 694,000 advisory warrants to the Agent pursuant to the Financing. Refer to "Shareholders' Capital" for further details on the resulting accounting.

ANNUAL AND QUARTERLY HIGHLIGHTS

	Three months ended		Year ended	
	July 31, 2025	July 31, 2024 ⁽¹⁾	July 31, 2025	July 31, 2024 ⁽¹⁾
Gross revenue	\$6,412,907	\$7,248,309	\$30,530,859	\$30,409,082
Excise duty	2,741,117	3,315,684	13,629,448	12,454,405
<i>Excise duty %</i>	<i>42.7%</i>	<i>45.7%</i>	<i>44.6%</i>	<i>41.0%</i>
Net revenues	3,671,790	3,932,625	16,901,411	17,954,677
Cost of sales	2,244,065	1,966,843	9,517,603	9,133,334
Gross profit	1,427,725	1,965,782	7,383,808	8,821,343
<i>Gross profit %</i>	<i>22.3%</i>	<i>27.1%</i>	<i>24.2%</i>	<i>29.0%</i>
Net income (loss) and comprehensive income (loss)	(1,231,689)	(1,010,907)	(835,204)	(84,065)
Net income (loss) per share (basic and diluted)	\$(0.01)	\$(0.00)	\$(0.01)	\$0.00
Adjusted EBITDA ⁽²⁾	(\$636,534)	(\$609,505)	\$914,181	\$1,573,688

(1) Certain comparative figures for 2024 have been restated. See Basis of Presentation and Going concern

(2) Adjusted EBITDA is a Non-GAAP performance measure. Refer to "Cautionary Statement Regarding Certain Non-GAAP Performance Measures" for further details.

RESULTS OF OPERATIONS AND FINANCIAL CONDITION

Gross Revenue

Gross revenue for the three months ended July 31, 2025 (the "Quarter") was \$6.4 million, compared to \$7.2 million in the same period of the prior year. The decrease in quarterly revenue reflects the Company's decision to discontinue marginally profitable SKUs previously listed with provincial boards, as well as seasonally lower retail cannabis sales as reported by Health Canada. For the year ended July 31, 2025 (the "Year"), gross revenue totaled \$30.5 million, consistent with \$30.4 million in the prior year, demonstrating stable year-over-year sales performance despite product rationalization, competitive pricing pressures, and the temporary pause in new product launches implemented during the second and third quarters of the Year.

This intentional pause in SKU development was part of the Company's strategic alignment with the proposed merger transaction with SSC, under which product development initiatives and commercialization efforts were to be consolidated within the combined entity post-closing. As a result, several planned product launches and format introductions were deferred during the latter half of the Year, modestly impacting sales momentum. This decision reflected management's disciplined approach to capital deployment and innovation resourcing pending completion of the transaction, ensuring long-term product pipeline efficiency and strategic continuity.

International sales of flower and bulk extracts, including Diamonds and Shatter shipped to Portugal, generated gross margins ranging from 59% to 67% during the Year. The Company continues to expand its international sales program, having initiated shipments of THCA band flower to the Czech Republic in addition to existing exports to Portugal. International sales are not subject to Canadian excise tax, resulting in materially stronger margin performance relative to domestic sales. The Company intends to further grow its international sales program to enhance blended gross margin performance, supported by its GMP-certified production capabilities. Additional detail is provided in the Results of Operations section of this MD&A.

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Excise Duty

Excise duty for the three months ended July 31, 2025 was \$2.7 million, compared to \$3.3 million in the same quarter of the prior year. As a percentage of gross revenue, excise represented 42.7% in the Quarter, a decrease from 45.7% in the comparative period. The lower excise burden in Q4 reflects the Company's rationalization of certain high-THC infused SKUs in the second half of the year, which reduced exposure to products carrying disproportionately high excise rates relative to attainable wholesale pricing.

For the year ended July 31, 2025, excise duty totaled \$13.6 million, compared to \$12.5 million in Fiscal 2024. As a percentage of gross revenue, excise increased to 44.6% for the Year, up from 41.0% in the prior year. This increase was driven by the product mix in the first half of Fiscal 2025, where several extract-derived and infused pre-roll products were commercially successful but subject to comparatively higher per-unit excise tax. The Company's decision to discontinue select SKUs with unsustainable margin profiles resulted in a sequential easing of excise pressure in the latter part of the year. Management expects a more balanced excise-to-revenue relationship moving forward as product mix continues to shift toward formats with stronger unit economics.

Net Revenue

Net revenue for the Quarter was \$3.7 million, compared to \$3.9 million in the same period of the prior year. Net revenue for the Year was \$16.9 million, compared to \$18.0 million in Fiscal 2024. The decrease in net revenue is primarily attributable to the excise impact associated with high THC product formats and the Company's decision to rationalize lower margin SKUs in the provincial distribution system.

Cost of Sales

Cost of sales for the three months ended July 31, 2025 was \$2.24 million, compared to \$1.97 million in the same quarter of the prior year. This resulted in a quarterly gross margin of 22.3%, down from 27.1% in the comparative period. The decrease primarily reflects changes in product mix during the Quarter, as a higher proportion of concentrate and infused pre-roll formats required more complex processing inputs and higher conversion costs relative to dried flower products. In addition, these product categories were disproportionately impacted by elevated excise taxes, which eroded achievable margins despite their strong sales volumes.

