CANADABIS CAPITAL INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Three and Nine Months Ended April 30, 2023 and 2022

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 and nine months ended April 30, 2023 and 2022 ("Financial Statements") and the July 31, 2022 audited consolidated financial statements and MD&A. These Financial Statements have been prepared in accordance with IFRS applicable to the presentation of interim financial statements and International Accounting Standards ("IAS") 34, Interim Financial Reporting, and the accounting policies applied in these Financial Statements are based on IFRS as issued, outstanding and in effect on August 1, 2022. 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.sedar.com. This MD&A is dated June [●] , 2023.

BACKGROUND & STRATEGIC TRANSACTIONS

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

- Deliver quality products and services to the business-to-business and business-to-consumer market.
- Launched and maintain multiple brands under the Stigma Grow umbrella to gather as much market share, while delivering a product with repeatable sales. Brands include 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 and approximately 44,000 square feet of the building has been developed and equipped for initial capacity to grow 225 kg of cannabis per year. 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. This development has had a positive impact on the Company as it will no longer needs to engage third parties holding a Cannabis 2.0 sales license to bring its concentrates products to market.

On April 26, 2019, the Company completed its Qualifying Transaction and listed on the Exchange.

On August 13, 2019, the Company acquired 95% of Goldstream Cannabis Inc., a cannabis company holding $2 million in cash and access to 13 acres of undeveloped land, already zoned for cannabis production, located on Vancouver Island, British Columbia (the "Goldstream Transaction"). The Goldstream Transaction was an arms' length transaction valued at $3.5 million with consideration consisting of 11,666,666 common shares of CanadaBis at $0.30 per share. On February 24, 2022, a formal notice of early termination of the land lease was provided with final lease payments made for March and April 2022. Accordingly, the net book value right of use of $326,434 and the lease liability of $366,019 as at April 30, 2022 were derecognized.

QUARTERLY HIGHLIGHTS

	Three months ended		Nine months ended	
	April 30, 2023	**April 30, 2022**	**April 30, 2023**	**April 30, 2022**
Gross revenue	**$9,582,737**	$4,303,673	**$26,978,484**	$10,640,526
Excise duty	**3,532,316**	1,435,758	**9,561,471**	3,149,999
Net revenues	**6,050,421**	2,867,915	**17,417,013**	7,490,527
Cost of sales	**3,352,865**	1,599,701	**9,114,606**	3,819,403
Gross profit	**2,697,556**	1,268,214	**8,302,407**	3,671,124
Net income and comprehensive income	**1,198,792**	123,137	**3,194,559**	126,193
Net income per share (basic and diluted)	**$0.01**	$0.00	**$0.02**	$0.00
Adjusted EBITDA	**$1,525,508**	$468,536	**$4,066,658**	$1,043,334

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

Q3 HIGHLIGHTS

- The Company again generated record performance with positive earnings of $1,198,792 and $3,194,559 for the three and nine months ended April 30, 2023. This was achieved through steady sales quarter-over-quarter stemming from increased demand of the new and existing SKUs (Stock Keeping Unit – unique code to identify a product) distributed in the market. The Company continues to market its first of a kind 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). All the new flavours that were launched in previous quarter have continued to post growth and record sales in Alberta, British Columbia, Manitoba, Saskatchewan, and Ontario. These products are packaged in 3-pack 0.5 grams per pre-roll format and 2 grams packaged for the Moonrock and Resin infused Flower format.

- The Company realized the highest gross revenue since its incorporation, reaching a total of $9.6 million and $26.9 million for the three and nine months ended April 30, 2023.

- Adjusted EBITDA also showed record positive results with $1,525,508 and $4,066,658 for the three and nine months ended April 30, 2023, respectively, mainly resulting from increased Brand awareness and continued growth of the Dab Bod products and the launch of the High Priestess brand into the marketplace. These brands have been well received and sold-out multiple times with increasing orders from provincial purchasers. Based on high demand and increased purchase orders from the Provinces of Alberta, Ontario, and British Columbia on products such as moonrocks, infuse pre-rolls, Live Rosin vapes and high CBD cartridges, the Company anticipates continuing to demonstrate positive performance in the next quarter.

