



# UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the Three Months Ended October 31, 2024 and 2023

## **NOTICE TO READER**

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim consolidated financial statements, they must be accompanied by a notice indicating that the unaudited condensed interim consolidated financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim consolidated financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these unaudited condensed interim consolidated financial statements in accordance with the standards established by the Chartered Professional Accountants of Canada for a review of the unaudited condensed interim consolidated financial statements by an entity's auditor.

**CANADABIS CAPITAL INC.**  
**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

**As at**  
*(Expressed in Canadian dollars)*

	October 31, 2024	July 31, 2024
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents (Note 7)	\$ 801,168	\$ 1,678,531
Trade accounts receivable and other receivables (Note 20(b))	3,070,431	2,059,390
Prepaid expenses	541,228	719,516
Biological assets (Note 9)	34,286	87,098
Inventory (Note 10)	11,141,054	9,174,703
	<u>15,588,167</u>	<u>13,719,238</u>
Long-term deposit (Note 8)	280,995	280,995
Property, plant and equipment (Note 11)	10,427,758	10,545,203
	<u>\$ 26,296,920</u>	<u>\$ 24,545,436</u>
<b>LIABILITIES</b>		
Current liabilities		
Demand line of credit	\$ 678,832	\$ 482,350
Trade accounts payable and accrued liabilities	9,457,274	8,059,518
Goods and services tax payable	474,887	378,371
Income tax payable (Note 18)	85,747	99,730
Due to related parties (Note 19)	1,517,022	1,462,618
Current portion of lease obligations (Note 12)	365,773	370,380
Current portion of long-term debt (Note 13)	1,074,077	1,059,465
	<u>13,653,612</u>	<u>11,912,432</u>
Deferred income liability (Note 13(ii))	5,088	7,380
Lease obligations (Note 12)	549,371	633,030
Long-term debt (Note 13)	3,671,085	3,896,399
	<u>17,879,156</u>	<u>16,449,241</u>
<b>SHAREHOLDERS' EQUITY</b>		
Share capital (Note 15)	16,745,228	16,745,228
Share-based payments reserve	3,125,605	3,125,605
Deficit	(11,546,255)	(11,867,824)
Total equity attributed to own shareholders	<u>8,324,578</u>	<u>8,003,009</u>
Non-controlling interest (Note 14)	93,186	93,186
	<u>8,417,764</u>	<u>8,096,195</u>
	<u>\$ 26,296,920</u>	<u>\$ 24,545,436</u>

Approved by the Board of Directors

"Travis McIntyre "

Travis McIntyre

"Shane Chana"

Shane Chana

See accompanying notes to the unaudited condensed consolidated financial statements

**CANADABIS CAPITAL INC.****UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF NET INCOME AND COMPREHENSIVE INCOME**

For the Three Months Ended

*(Expressed in Canadian dollars)*

	October 31, 2024	October 31, 2023
<b>REVENUE</b>		
Gross revenue (Note 25)	\$ 9,602,446	\$ 9,004,793
Excise duty (Note 25)	4,515,919	3,261,402
Net revenues (Note 5)	5,086,527	5,743,391
Cost of sales (Note 6)	2,885,281	3,114,741
Gross profit	2,201,246	2,628,650
<b>EXPENSES</b>		
Depreciation and amortization	132,977	138,373
General and administration	1,649,529	1,562,866
Share-based payments (Note 16)	-	65,945
	1,782,506	1,767,184
Income from operations	418,740	861,466
<b>Other income and expenses</b>		
Financing costs (Note 23)	(114,368)	(133,692)
Other income (expenses) (Note 20(b)(iii))	17,197	9,093
	(97,171)	(124,599)
Net income before tax for the period	321,569	736,867
Income tax expense - current taxes (Note 18)	-	29,750
Net income and comprehensive income for the period	321,569	707,117
Attributed to:		
Equity holders of the parent	321,569	707,117
Non-controlling interest	-	-
	\$ 321,569	\$ 707,117
Per share amount (Note 22)		
Basic and diluted	\$ 0.00	\$ 0.01