To mitigate further margin compression, the Company discontinued several high-volume SKUs in the infused pre-roll and infused flower categories during the second half of the year. While these products contributed meaningful revenue, their profitability declined due to the combined impact of excise rates and rising input costs. These discontinued SKUs are expected to be replaced in the upcoming fiscal year by reformulated product lines designed for higher margin realization, supported by lower cost of goods sold ("COGS") achieved through new supply partnerships that provide more efficient and cost-stable source material.

For the year ended July 31, 2025, cost of sales totaled \$9.52 million, compared to \$9.13 million in Fiscal 2024, corresponding to a full-year gross margin of 24.2%, compared to 29.0% in the prior year. The year-over-year variance reflects the higher production of extract-derived and infused products in the first half of the year, which carried increased excise-adjusted unit costs and conversion expenses. In the second half, targeted SKU rationalization and cost optimization initiatives began to restore balance between product mix and profitability. These measures, combined with improved sourcing economics and ongoing refinement of cultivation and processing efficiencies, are expected to strengthen gross margin stability and overall cost performance moving forward.

Gross Profit

Gross profit for the three months ended July 31, 2025 was \$1.43 million, compared to \$1.97 million in the same quarter of the prior year, resulting in a gross margin of 22.3%, down from 27.1%. The decline primarily reflects changes in product mix and the lingering effect of high excise rates on certain infused SKUs that were phased out during the latter part of the year. These high-THC infused pre-rolls and infused flower formats, while initially successful, became increasingly unprofitable as rising input costs and fixed excise rates compressed achievable margins. The deliberate discontinuation of these SKUs contributed to improved excise efficiency later in the year; however, the full benefit of these adjustments was not yet reflected in Q4 results.

For the year ended July 31, 2025, gross profit totaled \$7.38 million, representing a gross margin of 24.2%, compared to \$8.82 million and 29.0% in Fiscal 2024. The year-over-year decrease reflects the combined impact of product mix, elevated excise costs, and the Company's strategic pause in new product launches during the proposed merger with SSC. This pause temporarily constrained revenue diversification and delayed the rollout of next-generation SKUs designed for stronger unit economics.

Looking forward, management expects gross margin performance to improve as the Company reintroduces new, reformulated infused and extract-based products built for higher contribution margins. These upcoming product lines will benefit from reduced cost of goods sold through new source material partnerships, optimized production inputs, and enhanced yield efficiency. Supported by these initiatives, as well as ongoing cultivation and process refinements, gross margin is anticipated to strengthen progressively through Fiscal 2026.

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Net Income (Loss)

The Company recorded a net loss of \$1.23 million for the three months ended July 31, 2025, compared to a net loss of \$1.0 million in the same quarter of the prior year. The increased quarterly loss was primarily driven by non-operational items recorded in the period, including the recognition of interest and other charges associated with historical excise tax arrears. The adjustment to recognize arrears taxes was recorded in Q4 and does not reflect ongoing operating performance.

For the year ended July 31, 2025, the Company recorded a net loss of \$0.84 million, compared to a net loss of \$0.08 million in Fiscal 2024. The year-over-year change was largely attributable to the increased excise burden and margin compression experienced in the first half of the year, along with the recognition of interest and penalties relating to excise tax arrears originating in Fiscal 2024. The Company continued to demonstrate disciplined operating cost control, with Selling, General and Administrative expenses decreasing by approximately 9.1% year-over-year, partially offsetting the impact of excise-related margin pressure. Management expects that the product portfolio adjustments, cost efficiency measures, and raw material product sourcing strategies implemented over the course of the year will support improved earnings performance moving forward.

Adjusted EBITDA

Adjusted EBITDA for the three months ended July 31, 2025 was \$(0.64) million, compared to \$(0.61) million in the same quarter of the prior year. The slight decrease reflects the lower gross margin realized in the Quarter, together with the impact of one-time, non-operational interest and other charges associated with historical excise tax arrears. These factors resulted in Adjusted EBITDA that was lower than levels achieved in earlier quarters of Fiscal 2025, where contribution margins were supported by stronger sales mix and higher production throughput.

For the year ended July 31, 2025, Adjusted EBITDA totaled \$0.91 million, compared to \$1.57 million in Fiscal 2024. The year-over-year decrease is primarily attributable to the higher excise burden and margin compression experienced in the first half of Fiscal 2025 on certain extract-derived and infused formats. These impacts were partially offset by cost control measures, including a 9.1% reduction in Selling, General and Administrative expenses. The product portfolio adjustments and sourcing initiatives implemented during the year are expected to support improved Adjusted EBITDA performance going forward, as production cost efficiencies and more favourable product economics are realized.

Adjusted EBITDA is a Non-GAAP financial measure used by management to evaluate operating performance by excluding non-cash fair value adjustments, depreciation and amortization, finance costs and other non-operating items. Refer to “Cautionary Statement Regarding Certain Non-GAAP Performance Measures” for further details.

SEGMENTED OPERATIONS

For management purposes, the Company previously organized its operations into three reportable segments: Cultivation and Wholesale, Retail, and Extraction. During Fiscal 2024, the Company completed the sale of its Retail operations. As a result, beginning in Fiscal 2025, the Company now operates and reports under two segments: Cultivation and Extraction.

- **Cultivation** includes the cultivation and distribution of cannabis and cannabis products to and through provincial liquor and cannabis boards, which are then sold to end consumers.
- **Extraction** includes the production and wholesale distribution of cannabis extract products through the Company’s manufacturing facilities to licensed distributors and cannabis producers.