- Stigma Grow's deep innovation pipeline is showcased by the continuous launch of new SKU's and new products driven by customer demand.

- The Company sold over 489,000 units of combined concentrate and dry flower for the quarter ended April 30, 2023, a more than 150% increase compared to the 193,000 units sold over the corresponding period.
- The Company continues to manage its input expenses through negotiation with multiple suppliers to save costs while increasing concentrate yields.
- 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 throughout 2023 as more Cultivators reposition themselves in the industry.

SELECT QUARTERLY FINANCIAL INFORMATION

Three months ended (Unaudited)	April 30, 2023 2023 Q3	January 31, 2023 2023 Q2	October 31, 2022 2023 Q1	July 31, 2022 2022 Q4	April 30, 2022 2022 Q3	January 31, 2022 2022 Q2	October 31, 2021 2022 Q1	July 31, 2021 2021 Q4
Gross revenue	$9,582,737	$9,583,323	$7,812,425	$6,411,808	$4,303,674	$3,892,049	$2,444,802	$2,125,932
Excise duty	3,532,316	3,364,418	2,664,738	2,233,366	1,435,759	1,114,734	599,505	462,302
Net revenues	6,050,421	6,218,905	5,147,687	4,178,442	2,867,915	2,777,315	1,845,297	1,663,630
Cost of sales	3,352,865	2,978,016	2,783,725	2,277,345	1,599,701	1,306,734	912,968	1,131,827
Gross profit (loss)	2,697,556	2,978,016	2,363,962	1,901,097	1,268,214	1,470,581	932,329	531,803
Net income (loss) and comprehensive income (loss)	1,198,792	1,295,454	700,313	481,758	123,137	273,975	(270,919)	(1,195,906)
Net income (loss) per share (basic and diluted)	$0.01	$0.01	$0.01	$0.00	$0.00	$0.00	$(0.00)	$(0.01)

During fiscal year 2021 and 2022, the Company increased its revenue generating activities in all three segments: Cultivation and Wholesale, Retail, and Extract. This trend has continued to date in fiscal 2023. Refer to *"Segmented Information and Products and Services Offered"* for additional information.

RESULTS OF OPERATIONS

Net revenue significantly increased in Q3 2023 compared to Q2 2022 due to continued growth and demand from new and existing SKUs launched under the Stigma Brand, the Dab Bod Brands and the High Priestess Brands in the 2023 fiscal year. This drove a 111% increased in net revenue compared to the same period in 2022. CanadaBis reported net revenue of $6.0 million in Q3 2023 compared to $2.9 million for the corresponding period of 2022. Overall, the Company has experience significant growth in Alberta, BC, and Ontario. CanadaBis reported net revenues of $17.4 million for the YTD nine month period in 2023 as compared to $7.5 million in the same YTD period in 2022 , supported by growth experienced in Alberta, Ontario, Manitoba, and British Columbia. Since the start of the 2023 fiscal year, the Company has shown growth in revenue period over period as demand for resin infused pre-rolls rises. *See Segmented Reporting section to this MD&A, for a more detailed discussion*.

The Company continues to be profitable, recognizing net income for the three months ended April 30, 2023, of $1,198,792 compared to a net income of $123,137 in the corresponding period in 2022. This resulted in an 874% increase in net income due to increased sales to the Provinces from its hydrocarbon products and several new SKUs being accepted.

The Company was able to maintain efficiencies through cost savings by renegotiating input material pricing while also implementing new procedures in its production lines to cut and manage operational costs.

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 7 and 10 to the Financial Statements.

Overall general and administrative expenses for the three months ended April 30, 2023, was $1,619,298 compared to $980,345 for the corresponding period, with the increase largely due to the Company's continued revenue growth and product demand which has required additional corporate and human resources. The Company continues to maintain its cost management plans, along with a focus on increasing efficiencies, cashflow and liquidity.

