



MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Three Months Ended October 31, 2024 and 2023

CanadaBis Capital Inc.

Management Discussion & Analysis

For the Three Months Ended October 31, 2024, and 2023

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 financial statements for the three months ended October 31, 2024 and 2023 (“Financial Statements”) and the July 31, 2024 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, 2024. 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, 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.

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.sedarplus.ca. This MD&A is dated December 30, 2024.

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.
- Launch and maintain multiple brands under the Stigma Grow umbrella to gather as much market share, while delivering a product with repeatable sales. Brands include DAB BODS, WHITE NGL, BLACK NGL, HIGH PRIESTESS, AND STIGMA GROW.
- Provide a range of high potency concentrates and extracts, potent flower and pre rolls.
- 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 inform consumers on cannabis and its use.

The Company currently owns a 66,000 square foot facility of which approximately 44,000 square feet of the building has been developed and equipped for capacity to grow 225 kg of cannabis per year. Majority of the footprint is equipped and being used for production of cannabis products such as extracts and Infused Pre rolls.

Effective November 26, 2020, the Company received its Cannabis 2.0 sales license, allowing it to sell Cannabis concentrates products to end users.

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QUARTERLY HIGHLIGHTS

	Three months ended	
	October 31, 2024	October 31, 2023
Gross revenue	\$9,602,446	\$9,004,793
Excise duty	4,515,919	3,261,402
Net revenues	5,086,527	5,743,391
Cost of sales	2,885,281	3,114,741
Gross profit	2,201,246	2,628,650
Net income (loss) and comprehensive income (loss)	321,569	707,117
Net income (loss) per share (basic and diluted)	\$0.00	\$0.00
Adjusted EBITDA	\$675,892	\$1,120,921

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

Q1 2025 HIGHLIGHTS

- The Company realized its highest gross revenue of \$9.6 million for October 31, 2024, and 7% higher than the same corresponding period of 2023.
- The Company achieved positive net income of \$321,569 for the three months ended October 31, 2024 compared to net income of \$707,117 in the corresponding period of Fiscal 2024. The Company announced the launch of the latest addition to the Dab Bods brand lineup – a groundbreaking **60%+** double-infused pre-roll. This new offering sets a new benchmark for THC potency in the Canadian market. The Company continues to market its Resin Infused Pre-rolls, Shatter Infused Pre-rolls, Resin Infused Flower, along with Moonrocks (Moonrocks are whole flower, coated in resin and rolled in kief). The Company was able to maintain sales of its newest product line, Super Slim Cigarette Style Pre-Rolls, the Electric Dartz. These new products were packaged in 10 packs 0.4 grams per roll both infused and non infused.
- Adjusted EBITDA also showed positive earnings with \$0.676 million for the three months ended October 31, 2024, a 39% decrease over the corresponding period of 2024. Some of the main reasons for this decline is the Company has launched new and high potency products to the market which resulted in higher excise tax and lower price point as customers continue to search for high quality with better pricing. In addition, the decrease was driven by an increase in SG&A primarily relating to increased sales & marketing spend and the launch of our Retailer's Education Program. Based on high demand and increased purchase orders from the Provinces of Alberta, Ontario, and British Columbia on these new products, the Company anticipates continuing to demonstrate positive performance in the next quarter.
- Stigma Grow's deep innovation sales pipeline is showcased by the consistent launch of new SKU's and new products driven by customer demand.
- The Company sold over 570,000 units of combined concentrate and dry flower for the three months ended October 31, 2024, a 4% increase compared to the 550,000 units sold over the corresponding period in 2024.
- The Company continues to manage its input expenses through negotiation with multiple suppliers to save costs while increasing concentrate yields.
- The Company is in the process of shipping its first international sales to Europe. The expectation is that this would be the next significant phase of the Company's mission in growth and new geographic area of existing revenue stream for Cultivation and Wholesale.
- Stigma Grow also continues to re-formulate its concentrate lines to meet current clients' demands to maintain larger terpene and cannabinoid profiles across the lineup.
- Negotiations with other Cannabis Cultivators are ongoing by the Company which has allowed significant reduction in costs, a trend that is expected to continue through 2025 as more Cultivators reposition themselves in the industry.