See accompanying notes to the unaudited condensed consolidated financial statements

**CANADABIS CAPITAL INC.**  
**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**

For the Three Months Ended

(Expressed in Canadian dollars)

	Share capital	Share-based payment reserve	Deficit	Total equity attributable to own shareholders	Non-controlling interest	Total shareholders' equity
Balance, July 31, 2023	\$ 16,730,866	\$ 2,988,210	\$ (12,468,109)	\$ 7,250,967	\$ 93,186	\$ 7,344,153
Shares issued upon exercise of share options (Note 15(b)(i))	8,009	(3,009)	-	5,000	-	5,000
Share-based payments (Note 16)	-	65,945	-	65,945	-	65,945
Net income and comprehensive income for the period	-	-	707,117	707,117	-	707,117
Balance, October 31, 2023	\$ 16,738,875	\$ 3,051,146	\$ (11,760,992)	\$ 8,029,029	\$ 93,186	\$ 8,122,215
Balance, July 31, 2024	\$ 16,745,228	\$ 3,125,605	\$ (11,867,824)	\$ 8,003,009	\$ 93,186	\$ 8,096,195
Net income and comprehensive income for the period	-	-	321,569	321,569	-	321,569
Balance, October 31, 2024	\$ 16,745,228	\$ 3,125,605	\$ (11,546,255)	\$ 8,324,578	\$ 93,186	\$ 8,417,764

See accompanying notes to the unaudited condensed consolidated financial statements

**CANADABIS CAPITAL INC.**  
**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**For the Three Months Ended**  
*(Expressed in Canadian dollars)*

	October 31, 2024	October 31, 2023
<b>Cash provided by (used in)</b>		
<b>Operating activities</b>		
Net income before tax for the period	\$ 321,569	\$ 736,867
Items not affecting cash		
Accretion expense	8,742	10,332
Depreciation (Notes 6, 9 and 11)	228,807	228,487
Loss on derecognition of vehicle loan (Note 13(v))	26,444	-
Change in fair value of biological asset (Note 9)	11,148	(44,070)
Write down of inventory	-	28,400
Non-cash other income (Note 13(ii))	(2,292)	(3,906)
Non-cash interest expense (Note 19 (a) (ii))	3,791	3,791
Share-based payments	-	65,945
Changes in non-cash working capital (Note 24)	(1,274,721)	(66,898)
	(676,512)	958,948
<b>Financing activities</b>		
Issuance of shares (Note 15(b)(i))	-	5,000
Advances from related parties	64,403	19,696
Repayment of amounts due to related parties	(10,000)	(78,411)
Proceeds from on demand line of credit	196,482	-
Repayment of long-term debt (Note 13)	(260,909)	(248,299)
Interest earned on long-term deposit	-	(4,500)
Repayment of lease obligation (Note 12)	(88,266)	(78,755)
	(98,290)	(385,269)
<b>Investing activities</b>		
Purchase of property, plant and equipment (Note 11)	(102,561)	(72,441)
	(102,561)	(72,441)
Net change in cash and cash equivalents	(877,363)	501,238
Cash and cash equivalents		
Beginning of the period	1,678,531	3,225,190
End of the period	\$ 801,168	\$ 3,726,428
<b>Supplemental cash flow information</b>		
Interest paid	\$ 105,626	\$ 119,569

See accompanying notes to the unaudited condensed consolidated financial statements

# CANADABIS CAPITAL INC.

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the Three Months Ended October 31, 2024 and 2023

Canadian dollars)

### 1. Nature of operations

CanadaBis Capital Inc. ("CanadaBis" or the "Company") is incorporated under the Alberta Business Corporations Act ("ABCA") and its principal business is the production and sale of recreational cannabis and cannabis extracts. The Company's common shares are listed and traded on the TSX Venture Exchange under the symbol "CANB". The address of the Company's registered office is 255C Clearview Drive, Red Deer County, Alberta, Canada T4E 3B6.