- Wages for Q3 2023 totaled $720,982 compared to $426,986 in the same corresponding period. This increase of 69% is due to the significant increase in revenue and production. The Company's revenue has grown 111% due to new products in the market.

- Legal and accounting fees have seen no major changes period over period.
- Advertising and promotional expenses remain comparable period over period even though there has been a 117% increase driven by the significant increase in revenue.

Although Cost of sales increased period over period for Q3 2023, the Company was able to maintain its overall impact largely from renegotiating with suppliers for lower costs on input material. Other contributing factors included high volume purchasing in bulk to realize better pricing and terms.

Share-based payments declined to $596 for Q3 2023 from $13,284 for the corresponding period of 2022 due to options vesting, offset by the cancellation of unvested options related to the departure of several option holders in the corresponding period with remaining tranches outstanding that vested in fiscal 2023.

Finance costs decreased to $115,365 for the three months ended April 30, 2023, compared to $122,104 for the corresponding period due to payments against the mortgage with ConnectFirst.

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:

- **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.

The presentation of net revenue in the three months ended April 30, 2023 has been reclassified to present the gross revenue and excise tax to be consistent with the year ended July 31, 2022 presentation. 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 7 to the Financial Statements) are included in "Extract" segment as to date the Company used its own harvested cultivations substantially in the extraction process.

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.

Below is a summary of results by reportable segments for the three months ended April 30, 2023 and 2022.

For the three months ended April 30, 2023	Cultivation and wholesale	Retail	Extract	Eliminations	Consolidated
Gross revenue (external customers)	$ 346,223	$ 139,415	$ 9,097,099	$ -	$ 9,582,737
Excise duty	214,479	-	3,317,837	-	3,532,316
Net revenue (external customers)	131,744	139,415	5,779,262	-	6,050,421
Cost of sales	72,165	103,433	3,177,267	-	3,352,865
Gross profit	59,579	35,982	2,601,995	-	2,697,556
General and administrative					1,619,518
Depreciation and amortization					83,492
Share-based payments					596
Operating income					993,950
Financing costs					(111,293)
Other income					316,135
Income before taxes					1,198,792

For the three months ended April 30, 2022	Cultivation and wholesale	Retail	Extract	Eliminations	Consolidated
Gross revenue (external customers)	$ 80,597	$ 154,061	$ 4,069,015	$ -	$ 4,303,673
Excise duty	21,453	-	1,414,305	-	1,435,758
Net revenue (external customers)	59,144	154,061	2,654,710	-	2,867,915
Cost of sales	44,853	115,071	1,439,777	-	1,599,701
Gross profit	14,291	38,990	1,214,933	-	1,268,214
General and administrative					980,345
Depreciation and amortization					74,572
Share-based payments					13,284
Operating income					200,013
Financing costs					(122,104)
Other income					45,228
Income before taxes					123,137

Below is a summary of results by reportable segments for the nine months ended April 30, 2023 and 2022.

For the nine months ended April 30, 2023	Cultivation and wholesale	Retail	Extract	Eliminations	Consolidated
Gross revenue (external customers)	$ 471,441	$ 400,714	$ 26,106,329	$ -	$ 26,978,484
Excise duty	266,077	-	9,295,394	-	9,561,471
Net revenue (external customers)	205,364	400,714	16,810,935	-	17,417,013
Cost of sales	98,999	292,653	8,722,954	-	9,114,606
Gross profit	106,365	108,061	8,087,981	-	8,302,407
General and administrative					4,842,516
Depreciation and amortization					238,474
Share-based payments					18,263
Operating income					3,203,154
Financing costs					(336,565)
Other income					327,970
Income before taxes					3,194,559