The Retail segment, which involved the sale of cannabis and cannabis related products directly to end consumers through Company operated storefront locations, is no longer part of the Company’s continuing operations effective with the sale in Fiscal 2024.

Gross revenue is reported inclusive of excise duty, which the Company remits as principal, but excludes sales taxes collected on behalf of third parties. Net revenue is calculated as gross revenue less excise duty. Excise duty functions as a production tax that becomes payable when cannabis products are stamped and leave the Company’s licensed premises. The amount of excise payable may not directly correlate to the revenue recognized, as excise rates vary by product type and by provincial distribution framework.

Excise is generally not shown as a separate line item on customer invoices and increases in excise are not always recoverable through price adjustments. In addition, if a customer defaults on payment, the Company is unable to recover the excise amounts previously remitted. Accordingly, excise duty is recognized as a reduction of gross revenue and is presented within the “Cultivation and Wholesale” and “Extract” revenue streams.

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In accordance with the **Excise Tax Act**, the Company is required to maintain a security deposit with the Canada Revenue Agency of approximately \$900,000. As at the date of approval of these Financial Statements, approximately \$350,080 remains pledged as security while final remittance amounts and repayment terms continue to be finalized.

Management monitors financial performance by evaluating the results of each operating segment separately. Segment performance is primarily assessed based on profit and loss, measured in a manner consistent with the Consolidated Financial Statements. Internal transfers of cultivated biomass for extraction and product manufacturing are recorded at amounts consistent with market-based pricing. The change in fair value of biological assets and the realized fair value adjustment on inventory sold (see Note 10) are recognized within the segment where the underlying production activity occurs, ensuring that segment results reflect the full economic contribution of cultivation and processing activities.

Operating assets and liabilities, along with general and administrative expenses, income taxes, and capital expenditures, are managed centrally and are therefore not allocated to individual operating segments. Inter-segment revenues are eliminated on consolidation and presented in the "Eliminations" column. All remaining adjustments and consolidation entries are reflected in the reconciliation that follows.

The following table provides a reconciliation of segment results to the consolidated results presented in the Consolidated Financial Statements. Segment results reflect revenue and direct operating contributions for each operating segment. Corporate expenses, financing costs, income taxes, depreciation and amortization, and other non-operating items are managed centrally and reported at the consolidated level.

For the year ended July 31, 2025	Cultivation and wholesale	Retail	Extract	Eliminations	Consolidated
Gross revenue (external customers)	\$ 5,555,656	\$ -	\$ 24,975,203	\$ -	\$ 30,530,859
Excise duty	2,579,522	-	11,049,926	-	13,629,448
Net revenue (external customers)	2,976,134	-	13,925,277	-	16,901,411
Cost of sales	2,286,327	-	7,231,276	-	9,517,603
Gross profit (loss)	689,807	-	6,694,001	-	7,383,808
General and administrative					5,999,330
Marketing and Selling expenses					550,716
Depreciation and amortization					379,571
Share-based payments					-
Income/(loss) from operations					454,191
Financing costs					(638,202)
Other income (expenses)					(537,874)
Net income/(loss) before taxes					(721,885)
Income tax expense - current income tax					113,319
Net income/(Loss) and comprehensive income					\$ (835,204)

Below is a summary of results by reportable segments for the year ended July 31, 2024 (as restated).

For the year ended July 31, 2024	Cultivation and wholesale	Retail	Extract	Eliminations	Consolidated
Gross revenue (external customers)	\$ 5,958,118	\$ 152,530	\$ 24,298,434	\$ -	\$ 30,409,082
Excise duty	2,755,650	-	9,698,755	-	12,454,405
Net revenue (external customers)	3,202,468	152,530	14,599,679	-	17,954,677
Cost of sales	2,481,415	157,491	6,494,428	-	9,133,334
Gross profit	721,053	(4,961)	8,105,251	-	8,821,343
General and administrative					6,601,984
Marketing and selling expenses					706,332
Depreciation and amortization					536,486
Share-based payments					142,757
Income from operations					833,784
Financing costs					(509,846)
Other income (expenses)					(326,523)
Net income before taxes					(2,585)
Income tax expense - current income tax					81,480
Net income and comprehensive income					\$ (84,065)

(1) Certain comparative figures for 2024 have been restated. See Basis of Presentation and Going concern

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

Cultivation and wholesale:

Net cultivation and wholesale revenue for the year ended July 31, 2025 was \$3.0 million, compared to \$3.2 million in the prior year, reflecting relatively consistent demand for bulk flower and biomass. The Company continues to advance its indoor cultivation program through ongoing refinement of environmental controls, irrigation management and integrated pest mitigation protocols. The cultivation team is also evaluating new genetics with desirable cannabinoid and terpene characteristics while optimizing existing phenotypes to improve yield, potency and visual quality. These continuous improvement initiatives are intended to enhance flower grade, increase production efficiency and ensure a reliable supply of high-quality input material for both branded finished products and bulk extract manufacturing, while maintaining strict adherence to quality assurance and GMP standards.

Extraction:

Net extract revenue for the year ended July 31, 2025 was \$13.9 million, compared to \$14.6 million in the prior year, representing a slight decrease of approximately 5%. While the Company experienced a reduction in overall sales volume to certain provincial distributors during the Year, it continued to strengthen brand presence and consumer engagement through targeted marketing and product awareness initiatives. Market response to these campaigns has been positive, with continued growth in demand for the Company's +50 and +60 Double Infused Pre-Rolls, Milled Flower products, and Electric Dartz, each of which has contributed to increased visibility and sustained consumer recognition within the infused and extract-derived product categories.