### 2. Basis of preparation

#### (a) Statement of compliance

The accompanying unaudited condensed consolidated financial statements as at October 31, 2024 and for the three months ended October 31, 2024 and 2023 (the "Financial Statements") were prepared in accordance with International Accounting Standard ("IAS") 34, Interim Financial Reporting, as issued by the International Accounting Standards Board ("IASB") using the accounting policies the Company adopted in its annual consolidated financial statements as at and for the year ended July 31, 2024, except for the new and amended accounting standards adopted as outlined below in Note 3. Certain disclosures that are normally required to be included in the notes to annual audited financial statements have been condensed or omitted. The Company has prepared these Financial Statements on the basis that it will continue to operate as a going concern.

These Financial Statements were approved and authorized for issue by the Board of Directors on December 30, 2024.

#### (b) Basis of consolidation

Subsidiaries are entities controlled by CanadaBis. Control exists when CanadaBis has the power, directly or indirectly, to govern the financial and operating policies of an entity and to be exposed to the variable returns from its activities. The financial statements of the subsidiaries are included in the consolidated financial statements of CanadaBis from the date the control commences until the date the control ceases.

Subsidiaries	Jurisdiction of incorporation	Ownership interest
Stigma Pharmaceuticals Inc.	Alberta, Canada	100%
1998643 Alberta Ltd.	Alberta, Canada	100%
Full Spectrum Labs Ltd.	Alberta, Canada	100%
2103157 Alberta Ltd.	Alberta, Canada	100%
Goldstream Cannabis Inc.	British Columbia, Canada	95%

Intercompany balances and any unrealized gains and losses or income and expenses arising from transactions with subsidiaries are eliminated to the extent of CanadaBis' interest.

#### (c) Non-controlling interest

Non-controlling interest represent equity interests in subsidiaries owned by outside parties. The share of net assets of subsidiaries attributable to non-controlling interests is presented as a component of shareholders' equity. Changes in the Company's ownership interest in subsidiaries that do not result in a loss of control are accounted for as equity transactions. Non-controlling interest consists of the non-controlling interest at the date of the original acquisition plus the non-controlling interest share of changes in equity since the date of acquisition.

The Company owns 95% of the outstanding common shares of its subsidiary, Goldstream Cannabis Inc. These consolidated financial statements include 100% of the assets and liabilities related to Goldstream Cannabis Inc., and include a non-controlling interest representing 5% of Goldstream Cannabis Inc.'s assets and liabilities not owned by the Company.

#### (d) Basis of presentation

These Financial Statements have been prepared on a historical cost basis except for biological assets and certain financial instruments which are measured at fair value. These Financial Statements are presented in Canadian dollars, which is also the functional currency.

### 3. Material accounting policies

These Financial Statements follow the same accounting policies as the most recent annual audited financial statements. Accordingly, these Financial Statements should be read in conjunction with the Company's audited annual consolidated financial statements for the year ended July 31, 2024, except as noted below. A summary of the material accounting policies, which have been applied consistently to all periods presented in the accompanying Financial Statements are set out below. Certain prior period amounts have been reclassified throughout the Financial Statements to conform with current period presentation. Changes in fair value related to biological assets and realized fair value on inventory sold are presented in notes to the Financial Statements. See Notes 6, 9 and 25.

#### New and amended accounting standards adopted

As at August 1, 2024, the Company adopted the following amendments to a standard that had no material impact on these Financial Statements either due to not being applicable or limited relevance based on nature and extend of the Company's operations:

(i) Amendments to IAS 1: Classification of Liabilities as Current or Non-current - the IASB issued 'Non-current Liabilities with Covenants' were issued to clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. Under the new requirement, the Company is to assess whether a liability is presented as current or non-current based on the contractual arrangements in place as at the reporting date and thereby, does not impact the amount or timing of recognition. These amendments only apply to covenants with which the Company must comply on or before the reporting date that affect the classification of a liability as current or non-current. However, when non-current liabilities are subject to future covenants, the Company is to disclose information to assist users with their understanding of the risk that those liabilities could become repayable within 12 months after the reporting date. These amendments are also to be considered when the Company classifies a liability that can be settled in its own shares – e.g. convertible debt. Adoption of these amendments had no material impact on the Company's Financial Statements.