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SELECT QUARTERLY FINANCIAL INFORMATION

Three months ended	October 31, 2024	July 31, 2024	April 30, 2024	January 31, 2024	October 31, 2023	July 31, 2023	April 30, 2023	January 31, 2023
(Unaudited)	2025 Q1	2024 Q4	2024 Q3	2024 Q2	2024 Q1	2023 Q4	2023 Q3	2023 Q2
Gross revenue	\$9,602,446	\$7,248,309	\$7,084,646	\$7,071,335	\$9,004,793	\$7,626,185	\$9,582,737	\$9,583,323
Excise duty	4,515,919	3,315,684	3,114,749	2,762,571	3,261,402	2,820,745	3,532,316	3,364,418
Net revenues	5,086,527	3,932,625	3,969,897	4,308,764	5,743,391	4,805,440	6,050,421	6,218,905
Cost of sales	2,885,281	1,966,843	1,801,591	2,250,159	3,114,741	1,324,156	3,352,865	2,978,016
Gross profit	2,201,246	1,965,782	2,168,306	2,058,605	2,628,650	3,481,284	2,697,556	3,240,889
Net income (loss) and comprehensive income (loss)	321,569	(326,557)	109,824	109,901	707,117	1,249,935	1,198,792	1,295,454
Net income (loss) per share (basic and diluted)	\$0.00	\$(0.00)	\$0.00	\$0.00	\$0.01	\$0.01	\$0.01	\$0.01

During Q1 2025, the Company showed growth in Cultivation and Wholesale Segment and a decline in Extracts and Retail Segments. This resulted in an overall increase in performance period over period. During Fiscal 2024, the Company has seen increase in the Cultivation and Wholesale segment and a decline in Extract Segment: Cultivation and Wholesale, Retail, and Extract Refer to “*Segmented Information and Products and Services Offered*” for additional information.

RESULTS OF OPERATIONS

Overall gross revenues for the period ended October 31, 2024 increased to \$9.6 million from \$9.0 million in the corresponding period of 2024. This increase was due to continued growth and demand from new and existing SKUs launched under the Dab Bod Brands and the industry’s demand for new innovative products such as the +60s Pre-rolls and our famous milled flower and Dartz. Net revenue of \$5.1 million compared to \$5.7 million for the corresponding period of 2024 or 11.74% decrease. Net Revenue for Q1 2025 of \$5.1 million increased over Q4 2024 of \$3.9 million by \$1.2 million or 31%. The Company has experienced growth in the existing Provinces due to both new launches and the performance of existing products. The Company has released several versions of the new cigarette style pre-roll in infused and non-infused as well as the new “Dap N Go” that has been well received in the concentrate space. The Province of Manitoba has seen higher increases from our new and existing products. See *Segmented Reporting section to this MD&A, for a more detailed discussion.*

The Company continues to be profitable, recognizing a net income for the three months ended October 31, 2024 of \$0.321 million compared to a net income of \$0.7 million in the corresponding period of 2024. This decrease in net income resulted due to increased competition, higher THC products and price compression in the market. Competitors are trying to position themselves in achieving high market share in the infusion space by reducing their prices significantly. This resulted in many high-potency products selling at a lower rate.

The Company was able to initiate more cost savings initiatives during Q1 2025, through cost savings by renegotiating input material pricing while also implementing new procedures in its production lines to cut and manage operational costs. Management is of the expectation that these new initiatives will be realized throughout 2025.

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 6 and 9 to the Financial Statements.

Overall general and administrative expenses for the three months ended October 31, 2024, was \$1.65 million compared to \$1.56 million for the corresponding period of 2024, the prior year, with the increase largely due to the Company’s continued revenue growth resulted from our continued marketing and promotional campaign for the three months ended October 31, 2024. The Company continues to maintain its cost management plans, along with a focus on increasing efficiencies, cashflow and liquidity.

- Wages for Q1 2025 were \$0.7 million compared to \$0.8 million in the same comparative period. This decrease of 12.5% is due to the Company’s cost management plans to reduce cost and increase efficiency in production. The Company anticipated a high demand in Q1 2025 which has yielded the highest gross revenue of the Company in any quarter reported to date.
- Legal and accounting fees for Q1 2025 remain comparable period over period. This was due to professional services related to the favourable settlement of a lawsuit related to an equity offering in 2021 was incurred in Q4 2024.
- Advertising and promotion increased in 2024 over its comparable period by about 26% increase due new advertising and marketing strategies to increase Brand awareness with our new launches.