Extraction operations were also temporarily impacted by the intentional pause in new SKU launches during the second and third quarters, implemented as part of the Company's strategic alignment with the proposed merger transaction with SSC. Under the terms of the proposed merger, product development initiatives were expected to be integrated within the combined entity following completion of the transaction. As a result, several planned product introductions and format extensions were deferred, which contributed to a moderation in extract revenue growth during the latter half of the Year.

Management expects that the continued shift in sales mix toward higher quality, repeat-purchase formats, combined with the reintroduction of new, reformulated SKUs designed for stronger margin performance, will support improved financial results in Fiscal 2026. These initiatives, supported by expanded sourcing partnerships and ongoing production optimization, are anticipated to enhance both gross margin stability and overall operating efficiency across the extract business.

Retail operations:

During the second quarter of Fiscal 2024, the Company completed the divestiture of its retail cannabis operations as part of a strategic decision to focus resources on its licensed production activities. Under the terms of the transaction, a third-party operator assumed responsibility for the retail store while the Company retained ownership of the underlying property and entered into a lease arrangement with the purchaser. As a result of this divestiture, the Company no longer generates revenue from retail sales, and therefore no retail revenue is reflected in the results for the year ended July 31, 2025. Retail revenue for the year ended July 31, 2024 had declined by approximately 72% compared to the prior year, reflecting the transition period leading up to the divestiture.

SELECT QUARTERLY FINANCIAL INFORMATION

Three months ended	July 31, 2025	April 30, 2025	January 31, 2025	October 31, 2024	July 31, 2024⁽¹⁾	April 30, 2024	January 31, 2024	October 31, 2023
(Unaudited)	2025 Q4	2025 Q3	2025 Q2	2025 Q1	2024 Q4	2024 Q3	2024 Q2	2024 Q1
Gross revenue	\$6,412,907	\$5,518,442	\$8,997,064	\$9,602,446	\$7,248,309	\$7,084,646	\$7,071,335	\$9,004,793
Excise duty	\$2,741,117	\$2,281,231	\$4,091,181	\$4,515,919	\$3,315,684	\$3,114,749	\$2,762,571	\$3,261,402
Excise duty %	42.7%	41.3%	45.5%	47.0%	45.7%	44.0%	39.1%	36.2%
Net revenues	\$3,671,790	\$3,237,211	\$4,905,883	\$5,086,527	\$3,932,625	\$3,969,897	\$4,308,764	\$5,743,391
Cost of sales	\$2,244,065	\$1,643,124	\$2,745,133	\$2,885,281	\$1,966,843	\$1,801,591	\$2,250,159	\$3,114,741
Gross profit	\$1,427,725	\$1,594,087	\$2,160,750	\$2,201,246	\$1,965,782	\$2,168,306	\$2,058,605	\$2,628,650
Gross profit %	22.3%	28.9%	24.0%	22.9%	27.1%	30.6%	29.1%	29.2%
Net income (loss) and comprehensive income (loss)	(\$1,782,336)	(\$22,001)	\$96,917	\$321,569	(\$326,557)	\$109,824	\$109,901	\$707,117
Net income (loss) per share (basic and diluted)	(\$0.01)	(\$0.00)	\$0.00	\$0.00	(\$0.00)	\$0.00	\$0.00	\$0.01

(1) Certain comparative figures for 2024 have been restated. See Basis of Presentation and Going concern

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Quarterly Trends

Gross revenue fluctuated over the past eight quarters, reflecting changes in provincial purchasing patterns, product mix and the timing of new product introductions. Revenue peaked in Q1 2025 with the launch of several high THC extract derived and infused products, before moderating in Q3 2025 and Q4 2025 following the Company's decision to discontinue select SKUs with unsustainable margin profiles and the temporary pause in new product launches implemented during the second and third quarters of the Year in connection with the SSC Transaction. Net revenue during Fiscal 2025 was also influenced by higher excise tax rates on certain product formats, with excise tax as a percentage of gross revenue ranging from approximately 41% to 47% across the fiscal year.

Gross profit and gross margin percentages showed quarter-to-quarter variability tied to product mix. Margins were strongest in Q3 2025 at 28.9%, supported by a higher proportion of concentrate and infused products with more favorable unit economics. Margins were lowest in Q4 2025 at 22.3%, reflecting the full effect of SKU rationalization and product mix adjustments undertaken in the second half of the year.

Net income also varied by quarter, influenced by margin performance, operating cost timing and non-recurring items. Positive net income was recorded in Q1 2025 and Q2 2025 as revenue mix and contribution margins supported earnings performance. Net income for Q4 2025 reflects a net loss, which was impacted by one-time, non-operational adjustments related to interest and other charges associated with excise tax arrears, rather than from ongoing operating performance. This adjustment does not reflect the underlying earnings capacity of the core business but relates to historical excise assessments recognized during the Quarter.

Overall, quarterly results demonstrate the sensitivity of earnings to product mix, excise impacts and commercial listing decisions, and reinforce management's ongoing focus on product portfolio optimization, input cost efficiency and disciplined cost management.