For the nine months ended April 30, 2022	Cultivation and wholesale	Retail	Extract	Eliminations	Consolidated
Gross revenue (external customers)	$ 475,034	$ 534,029	$ 9,631,463	$ -	$ 10,640,526
Excise duty	128,580	-	3,021,419	-	3,149,999
Net revenue (external customers)	346,454	534,029	6,610,044	-	7,490,527
Cost of sales	213,650	365,004	3,240,749	-	3,819,403
Gross profit	132,804	169,025	3,369,295	-	3,671,124
General and administrative					2,933,659
Depreciation and amortization					231,489
Share-based payments					54,336
Operating loss					451,640
Financing costs					(381,702)
Other income					56,255
Income before taxes					126,193

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

Cultivation and wholesale:
Overall, the net cultivation and wholesale revenue for the three months ended April 30, 2023, was $131,744 compared to $59,144 for the corresponding period in 2022. The Company has plans to re-establish its presence of cultivating cannabis flowers in the Alberta Market with its own premium bud. This was launch in Q4 2022, positioning CanadaBis in a unique category of quality product at a low price. The Company is looking forward to this new premium bud to increase in sales in 2023 fiscal period along with other dry flower brands that is expected to be released as well.

Retail operations:
Overall net retail revenue for the year ended July 31, 2022, reduced by approx. 36%, compared to the corresponding period of 2022. This trend continued for 2023 Q3 net retail revenue as decreased by approx. 10% compared to corresponding period in fiscal 2022. In general, retail operations has decreased sales from customer reduction due to increase competition in the market from significant growth in retail stores across Alberta. The Company continues to re-brand itself in the face of competition to increase market share with high expectation of growth in 2023.

Extract:
The net extract revenue for the three months ended April 30, 2023, was $5.7 million compared to $2.6 million for the corresponding period of 2022. The Company was able to significantly increase its sales of extract products, in the Provinces of Alberta, Ontario, Manitoba, Saskatchewan and British Columbia. The Company continued to increased its sales through its continued product awareness campaign and the launch of several new SKUs which the market reaction was extremely positive. The Company has seen continued growth in the sale of the flavoured infuse pre-rolls.

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

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

Management notes that the current climate of Cannabis industry is extremely competitive and saturated with multiple products across the 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 Unaudited Condensed Consolidated Statements of Financial Position from July 31, 2022 to April 30, 2023:

	Increase / (decrease)	Primary factors explaining change
Cash and cash equivalents	$2,641,169	Increase is due to increase in sales and collection from the Provinces.
Accounts receivable	1,208,878	Increase is due to timing of collection of Accounts Receivable balances
Prepaid expenses	81,460	Increase is due to the deposit on pre-roll machine
Biological assets	(36,678)	Net decrease due to a crop growing as at April 30, 2023, offset by harvests in April 2023 transferred from biological assets to own cultivated inventory
Inventory	935,756	Increase due to high volume sales resulted from increase in demand from the Provinces
Long-term deposit	-	Remained unchanged from July 31, 2022.
Property, plant and equipment	652,757	Net change due to additions and depreciation during the period.
Due from related parties	-	Remained unchanged from July 31, 2022.
Demand credit facility	(467,453)	Decrease due to repayment of credit facility during the period.
Accounts payable and accrued liabilities	3,043,555	Increase is due to products purchased to meet demand and increase in sales.
Deferred revenue	91,509	Increase due to cash deposit received for future product purchases to be shipped
Goods and services tax payable	(10,989)	Net increase due to timing of revenue and expenses.
Due to related parties	7,291	Increase is due to vape rental expense during the period.
Lease obligation (in aggregate)	168,849	Increase is due to additional leasing equipment acquired during the period adjusted by payments made.
Long-term debt (in aggregate)	(547,802)	Decrease is due to payments made during the period.

Deferred income liability	(14,440)	Decrease due to implied benefit from government funding.

LIQUIDITY AND CAPITAL RESOURCES

As at April 30, 2023, the Company was compliant with the externally imposed debt covenants on the Commercial Mortgage Loan and presented the short-term portion due for payment in the next twelve months (Note 14 (iii)) as a current liability. The Company's compliance is subject to the Credit Union's review as certain covenants are annually assessed (Note 14 (iii)). The Company's ability to maintain compliance with financial covenants in the next twelve months relies on its ability to successfully generate revenue with existing and new customers and maintain profitability. Subsequent to April 30, 2023, the Company is in negotiations with the Credit Union for more favorable terms for the Commercial Mortgage Loan. For the corresponding period, as at July 31, 2022, the Company was noncompliant with its externally imposed debt covenants and the entire balance due of $6,284,574 was classified as current.