Although overall cost of sales increased period over period for Q1 2025 compared to Q1 2024, the Company was able to maintain the overall impact largely from renegotiating with suppliers for lower costs on input material. Other contributing factors included high volume purchases in bulk for better pricing and terms.

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There was no share-based payment recognized for the three months ended October 31, 2024, as no options were granted, and all options outstanding were fully vested as at July 31, 2024. The share-based payments expense of \$65,945 for the corresponding period of 2024 mainly included the impact of options granted in Q4 2023.

Finance costs decreased to \$114,368 for the three months October 31, 2024, compared to \$133,692 for the corresponding period of 2024 due to decreased interest payments mainly associated with the Commercial Mortgage offset by increased interest payments on lease obligations mainly associated with the production equipment.

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. These segments have been aggregated into three reportable segments:

- **Cultivation and wholesale**- which cultivates and distributes cannabis and cannabis products to, and through, provincial liquor and cannabis boards, which are subsequently sold to end consumers.
- **Retail** - involves the sale of cannabis and cannabis related products to end consumers on premises owned and operated by the Company.
- **Extract** - comprised of wholesale product sales through its production facilities to distributors and licensed cannabis producers.

Gross revenue earned includes excise taxes, which the Company pays as principal, but excludes duties and taxes collected on behalf of third parties. Net revenue is gross revenue less excise taxes. Excise taxes are effectively a production tax which becomes payable when the product is removed from the Company's premises and may or may not be directly related to the revenue depending on the province of sale. It is generally not included as a separate item on external invoices; increases in excise tax are not always passed on to the customer and where a customer fails to pay for product received the Company cannot reclaim the excise tax. The Company therefore recognizes excise tax, unless it regards itself as an agent of the regulatory authorities, as a cost and reduction to revenue for the Company. Therefore, excise duty as reduction to revenue is treated as production tax and presented as a reduction of gross revenue generated from the "Cultivation and wholesale", and "Extract" segments. Under the Excise Tax Act, the Company is required to maintain a security deposit of approximately \$900,000 (July 31, 2024 - \$900,000) pending finalization of the amount due and the repayment terms with the tax authorities that remains outstanding as of date of approval of these Financial Statements.

Management monitors the results of its operating segments separately for making decisions about resource allocation and performance assessment. Segment performance is evaluated on a number of measures, the most significant being profit and loss, which is measured consistently with the definition of profit and loss in the Consolidated Financial Statements. Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties. For segment information presentation purposes, the change to fair value on biological assets and realized fair value on finished goods sold (See Note 6 to the Financial Statements) are usually included in "Extract" segment as to date the Company used its own harvested cultivations (harvested cannabis inventory) substantially in the extract and concentrate process. Although the "Retail" segment does not constitute a reportable segment based on the quantitative thresholds as established under IFRS, this segment is presented below as deemed informative for illustrating the nature of operations during the periods presented in these Financial Statements.

Operating assets and liabilities are managed on a corporate basis. General and administrative expenses, current taxes, deferred taxes, and capital expenditures are not allocated to segments as they are also managed on a corporate basis. Inter-segment revenues are eliminated on consolidation and are reflected in the "eliminations" column. All other adjustments and eliminations are part of a detailed reconciliation presented below.

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Below is a summary of results by reportable segments for the three months ended October 31, 2024.

For the three months ended October 31, 2024	Cultivation and wholesale			Retail	Extract	Eliminations	Consolidated
Gross revenue (external customers)	\$ 2,402,598	\$ -	\$ 7,199,848	\$ -	\$ 9,602,446		
Excise duty	1,205,026	-	3,310,893	-	4,515,919		
Net revenue (external customers)	1,197,572	-	3,888,955	-	5,086,527		
Cost of sales	878,942	-	2,006,339	-	2,885,281		
Gross profit	318,630	-	1,882,616	-	2,201,246		
General and administrative							1,649,529
Depreciation and amortization							132,977
Share-based payments							-
Income from operations							418,740
Financing costs							(114,368)
Other income (expenses)							17,197
Net income before taxes							321,569
Income tax expense - current income tax							-
Net income and comprehensive income							\$ 321,569

Below is a summary of results by reportable segments for the three months ended October 31, 2023.