LIQUIDITY AND CAPITAL RESOURCES

As at July 31, 2025, the Company reported net working capital of \$845,170 compared to \$1,122,456 as at July 31, 2024 (as restated.) While the current year reflects an increase in current assets of approximately \$974,020 and a reduction in current liabilities of approximately \$1,060,000, the overall movement in working capital was significantly impacted by the reclassification of long term debt to current as further discussed in Note 15(iii) - Long term debt. This reclassification resulted from a covenant breach identified as at year end, for which the Lender subsequently provided a waiver after July 31, 2025. Because the waiver was received subsequent to year end, the related debt is required to be classified as current in accordance with IAS 1. This classification affects the comparability of working capital year over year and should be considered when assessing short term liquidity.

The Company reported a decrease in cash of \$847,469 year over year. This change primarily reflects cash outflows from operating activities of \$3,195,988, compared to \$256,305 in the prior year, along with investing cash outflows of \$169,652 (prior year - \$328,329) related to property and equipment expenditures. Operating cash flows were influenced by the lower margin contribution from certain high THC product formats introduced earlier in the year, which were subsequently discontinued, as well as increased working capital investment to support production cycles and inventory availability across key product lines. These outflows were partially offset by financing cash inflows of \$2,518,171, driven principally by proceeds of \$3.6 million from the unsecured convertible debenture offering completed in April 2025 as further disclosed below.

Convertible debentures

On April 2, 2025 and April 14, 2025, the Company closed a brokered private placement of the issuance of 2,620 and 1,415 unsecured 11% convertible debentures (the "Debenture(s)"), respectively at \$1,000 per Debenture for the aggregate gross proceeds of \$4,035,000 (collectively, the "Financing") from the First and Final Tranches. The Debentures mature on April 2, 2029 (the "Maturity Date") and bear interest at the rate of 11% per annum, with such interest to be accrued on a quarterly basis and payable quarterly in arrears. Interest shall be paid in cash or common shares of the Company (the "Common Shares") at the Company's sole discretion, subject to Exchange approval. Following August 3, 2025 and prior to the Maturity Date, pursuant to the terms of the Debentures, at the option of the holder the principal amount of each Debenture shall be convertible into Common shares at \$0.10 per Common Share (the "Conversion Price" at no additional consideration. The Debentures will be repaid in cash at the Maturity Date.

On and following September 2, 2025, the Company shall have the right to either partially or fully redeem the outstanding Debentures in cash at 105% of the outstanding principal amount of the Debenture at the time of redemption, plus accrued interest in cash, provided, however, that if the Debentures are redeemed before being outstanding for six (6) months, the Company shall pay the holder all accrued and unpaid interest, plus an additional amount to ensure the holder receives at least six (6) months of interest on the principal amount being redeemed, net of any interest already paid. The Debentures will be subject to a statutory hold period of four months and one day following the issuance date.

The unsecured convertible debentures issued are deemed a compound financial instrument. The Company allocated \$2,268,119 net of issuance costs of \$363,862, of the debt to the liability component and \$1,209,056 net of issuance costs of \$193,963, to the equity component.

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Management estimated the fair value of the debt using a discount rate of 25% applicable to the Company's business, with the residual value allocated to the equity component. The redemption feature at the option of the Company was determined to be a derivative asset at July 31, 2025 but was determined to be NIL.

The Company paid the agent an aggregate fee of \$128,100 that is included in transaction costs. The Company granted the Agent an aggregate of 1,281,000 broker warrants and an aggregate of 694,000 advisory warrants pursuant to the Financing as outlined in Note 20(b) of the Financial Statements.

Loans

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 meeting customary closing conditions and was used to settle the existing 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 \$60,490. As at July 31, 2025, an amount of \$671,635 was drawn down on the line of credit, which is classified as financing activities for purposes of presentation in the consolidated statement of cash flows for the year ended July 31, 2025.

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.

The commitment letter includes financial covenants requiring the Company to maintain:

- (i) a debt service coverage ratio of not less than 1.40:1, tested annually,
- (ii) a debt-to-equity ratio of not greater than 1.00:1, tested annually, and
- (iii) a current ratio of not less than 1.25:1, tested monthly.

As at July 31, 2025, the Company was not in compliance with the debt service coverage covenant (calculated at 1.06:1) and current ratio (calculated at 1.20:1). Subsequent to year-end, the Company received a waiver of compliance from Connect First Credit Union in respect of these covenant breaches. Further details are provided in Subsequent Events. In accordance with IAS 1, the debt was classified as current at July 31, 2025, because the covenant waiver was obtained from the Lender after the reporting date. The Company continues to maintain a cooperative relationship with the Lender.

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 commenced on February 1, 2023 with 35 consecutive monthly installments of \$10,930 and one final payment of \$10,878 due on December 31, 2025. Interest is charged at an average bank rate plus 3% from commencement of repayment to December 31, 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. 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. As at July 31, 2025, the deferred income liability of \$736 was outstanding net of \$6,642 recognized during the twelve months ended July 31, 2025 as other income representing recognition of this benefit over the term of the funding agreement. A corresponding accretion expenses were recognized to accrete the loan outstanding during the current periods presented. During the twelve months ended July 31, 2024, other income and a corresponding accretion expense of \$6,642 was recognized. The accretion expense is offset against an equal amount recognized in other income, resulting in a net impact of \$Nil to net income for the twelve months ended July 31, 2025 and 2024.