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 arears) (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 arears) (collectively, the "New Credit Facility"). On July 23, 2021, the first tranche of $7,210,000 was released upon the meeting customary closing conditions and was used to settled 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. The second tranche of $1,640,000 shall be advanced upon completion and delivery of the Company's July 31, 2022 year-end audited financial statements, and compliance with externally imposed covenants. Upon receipt of the second tranche, this funding will be used to settle the related party debt (Note 19). As at April 30, 2023, the demand line of credit was not drawn down.

The New Credit Facility is secured through the First Coverage Demand Collateral Mortgages over the properties held by 1998643 Alberta Ltd. and 2103157 Alberta Ltd. in the amounts of $8,850,000 and $750,000, respectively. Also, first charge security interest over all present and acquired personal property, unlimited guarantees and postponement of claims by Goldstream Cannabis Inc. and 1926360 Alberta Ltd., and the assignment and postponement of all related party debt to the amount of $1,640,000 is in place.

The commitment letter requires that the Company maintains the following debt covenants: 1) a debt service coverage ratio not less than 1.40:1 to be tested annually; 2) a debt-to-equity ratio not greater than 1.00:1.00 to be tested annually; and 3) a current ratio not less than 1.25:1.00 to be tested monthly. As at April 30, 2023, the Company was in compliance with all these debt covenants as the debt service coverage ratio was 4.67:1, the debt-to-equity ratio was 0.71:1 and the current ratio was 1.32:1.

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, have 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, 2022 to December 31, 2023. Thereby, the interest-free period was extended by one year, effectively a two-year terms to repay the outstanding balance on or prior to December 31, 2025. If these CEBA loans remain outstanding on January 1, 2024, interest at a rate of 5% per annum will commence.

On February 23, 2021, the Company through one of its wholly-owned subsidiaries secured funding of $393,428 under the Regional Relief Recovery Fund ('RRRF"), an economic relief program under Canada's overall COVID19 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. As at April 30, 2023, the deferred income liability outstanding was $24,906 net of $4,681 and $14,440, respectively recognized during the three and nine months ended April 30, 2023 as other income representing recognition of this benefit over the term of the funding agreement. An annual effective

interest rate of 5.45% was considered reflective of a market rate available at a financial institution under similar terms of repayment. A corresponding accretion expense of $4,681 and $14,440 were recognized to accrete the loan outstanding during the corresponding periods presented. Therefore, resulting in a net impact of $Nil to net income for both the three and nine months ended April 30, 2023.
Capital Plans

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

Facility Development

Phase	Estimated Total Cost	Cost Incurred to Date	Cost to Complete	Status
Phase 1	$5,500,000	$5,088,355	-	Complete
Phase 2	$750,000	$790,716	$0	96% Complete
Phase 3	$1,330,000	-	$1,330,000	Suspended
	$7,580,000	$5,775,939	$1,362,416	

Notes:

(1) Phase 1 included the purchase and construction of Facility and first floor (22,000 sq. ft.) build-out of office space and cultivation space.

(2) Phase 2 included the build-out of the second floor (22,000 sq. ft.) including an extraction lab, office space and potential cultivation space (subject to installation of lighting, waterlines, and other fixtures necessary for cultivation).

(3) Phase 3 would include the build-out of the third floor (22,000 sq. ft) which is currently undeveloped.

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

The decision to suspend major capital expansion plans alters previously disclosed forward looking information provided by the Company in its previous continuous disclosure, including the management's discussion and analysis for the year ended July 31, 2020, specifically the statement that the Company expects the expansion work of the facility to be completed in 2021 Q1. As such projects are currently on hold, the expansion was not completed as at April 30, 2023. There are no current plans or timelines as to when the expansion will be recommenced.