For the three months ended October 31, 2023	Cultivation and wholesale			Retail	Extract	Eliminations	Consolidated
Gross revenue (external customers)	\$ 1,543,176	\$ 134,996	\$ 7,326,621	\$ -	\$ 9,004,793		
Excise duty	689,434	-	2,571,968	-	3,261,402		
Net revenue (external customers)	853,742	134,996	4,754,653	-	5,743,391		
Cost of sales	571,254	101,502	2,441,985	-	3,114,741		
Gross profit	282,488	33,494	2,312,668	-	2,628,650		
General and administrative							1,562,866
Depreciation and amortization							138,373
Share-based payments							65,945
Income from operations							861,466
Financing costs							(133,692)
Other income (expenses)							9,093
Net income before taxes							736,867
Income tax expense - current income tax							29,750
Net income and comprehensive income							\$ 707,117

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 Q1 2025, was \$1.2 million compared to \$0.9 million for the corresponding period in 2024. This increase was due to several specialized SKU launch in the provinces such as our Super Slim cigarette style pre-roll and milled flower positioning CanadaBis in a unique category of quality product at a low price. The Company is looking forward to this new product to increase sales for the remainder of Fiscal 2025 along with other dry flower brands that are expected to be released as well.

Retail operations:

During Q2 2024, Management undertook a strategic approach for another third-party retail outlet to acquire the retail operation, while the Company leases its property to this third-party and the Company continues to direct its full attention on its LP side of the business.

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Extract:

The net extract revenue for the Q1 2025, was \$3.9 million compared to \$4.8 million for the corresponding period of 2024. The Company saw a 19% decrease in its overall sales to the Provincial bodies. The Company continued to increase its marketing campaign to create product awareness of its new and existing products, and the response were extremely positive. The Company has seen continued growth in the sale of its new +60 Double Infuse Pre-rolls, Milled Flower and its Electric Dartz.

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 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 the Cannabis industry is extremely competitive and saturated with multiple products across the country. 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. Management continues to explore various concentrate products to diversify its offering to the market by formulating new products to meet demand.

FINANCIAL CONDITION

The following chart highlights significant changes in the Consolidated Statements of Financial Position from July 31, 2024 to October 31, 2024:

	Increase / (decrease)	Primary factors explaining change
Cash and cash equivalents	\$(877,363)	Decrease is due timing of collection from the Provinces and increase in raw material purchases as well as consumables.
Trade accounts receivable and other receivables	1,011,041	Increase is due to increase in sales and the timing of collection of trade accounts receivable balances.
Prepaid expenses	(178,288)	Decrease due to pre-payment of the Health Canada license and insurance fees being expensed in the period.
Biological assets	(52,812)	Net increase due to crops growing as at October 31, 2024, offset by harvest of crop growing as at July 31, 2024 during the three months ended October 31, 2024.
Inventory	1,966,351	Increase in inventory from production of new SKUs set to be release in the market and timing of purchase of our consumables.
Long-term deposit	-	No interest earned on GIC during the reporting period.
Property, plant and equipment	(117,445)	Net change due to additions, disposals and depreciation charge during the period.
Demand line of credit	196,482	Increase due to operational spending from revenue growth and product demand.
Trade accounts payable and accrued liabilities	1,397,759	Increase is due to timing of payment of balance owing and additional spending on raw material and consumables.
Income tax payable	(13,983)	Decrease due to payment estimated reduced compared to prior period
Goods and services tax payable	96,516	Net increase due to timing of revenue and expenses.
Due to related parties	54,404	Net decrease is due to decrease in vape rental expenses during the period, and repayment of amounts due as at October 31, 2024.
Lease obligation (in aggregate)	(88,266)	Decrease is due to payments made during the period.
Long-term debt (in aggregate)	(210,702)	Decrease is due to payments made during the period.
Deferred income liability	(2,292)	Decrease due to implied benefit from government funding.

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LIQUIDITY AND CAPITAL RESOURCES

The commitment letter requires that the Company maintains the following debt covenants as defined: 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, 2024, the Company was in compliance, as the only applicable covenant for purposes of these Financial Statements; the current ratio was 1:29:1. The other covenants are assessed annually and have no relevance for purposes of these Financial Statements. As at October 31, 2024, the current portion of the Commercial Mortgage Loan to the amount of \$912,265 was included in the current liabilities.