On April 9, 2020, the Government of Canada announced the Canada Emergency Business Account ("CEBA") loan program to small Canadian businesses to assist these businesses with working capital requirement during the COVID-19 pandemic. The maximum amount available under the program is \$40,000, of which \$10,000 is forgiven if the loan is repaid prior to December 31, 2022. The Company, through its two wholly owned subsidiaries, has applied for and received \$80,000 under the CEBA loan program. During the year ended July 31, 2021, additional funding of \$20,000 was secured by each of these entities with same repayment terms as initial funding received. The loan is non-interest bearing until December 31, 2022. An annual interest rate of 5% accrues from January 1, 2023 until December 31, 2025, the maturity date. Subsequent to July 31, 2022, the Government of Canada extended the repayment deadline for partial loan forgiveness from December 31, 2023, to January 18, 2024. Prior to January 18, 2024, an aggregate of \$80,000 was repaid for these CEBA loans outstanding and the

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remaining aggregate balance of \$40,000 representing the debt forgiveness portion was recognized and presented as other income in the consolidated statement of net income and comprehensive income for the year ended July 31, 2024.

Effective February 16, 2023, the Company entered into a loan agreement to finance the purchase of a vehicle for an amount of \$81,603, net of a cash down payment of \$10,000. The loan is repayable over a 60-month term at \$1,635 per month bearing an interest rate of 7.49% per annum. Repayment commenced on March 18, 2023. Effective January 31, 2024, the Company entered into another loan agreement to finance the purchase of a vehicle for an amount of \$75,851 with no cash downpayment. The loan is repayable over a 72-month term at \$1,388 per month bearing interest at an annual rate of 9.49%. Repayment commenced on February 8, 2024. On October 1, 2024, this loan was terminated upon the return of the vehicle under this loan arrangement, and a resulting in a loss of \$26,444 upon the derecognition of this vehicle loan recognized in the unaudited condensed statement of net income and comprehensive income for the twelve months ended July 31, 2025.

Lease obligations

During the 12 months ended July 31, 2025, the Company did not enter into any new lease agreements.

Excise Tax Remittance and Payment Arrangement

Excise taxes represent a material component of operating cash flows across the Canadian cannabis sector, particularly for producers with concentrate and infused product portfolios where excise constitutes a higher portion of the final selling price. Recognizing this industry-wide dynamic, the Company actively manages its excise remittances and cash conversion cycle to ensure obligations are met in a timely and sustainable manner. Management continues to monitor product mix, pricing strategy, and margin performance to maintain alignment between operating cash flows and excise-related commitments as market conditions evolve.

Excise taxes, both current and past, are being remitted on a regular and timely basis. The Company continues to work closely with the Canada Revenue Agency to ensure full compliance with its excise obligations, including the remittance of all assessed amounts in accordance with its operational cash flow cycle. Management remains focused on maintaining excise compliance as a priority while optimizing working capital and liquidity to support ongoing operations and growth.

OUTLOOK

The Company expects continued growth in demand for high potency extract derived and infused cannabis products across the Canadian market. Consumer purchasing trends and provincial product assortment decisions continue to favor concentrate forward formats and value driven infused pre rolls, areas in which the Company has established meaningful brand presence and repeatable retail sell through. Management intends to build on this position through targeted commercialization initiatives, disciplined innovation and ongoing improvements to production efficiency and consistency.

A key strategic priority for the year ahead is to optimize the Company's capital structure. Management is actively advancing initiatives to restructure and refinance existing debt obligations to align repayment schedules with operating cash flow and to unlock incremental working capital capacity. These initiatives are intended to strengthen liquidity, enhance financial flexibility and support the Company's ability to allocate capital toward product development, capacity utilization and market growth opportunities that drive long-term value creation.

The Company is also engaged in strategic discussions with numerous domestic cultivation partners to secure a stable and diversified supply of high quality cannabis feedstock at more competitive and predictable pricing. Establishing reliable input sourcing at lower cost levels is expected to improve contribution margins across extract derived and infused product categories, while reducing the risk of production interruptions and enhancing the Company's ability to meet forecasted demand across multiple provincial markets.

In addition, the Company will continue to advance cultivation refinement initiatives within its own facility to enhance flower quality, cannabinoid expression and yield consistency. These improvements are expected to support both branded flower offerings and the production of extract inputs with desirable terpene and potency profiles.

In parallel, the Company is in the process of implementing an advanced enterprise resource planning system, with manufacturing and data tracking and analytics technologies designed to enhance production efficiency, strengthen quality control and provide real-time operational visibility. These sophisticated tools are expected to support more dynamic decision making, enable faster response to market trends, and improve the Company's ability to allocate resources strategically across product lines, formats and provincial channels.

Management remains focused on building shareholder value through cost discipline, cash flow generation and margin expansion. By aligning product mix with consumer demand, improving input economics, optimizing production throughput and enhancing balance sheet strength, the Company is positioned to support sustainable operational performance and pursue growth opportunities in both domestic and international markets.

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COMMITMENTS AND CONTINGENCIES

Other than disclosed in Note 14 – Lease obligations, Note 22 – Related party transactions and Note 29 – Commitments and contingencies of the Financial Statements, the Company has not entered into any agreements resulting in contractual commitments outstanding as at July 31, 2025.

CAUTIONARY STATEMENT REGARDING CERTAIN NON-GAAP PERFORMANCE MEASURES

This MD&A includes financial measures that are not determined in accordance with International Financial Reporting Standards (“IFRS”). These measures are defined as “non-GAAP financial measures”, “non-GAAP ratios” or “supplementary financial measures” under National Instrument 52-112 – Non-GAAP and Other Financial Measures Disclosure (“NI 52-112”).