### 4. Critical accounting estimates and judgements

The preparation of these Financial Statements requires management to make judgments, estimates and assumptions that affect the reported amount of revenues, expenses, assets, liabilities, and the disclosure of contingent assets and liabilities. These estimates and judgements concern matters that are inherently complex and uncertain. Judgements and estimates are continually evaluated and are based on historical experience and expectation of future events. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the review affects both current and future periods. The critical accounting estimates and judgements used in the preparation of these Financial Statements are consistent with those critical accounting estimates and judgements as disclosed in the audited consolidated financial statements as at and for the year ended July 31, 2024.

### 5. Net revenues

	Three months ended	
	October 31, 2024	October 31, 2023
Extract	\$ 3,888,955	\$ 4,754,653
Retail	-	134,996
Cultivation and wholesale	1,197,572	853,742
	\$ 5,086,527	\$ 5,743,391

**CANADABIS CAPITAL INC.**

**NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

For the Three Months Ended October 31, 2024 and 2023

Canadian dollars)

**6. Cost of sales**

	Three months ended	
	October 31, 2024	October 31, 2023
Extract	\$ 2,006,339	\$ 2,441,985
Retail	-	101,502
Cultivation and wholesale	878,942	571,254
	\$ 2,885,281	\$ 3,114,741

During the three months ended October 31, 2024 and 2023, the aggregate depreciation charge of \$87,047 and \$81,561, respectively were included in cost of sales - extract.

During the three months ended October 31, 2023, the cost of sales - cultivation and wholesale included an amount of \$28,400 due to stating the harvested cannabis inventory at the lower of cost and net realizable value.

**7. Cash and cash equivalents**

As at October 31, 2024, the cash and cash equivalents balance includes GICs with aggregate value of approximately \$237,000 (July 31, 2024 - \$700,000) that each are redeemable without penalties.

**8. Long-term deposit**

In connection with the New Credit Facility (see Note 13(iii)), a term deposit for commercial hold backs and an interest rate of 0.20% was obtained. The maturity date is July 13, 2024 and this term deposit cannot be redeemed until the lien as stipulated in the commitment letter is removed. The lien is regarding a statement of claim against the Company which the Company deems without merit and filed a counterclaim. As at October 31, 2024, the lien remained in place. As at October 31, 2024, the balance of \$280,995 includes aggregate interest earned of \$6,495 that is readily available to the Company.

**9. Biological Assets**

	October 31, 2024	July 31, 2024
Balance, beginning of the period	\$ 87,098	\$ 76,195
Capitalized cost of biological assets	86,525	346,993
Changes in fair value	(11,148)	41,994
Cash cost transferred to inventory upon harvest	(128,189)	(378,084)
Balance, end of the period	\$ 34,286	\$ 87,098

During the three months ended October 31, 2024 and 2023, the depreciation charge of \$8,783 and \$8,554, respectively related to property, plant and equipment used in the growth and harvesting of biological assets was capitalized to biological assets.

During the three months ended October 31, 2024 and 2023, the gross profit included the changes in fair value related to the biological assets of \$(11,148) and \$44,070, respectively.

During the three months ended October 31, 2024, the Company successfully completed its twenty-first harvest. As at October 31, 2024, the crops growing were at varying stages within the overall growth cycle ranging from approximately 7% to 23% complete relative to the next harvest date. The selling price of dry flower per gram and trim per gram remained unchanged from July 31, 2024.