The Company's current total output capacity with respect to its extraction and processing equipment is 800,000 one-gram units per month, of which the Company is yielding 50% monthly capacity as of April 30, 2023. The Company's total capacity with respect to cultivation activity is approximately 225 kg per annum with existing cultivation space, of which the Company is currently producing at 75% capacity (approximately 169 kg per annum).

OFF BALANCE SHEET ARRANGEMENTS

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

COMMITMENTS AND CONTINGENCIES

During March 2023, the Company entered into a lease arrangement with a company to lease a pre-roll machine over a 48-month term for a monthly payment of $16,881 plus applicable taxes. A one-time payment of $189,326 inclusive of tax was made and an amount of $172,445 is included in prepaid expenses as at April 30, 2023. As at April 30, 2023, this machine is not fully commissioned and therefore, the date of commencement of the lease is not known as the leased equipment had not been made available for use by the lessor to the Company (lessee).

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 EBTIDA 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 and nine months ended April 30, 2023 were $173,826 and $476,004, respectively and these amounts were before reclassification from "Depreciation and amortization" financial statement line item to "Cost of sales – Extract" (Note 12 (iv) to the Financial Statements) and capitalization of an amount to Biological Assets (Note 10 to the Financial Statements). Outlined below a reconciliation from GAAP measure (Net income (loss)) to Non-GAAP Measure (Adjusted EBITDA).

Adjusted EBITDA

	Three months ended		**Nine months ended**	
(Unaudited)	**April 30, 2023**	**April 30, 2022**	**April 30, 2023**	**April 30, 2022**
Net income	$1,198,792	$123,137	$3,194,559	$126,193
Adjustment				
Finance cost	111,293	122,104	336,565	381,702
Depreciation and amortization	173,826	129,166	476,004	396,884
Change in fair value of biological asset	(5,138)	22,884	(6,265)	1,313
Realized fair value on inventory sold	46,139	57,961	47,532	82,906
Share-based payments	596	13,284	18,263	54,336
Adjusted EBITDA	$1,525,508	$468,536	$4,066,658	$1,043,334

SHAREHOLDERS' CAPITAL

CanadaBis is authorized to issue an unlimited number of common voting shares, common non-voting shares, and preferred shares. The comnmon voting shares trade on the TSX Venture Exchange ("TSX-V") under the symbol "CANB". As at April 30, 2023, CanadaBis had the following issued and outstanding:

- 137,136,380 common voting shares;
- 1,153,846 warrants; and
- 7,155,000 options.

Stock Option Plan

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

On August 5, 2022, the Company granted 100,000 options to an employee. During the nine month period ended April 30, 2023, no options expired or were exercised. On June 16, 2023, the Company granted an aggregate 1,000,000 options with an exercise price of $0.24 per share to two directors and an employee with a 5-year term from June 19, 2023. One-half of these options vest in six months and the remaining half shall vest one year from the date of grant.

Warrants

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

Prior to July 31, 2022, the Company's warrants issued prior to December 1, 2021 expired unexercised.

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.