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 \$91,081. As at October 31, 2024, an amount of \$678,832 was drawn down on the line of credit, which is classified as financing activities for purposes of presentation in the unaudited condensed consolidated statement of cash flows for the three months ended October 31, 2024.

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.

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 October 31, 2024, the deferred income liability of \$5,088 was outstanding net of \$2,292 recognized during the three months ended October 31, 2024 as other income representing recognition of this benefit over the term of the funding agreement. A corresponding accretion expense of \$2,292 was recognized to accrete the loan outstanding during this current period presented. During the three months ended October 31, 2023, other income and a corresponding accretion expense of \$3,906 were 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 three months ended October 31, 2024 and 2023.

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 Period ended October 31, 2024.

Effective October 4, 2024, the Company entered into a loan agreement to finance the purchase of a vehicle for an amount of \$110,837. This agreement was not for a trade arrangement. The loan is repayable over a 72-month term at \$1,981 per month bearing an interest rate of 8.69% per annum. Repayment commenced on October 28, 2024.

During the three months ended October 31, 2024, the Company terminated a vehicle loan that was entered into during the year ended July 31, 2024, resulting in a loss of \$26,444 upon derecognition of this vehicle loan (Note 13(iv)). Effective October 4, 2024, the Company entered

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into a loan agreement to finance the purchase of a vehicle for an amount of \$110,837. This agreement was not for a trade in arrangement. The loan is repayable over a 72-month term at \$1,981 per month bearing an interest rate of 8.69% per annum. Repayment commenced on October 28, 2024.

Lease obligations

During the three months ended October 31, 2024, the Company did not enter into lease agreements.

COMMITMENTS AND CONTINGENCIES

Other than disclosed in Note 12 and Note 20 to the Financial Statements, the Company has not entered into any agreements resulting in contractual commitments outstanding as at October 31, 2024.

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 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 three months ended October 31, 2024 and 2023 were \$228,807 and 228,487. These amounts were before reclassification from “Depreciation and amortization” financial statement line item to “Cost of sales – Extract” (Note 6 to the Financial Statements) and capitalization of an amount to Biological Assets (Note 9 to the Financial Statements). Outlined below a reconciliation from GAAP measure (Net income (loss)) to Non-GAAP Measure (Adjusted EBITDA).

Adjusted EBITDA

(Unaudited)	Three months ended	
	October 31, 2024	October 31, 2023
Net income before tax	\$321,569	\$736,867
Adjustment		
Finance cost	114,368	133,692
Depreciation and amortization	228,807	228,487
Change in fair value of biological asset	11,148	(44,070)
Share-based payments	0	65,945
Adjusted EBITDA	\$675,892	\$1,120,921

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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 December 30, 2024, CanadaBis had the following issued and outstanding:

- 138,256,380 common voting shares; and
- 6,080,000 options.

On December 1, 2024, all the warrants issued and outstanding as at October 31, 2024 expired unexercised.

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, unless otherwise stated.

On August 11, 2023, an employee of the Company exercised 25,000 options at an exercise price of \$0.20 per option for gross cash proceeds of \$5,000 and a reclassification of \$3,009 from contributed surplus to share capital. On November 10, 2023, an employee of the Company exercised 20,000 options at an exercise price of \$0.20 per option for gross cash proceeds of \$4,000 and a reclassification of \$2,353 from contributed surplus to share capital. The closing share prices were \$0.2750 and \$0.2550, respectively based on the most recent trading date prior to the respective exercise of options on August 11, 2023 and November 10, 2023.

No options were granted during the three months ended October 31, 2024 and the year ended July 31, 2024. During the three months ended October 31, 2024, 27,500 options were cancelled and forfeited, and no options were granted, expired, nor exercised.

Warrants

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

On December 1, 2021, the Company 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, the expiry date. In accordance with the Company's accounting policy, the full value of the unit proceeds was allocated to common shares. On December 1, 2024, all these outstanding warrants expired unexercised.