These measures are provided as additional information to complement IFRS measures and provide readers with insight into how management evaluates the Company’s operating performance, financial position, and cash generating capability. However, these measures do not have standardized meanings under IFRS and therefore may not be comparable to similar measures presented by other companies. Non-GAAP measures should not be viewed in isolation or considered as a substitute for IFRS measures.

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 corresponding 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 income (loss) and comprehensive income (loss) excluding 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 years ended July 31, 2025 and 2024 were \$883,738 and \$901,790 respectively. These amounts were before reclassification from “Depreciation and amortization” financial statement line item to “Cost of sales – Extract” (Note 7 – Cost of sales) and capitalization of an amount to Biological Assets (Note 10 – Biological assets). Outlined below a reconciliation from GAAP measure (Net income (loss)) to Non-GAAP Measure (Adjusted EBITDA).

	Three months ended		Year ended	
	July 31, 2025	July 31, 2024	July 31, 2025	July 31, 2024
Net income (loss) before tax	\$ (1,138,370)	\$ (964,177)	\$ (721,885)	\$ (2,585)
Adjustment				
Finance cost	241,473	120,311	638,202	509,846
Depreciation and amortization	221,897	228,735	883,738	901,790
Change in fair value of biological asset	(23,648)	(40,823)	25,725	(41,994)
Realized fair value on harvested cannabis sold	62,114	35,226	88,401	63,874
Share-based payments	-	11,223	-	142,757
Adjusted EBITDA	\$(636,534)	\$(609,505)	\$914,181	\$1,573,688

Certain comparative figures for 2024 have been restated. See Basis of Presentation and Going concern

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 November 27, 2025, CanadaBis had the following issued and outstanding:

- 138,256,380 common voting shares;
- 1,281,000 broker warrants
- 694,000 advisory warrants; and
- 1,220,000 options.

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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. No options were granted, nor exercised, 317,500 options were cancelled and forfeited, and 4,620,000 options expired during the twelve months ended July 31, 2025.

Warrants

Pursuant to the Debenture offering in April 2025, the Company granted 1,281,000 broker warrants and 694,000 advisory warrants (together, the "Compensation Options"). Each Compensation Option entitles the holder thereof to acquire one Common Share at an exercise price equal to \$0.10 for a period of 48 months following the date hereof. Fair value of the warrants was determined using the Black-Scholes Model at a value of \$138,250 and a weighted average fair value per unit value of \$0.07. The key assumptions used in the determination of the fair value were as follows: expected volatility of 114.4%, risk-free rate of 4.0%, and expected life of 4 years. The fair value of these warrants issued was included in the transaction costs allocated to the liability and equity components of the Debentures. As at July 31, 2025, an aggregate 1,975,000 warrants were issued and outstanding.

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:

- 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;
- potential for loss of key employees;
- 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 marketplace, in what is quickly maturing industry;
- ability to execute the Company's strategy without additional financing;
- 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 officials;
- 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;
- to successfully identify and make attractive acquisitions, joint ventures or investments, or successfully integrate future acquisitions;
- capital cost of expected expansion by the Company;
- ability of the Company to achieve expected production;
- competitive conditions of the cannabis industry;
- operating hazards and uninsured risks;
- 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;
- 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;

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- 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;
- ability to renew Cannabis Act licenses and adhere to all regulatory requirements;
- expectations with respect to future production costs;
- risk of failure to acquire regulatory approvals required to produce and sell cannabis;
- expectations with respect to the renewal and/or extension of the Company's licences and permits;
- 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 include the amounts outstanding under its credit facilities and its convertible debentures. 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 three financial institutions as at July 31, 2025, all of which are Canadian Chartered Banks.

Trade accounts receivable and other receivables

For trade 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, 2025, approximately 95% of the trade 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.

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

	July 31, 2025	July 31, 2024
Account receivables		
Not past due	\$ 1,354,776	\$ 1,977,925
1-30 days	94,301	24,339
31-90 days	588	621
90+ days	-	20,446
Total gross carrying amount	1,449,665	2,023,391
Loss allowance	(18,131)	(38,789)
Total carrying amount	\$ 1,431,534	\$ 1,984,602

(b) 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.

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	July 31, 2025	July 31, 2024
Loss allowance		
Balance, beginning of the year	\$ 38,789	\$ 548,274
(Decrease) increase in loss allowance for the year	(20,657)	17,335
Written off during the year	-	(526,820)
Balance, end of the year	\$ 18,182	\$ 38,789

(c) The trade accounts receivable and other receivables include the following categories:

	July 31, 2025	July 31, 2024
Trades receivables	\$ 1,431,534	\$ 1,984,602
Other receivables	12,727	74,788
	\$ 1,444,261	\$ 2,059,390

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. A 1% increase to the interest rate would have an approximate impact of \$40,772 on pre-tax earnings for the year ended July 31, 2025.