RISKS RELATED TO THE BUSINESS AND INDUSTRY

Business risk

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

- ability to successfully obtain and renew Cannabis Act licenses and adhere to all regulatory requirements;
- actions by governmental authorities, including changes in laws, regulations and guidelines which may have adverse effects to the Company's operations;
- the risk that the Company continues as a going concern;
- no guarantee that the lender approves the new credit facility
- risk of failure to acquire regulatory approvals required to produce and sell cannabis;
- risks related to negative public perception of cannabis consumption which may have an adverse effect on the Company's operational results, consumer base, and financial results;
- competition in the market place, in what is quickly maturing industry;
- ability to execute the Company's strategy without additional financing;
- operating hazards and uninsured risks;
- potential for loss of key employees;
- ability to expand operations into international jurisdictions;
- availability of strategic alliances which complement or augment the Company's existing business;
- possibility of product liability claims against the Company;
- risk of product recalls and returns;
- ability to successfully develop new products and obtain required regulatory approvals;
- conflicts of interest which may arise between the Company and its directors and officers;
- risks related to agricultural operations, including disease, insect pests, and changes in climate;
- the Company's dependence on transportation and the possibility of disruptions;
- fluctuating prices of raw materials;
- risks related to compliance with safety, health, and environmental regulations;
- ability to protect and preserve intellectual property rights;
- risk of political and economic instability in the jurisdictions in which the Company operates;
- ability to successfully identify and make attractive acquisitions, joint ventures or investments, or successfully integrate future acquisitions;
- global economy risk, which may impact the Company's ability to raise equity or obtain additional financing;
- misappropriation of assets and security breaches;
- cyber security risks, loss of information and computer systems;
- risks related to global pandemic such as the current COVID-19 pandemic;
- demand for the Company's products and services and fluctuations in future revenues;
- development costs remaining consistent with budgets;
- ability to manage anticipated and unanticipated costs;

- pricing of various cannabis products;
- approval by the TSX-V and regulatory authorities of the financings and acquisitions being undertaken by the Company;
- impact of the COVID-19 pandemic on the Company's business;
- market demand for proposed product and brand launches;
- regulatory authorities continuing to act in accordance with prior guidance;
- equity and debt markets continuing to provide the Company with access to capital on terms acceptable to the Company;
- general economic trends and conditions;
- expected actions of third parties;
- future growth prospects and business opportunities;
- expected growth in the amount of cannabis sold by the Company and the expected timing, size and pricing regarding the recreational market;
- expectations with respect to future production costs;
- expectations with respect to the renewal and/or extension of the Company's licences and permits;
- capital cost of expected expansion by the Company;
- ability of the Company to achieve expected production;
- competitive conditions of the cannabis industry;
- applicable laws, regulations and any amendments thereof; and
- grant and impact of any licence or supplemental licence to conduct activities with cannabis or any amendments thereof.

Financial instrument and risk management

The Company's principal financial instruments are outstanding amounts drawn from its credit facilities. Other financial assets and liabilities arising directly from its operations and corporate activities include cash and cash equivalents, accounts payable and accrued liabilities, taxes 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 pot entially subject the Company to concentrations of credit risks consist principally of cash and accounts receivable. All of the Company's cas h was held at three financial institutions as at April 30, 2023, all of which are Canadian Chartered Banks.

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 April 30, 2023, approximately 89% of the accounts receivable balances were with four parties. The Company has a credit concentration risk as it deals with counterparties that are in the licensed cannabis industry. The Company's expected credit loss allowance is determined based on 1% of not past due amounts, 5% for 1-30 days, 10% for 31- 60 days, 25% up to 90 days and 50% up to 90 days.

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

	April 30, 2023	July 31, 2022
Account receivables		
Not past due	$ 2,558,403	$ 1,643,738
1-30 days	395,461	536,402
31-90 days	-225	1,121
90+ days	535,823	541,828
Total gross carrying amount	3,489,462	2,723,089
Loss allowance	(580,822)	(584,142)
Total carrying amount	$ 2,908,640	$ 2,138,947

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.

		April 30, 2023		July 31, 2022
Loss allowance				
Balance, beginning of period	$	584,142	$	537,040
Increase in loss allowance for the period		1,987		47,102
Written off during the period		(5,307)		-
Balance, end of period	$	580,822	$	584,142

As at April 30, 2023, trade accounts receivables and other receivables included an amount of $439,185 to be received from a third party shipping company for reimbursement of the Company for loss of revenue due to theft of inventory in-transit during the quarter ended April 30, 2023. During the three and nine month periods ended April 30, 2023, the other income (expenses) for both periods presented included insurance proceeds of $439,185 offset by $127,398, the cost of inventory stolen. Subsequent to April 30, 2023, the Company received $300,000 with the remaining approved balance to be received.