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;

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- 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;
- 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

Note 20 to the Financial Statements include the following with respect to Financial instruments 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 three financial institutions as at October 31, 2024, 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 October 31, 2024, approximately 88.2% of the trade accounts receivable

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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, 2024	July 31, 2024
Trade accounts receivable		
Not past due	\$ 2,844,834	\$ 1,977,925
1-30 days	167,604	24,399
31-90 days	37,837	621
90+ days	19,598	20,446
Total gross carrying amount	3,069,873	2,023,391
Loss allowance	(59,230)	(38,789)
Total carrying amount	\$ 3,010,643	\$ 1,984,602

(a) 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, 2024	July 31, 2024
Loss allowance		
Balance, beginning of the period	\$ 38,789	\$ 548,274
Increase in loss allowance for the period	20,441	17,335
Written off during the period	-	(526,820)
Balance, end of the period	\$ 59,230	\$ 38,789

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

	October 31, 2024	July 31, 2024
Trades receivables, net (Note 20(i))	\$ 3,010,643	\$ 1,984,602
Other receivables (Note 20(iii))	59,788	74,788
	\$ 3,070,431	\$ 2,059,390

An asset purchase agreement dated December 1, 2023 was entered into between 2103157 Alberta Ltd., a wholly-owned subsidiary of the Company (the "Vendor") that operates a retail cannabis store (the "Business"), and a third-party (the "Purchaser") to sell the Vendor's inventory and assumed contracts of its retail operations, as stipulated in this agreement for a purchase price of \$125,000 and an additional amount of approximately \$52,000 arising from the count of the inventory (the "Asset Purchase Agreement"). An amount of approximately \$177,000 related to this transaction was recognized as other income for the year ended July 31, 2024 as presented in the consolidated statement of net income and comprehensive income. As at October 31, 2024, other receivables included approximately \$30,000 (July 31, 2024 - \$45,000) pertaining to the amount due for the inventory sold. This sale of the retail business does not constitute discontinued operations as the retail operations have not represented a major line of business nor focus of the Company's overall operations to date. Effective September 22, 2023, the aforementioned third-party (the "Purchaser") entered into an option to purchase agreement with the Vendor to acquire the business that the Vendor (defined as the "Seller") will be operating at these business premises (the "Business"). The Purchaser is granted the exclusive right to purchase the Business for a period of three (3) years from six (6) months from the effective date of this option agreement. The purchase price for the Business will be calculated as 1.5 times the topline gross sales as defined in this option agreement and will be payable with 25% in cash and the remainder in the Company's shares. No value was assigned to this option as not reasonable to determine and reasonable certainty does not exist that this option will be exercised during the term. The Vendor owns the business premises, and the Purchaser agreed to lease at a monthly rent of \$4,680 plus GST this premises from the Vendor to operate the Business for a term from December 1, 2023 to December 1, 2026.

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 13). A 1% increase to the interest rate would have an approximate impact of \$11,863 on pre-tax earnings for the three months ended October 31, 2024.

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RELATED PARTY TRANSACTIONS

There were transactions between related parties which required disclosure in the Financial Statements. The following is a summary of the Company's related party balances:

Amount due to related parties	October 31, 2024	July 31, 2024
SS Pipelines Ltd. (i)	\$ 689,745	\$ 689,745
Runaway Developments Ltd. (ii)	653,791	653,791
Director and shareholders (iii)	162,684	108,280
890859 Alberta Ltd. (iv)	10,802	10,802
	\$ 1,517,022	\$ 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 October 31, 2024 and July 31, 2024, the outstanding balances included accrued interest of \$3,791.
- (iii) As at October 31, 2024, an aggregate amount of \$162,683 (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 October 31, 2024 pertained to the vape filling machine rental fee. During the three months ended October 31, 2024 and 2023, aggregate equipment rental expenses of \$10,000 and \$19,696, respectively were incurred representing a rental fee of \$1 per vape filled.
- (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, 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 11(ii) and 12 for further details. 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 October 31, 2024, the accounts payable balance includes an amount less than \$3,500.

CRITICAL ACCOUNTING ESTIMATES & JUDGEMENTS

There have been no significant changes in CanadaBis' critical accounting estimates for the period ended October 31, 2024. Further information on the Company's critical accounting policies and estimates are disclosed in Note 4 to the Financial Statements.

FORWARD-LOOKING STATEMENTS

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

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

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

- the Company's business plans;

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- 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.