RELATED PARTY TRANSACTIONS

The following transactions between related parties are disclosed below;

Amount due to related parties	July 31, 2025	July 31, 2024
SS Pipelines Ltd. (i)	\$ 689,744	\$ 689,745
Runaway Developments Ltd. (ii)	653,792	653,791
Director and shareholders (iii)	218,012	108,280
890859 Alberta Ltd. (iv)	10,802	10,802
	\$ 1,572,350	\$ 1,462,618

- (i) SS Pipelines Ltd. is a company owned by shareholders, a director and officer of the Company. The amounts due to related parties are non-interest bearing, unsecured and have no fixed terms of repayment. Accordingly, the amounts have been presented as being all current on the consolidated statements of financial position.
- (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 the maturity was extended to December 31, 2021 but not extended subsequently. As at July 31, 2025 and July 31, 2024, the outstanding balances included accrued interest of \$3,791
- (iii) As at July 31, 2025, an aggregate amount of \$218,012 (July 31, 2024 - \$108,280) was due to a Director and shareholders of the Company. These amounts are due on demand, unsecured and interest free. Majority of this amount outstanding as at July 31, 2025 pertained to the vape filling machine rental fee. Effective January 31, 2025, the Company entered into separate agreements to rent for a twelve-month period a vape filling machine from a director and shareholder of the Company. During the year ended July 31, 2025, aggregate equipment rental expenses of \$171,142 was incurred representing a rental fee of \$1 per vape filled. The aggregate equipment rental expenses for the prior year was \$129,488.
- (iv) 890859 Alberta Ltd. is a company owned by a shareholder and officer of the Company. 890859 Alberta Ltd. that sold non-cannabis balms and creams produced by the Company. As at July 31, 2025 and July 31, 2024, a balance of \$10,802 was due to 890859 Alberta Ltd. This amount is non-interest bearing, unsecured and have no fixed terms of repayment. Accordingly, this amount is presented as current in the consolidated statement of financial position.

The Company is leasing an extraction machine from a company that is owned by three directors of CanadaBis. See Notes 12(ii) and 13 to the Financial Statements for further details. During the year ended July 31, 2025 and 2024, the aggregate lease payments for the extraction machine were \$143,898 and \$143,898, respectively for both periods presented.

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On June 27, 2022, the Board of Directors approved an annual consulting agreement with a director to provide certain legal, corporate and administration consulting services, which was renewed for an annual term effective May 1, 2023. The terms and conditions of this consulting agreement is within normal course of business and payable immediately. Upon expiry of this agreement, no formal agreement was entered into, but services continue to be provided under past terms and conditions. Amounts outstanding in accordance with this agreement is included in trade accounts payable. As at July 31, 2025, the accounts payable balance includes an amount less than \$1,000. During the years ended July 31, 2025 and 2024, the consulting services expenses incurred were \$15,652 and \$9,784, respectively.

KEY MANAGEMENT COMPENSATION

The following table summarizes compensation paid or payable to key management personnel for the periods presented.

	July 31, 2025	July 31, 2024
Short-term employer benefits	\$ 762,440	\$ 415,768
Share-based payments	-	142,757
	\$ 762,440	\$ 558,525

OFF-BALANCE SHEET ARRANGEMENTS

The Company is not aware of any off-balance sheet arrangements.

PROPOSED TRANSACTIONS

There are no proposed transactions that will materially affect the Company.

CRITICAL ACCOUNTING ESTIMATES & JUDGEMENTS

There have been no significant changes in CanadaBis' critical accounting estimates for the year ended July 31, 2025. Further information on the Company's critical accounting policies and estimates are disclosed in Note 5 to the Financial Statements.

DISCLOSURE CONTROLS AND PROCEDURES

Management is responsible for establishing and maintaining disclosure controls and procedures to provide reasonable assurance that information required to be disclosed in the Company's filings is accurately recorded, processed, summarized and reported within the time periods specified under applicable securities legislation. Management has evaluated the effectiveness of these disclosure controls and procedures as at July 31, 2025, with the participation of the Chief Executive Officer and Chief Financial Officer. Based on this evaluation, management has concluded that disclosure controls and procedures were operating effectively as at July 31, 2025. The Company's external auditors reviewed these controls in connection with their audit of the Financial Statements.

Management is responsible for the design, implementation and ongoing maintenance of internal controls over financial reporting ("ICFR") to provide reasonable assurance regarding the reliability of financial reporting and the preparation of these Financial Statements in accordance with IFRS. Subsequent to the year end, the Company identified a deficiency in its ICFR related to the reconciliation and proper period accounting of excise tax and GST balances, which resulted in a prior period error and restatement. As a result, management acknowledges that certain internal controls require further development and strengthening to ensure timely identification and accurate recording of complex tax-related liabilities. Management has initiated remediation measures, including enhanced reconciliation procedures, strengthened review controls, and improvements to documentation and oversight in the areas identified. These enhancements are ongoing and are intended to further improve the Company's ICFR framework.

There were no changes in internal controls over financial reporting during the year ended July 31, 2025 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting. The deficiency identified in connection with the prior-period restatement was detected following year-end, and remediation activities were initiated subsequent to July 31, 2025.

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.

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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;
- 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
- International market for recreational cannabis.

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;
- 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, if deemed necessary.

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.

SUBSEQUENT EVENTS

Subsequent to July 31, 2025, the Company obtained a waiver from Connect First Credit Union in respect of non-compliance with certain financial covenants under its credit facility as at July 31, 2025. The waiver confirms that the Company is not in default under the credit agreement as a result of these covenant breaches and that the credit facility remains in good standing. Management continues to monitor covenant performance on an ongoing basis and is engaged in discussions with the lender regarding potential amendments to the covenant structure to better align with the Company’s operating profile, seasonality and growth plans. There were no other subsequent events requiring adjustment to or disclosure in these Financial Statements.

ADDITIONAL INFORMATION

Other additional information relating to the Company may be found at www.sedarplus.ca/home.