Liquidity risk

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

The Company primarily financed its operations and growth initiatives by generating revenue, equity financing and other means of short-term financing available. Management is actively pursuing all sources of financing options available, which includes working with existing and new potential lenders to consider refinancing of existing credit facilities, equity financing, and other means of short-term and long-term financing. Near-term operating capital has been funded by way of related party advances, with repayment terms disclosed in Note 20 to the Financial Statements.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates. The Company is exposed to interest rate risk through its long-term debt (Note 14). A 1% increase to the interest rate would have an approximate impact of $15,081 and $45,243 on pretax earnings for the three and nine months ended April 30, 2023, respectively.

RELATED PARTY TRANSACTIONS

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

Balances due from related parties as at:

Amount due from related party		April 30, 2023		July 31, 2022
890859 Alberta Ltd.	$	14,090	$	14,090

890859 Alberta Ltd. is a company owned by a shareholder and officer of the Company. 890859 Alberta Ltd. sells non-cannabis balms and creams produced by the Company and subleases space from the Company's retail location for rental income of $600 and $1,200 for the three and nine months ended April 30, 2022, respectively. No rental income was received for the three and nine months ended April 30, 2023.

Balance due to related parties as at:

Amount due to related parties		**April 30, 2023**		**July 31, 2022**
SS Pipelines Ltd. (i)	$	689,744	$	689,745
Runaway Developments Ltd. (ii)		653,791		653,791
Director and shareholders (iii)		91,707		84,415
	$	1,435,242	$	1,427,951

(i) SS Pipelines Ltd. is a company owned by shareholders, a director and officer of the Company. The amounts due to relates 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 matured on September 30, 2020. Subsequent to July 31, 2020 year-end, the maturity was extended to December 31, 2021. Subsequent to July 31, 2021, additional funds of $277,193 advanced for operational purposes during the year were repaid in the year ended July 31, 2022. As at April 30, 2023, the balance outstanding includes accrued interest of $3,791.

(iii) As at April 30, 2023, an aggregate amount of $91,707 (July 31, 2022 - $84,415) 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 pertained to the vape filling machine rental fee, of which approximately $46,000 was repaid subsequent to April 30, 2023.

During the three and nine months ended April 30, 2023 and 2022, no operational and capital expenses were paid by the related parties on behalf of the Company. During the three and nine months ended April 30, 2022, non-cannabis products sales to related parties were $Nil and $2,400, respectively and $Nil for both the three and nine months ended April 30, 2023. The Company is leasing an extraction machine from a company that is owned by three directors of CanadaBis. See Notes 12(ii) and 13 for further details. During the years ended July 31, 2022 and 2021, 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 three and nine months ended April 30, 2023, aggregate equipment rental expenses of $44,347 and $207,413, respectively were incurred representing a rental fee of $1 per vape filled. For the corresponding periods presented, the equipment rental expenses of $42,221 and $111,554 were incurred. On June 27, 2022, the Board of Directors approved a consulting agreement with a director to provide certain legal, corporate and administration consulting services for a period from May 1, 2022 and an end date of April 30, 2023. The terms and conditions of this consulting agreement is within normal course of business and payable immediately. As at April 30, 2023, the accounts payable balance includes an amount of $1,047. During the three and nine months ended April 30, 2023, the consulting services expenses incurred were $1,047 and $5,530, respectively.

CRITICAL ACCOUNTING ESTIMATES & JUDGEMENTS

There have been no significant changes in CanadaBis' critical accounting estimates for the three and nine months ended April 30, 2023. Further information on the Company's critical accounting policies and estimates are disclosed in Notes 4 and 5 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;
- the Company's monitoring of consumer plans and expectations regarding the developments of extraction products in the cannabis space;
- projections on products and relationships with toll processors;
- the plans to rectify debt covenants including new credit facility approval;
- expectations regarding the Company's evaluation of growth opportunities and plans with respect to the same;
- projection of market prices and costs;
- anticipated supply and demand for recreational cannabis;
- the Company's expansion of the cultivation and extraction facilities;
- the Company's ability to offer high quality cannabis products; and
- impact of the proposed changes to the edibles market.

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

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

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