The Company measures its biological assets at their fair value less costs to sell. This is determined using a model which estimates the expected harvest yield in grams for flower and trim being cultivated, and then adjust those amounts for selling price per gram and costs to sell. The fair value of biological assets is considered a Level 3 categorization in the IFRS fair value hierarchy, as there is currently no actively traded commodity market in Canada for cannabis plants. The fair value of cannabis plants was determined using a valuation model that estimates the expected harvest yield per crop and applies this to the estimated fair value less costs to sell per gram of dried cannabis flower. Significant unobservable inputs were used by management as part of this model:

- Selling price – calculated based on weighted average selling prices of cannabis of comparable companies in the industry as well as prices paid for bulk cannabis that was acquired from arms-length licensed producers for use in the extraction and tolling operations;
- Yield per plant – represents the expected number of dried cannabis flower which is expected to be obtained from each harvested cannabis plant; and
- Survival rate – represents the percentage of plants that start in the vegetative room that will eventually be harvested.

The following table quantifies each significant unobservable input, and also provides the impact of the percentage increase/decrease as noted in each input independently would have on the fair value of biological assets as at the period ends presented:

	October 31, 2024		July 31, 2024	
Selling price (Dry Flowers)	\$3.00 p/gram	\$3,333	\$3.00 p/gram	\$3,333
Yield per plant	42 grams	\$3,500	42 grams	\$3,500
Survival rate	95.0%	\$5,300	95.0%	\$5,300

**10. Inventory**

	October 31, 2024	July 31, 2024
Bulk material and retail	\$ 354,955	\$ 297,308
Harvested cannabis	476,665	314,980
Extraction	10,309,434	8,562,415
	\$ 11,141,054	\$ 9,174,703

**CANADABIS CAPITAL INC.**
**NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

For the Three Months Ended October 31, 2024 and 2023

Canadian dollars

**11. Property, Plant and Equipment**

	Land	Building and improvements (i)	Plant and equipment (ii)	Office equipment	Computer hardware	Automobiles	Total
<b>Cost</b>							
Balance, July 31, 2023	\$ 2,425,000	\$ 7,423,892	\$ 2,726,379	\$ 154,532	\$ 47,599	\$ 169,792	\$ 12,947,194
Additions (iii)	-	148,021	139,649	5,923	13,152	107,279	414,024
Disposals	-	-	-	-	-	(29,060)	(29,060)
Balance, July 31, 2024	2,425,000	7,571,913	2,866,028	160,455	60,751	248,011	13,332,158
Additions	-	4,504	94,078	1,025	2,954	104,617	207,178
Derecognition of vehicle loan	-	-	-	-	-	(107,279)	(107,279)
Balance, October 31, 2024	\$ 2,425,000	\$ 7,576,417	\$ 2,960,106	\$ 161,480	\$ 63,705	\$ 245,349	\$ 13,432,057
<b>Accumulated depreciation</b>							
Balance, July 31, 2023	\$ -	\$ 1,042,382	\$ 711,836	\$ 74,353	\$ 35,589	\$ 40,795	\$ 1,904,955
Depreciation	-	262,362	555,552	31,278	11,540	41,058	901,790
Disposals	-	-	-	-	-	(19,790)	(19,790)
Balance, July 31, 2024	-	1,304,744	1,267,388	105,631	47,129	62,063	2,786,955
Depreciation (iv)	-	66,852	144,772	5,739	3,060	8,384	228,807
Derecognition of vehicle loan	-	-	-	-	-	(11,463)	(11,463)
Balance, October 31, 2024	\$ -	\$ 1,371,596	\$ 1,412,160	\$ 111,370	\$ 50,189	\$ 58,984	\$ 3,004,299

**Net book value**

<b>October 31, 2024</b>	<b>\$ 2,425,000</b>	<b>\$ 6,204,821</b>	<b>\$ 1,547,946</b>	<b>\$ 50,110</b>	<b>\$ 13,516</b>	<b>\$ 186,365</b>	<b>\$ 10,427,758</b>
July 31, 2024	\$ 2,425,000	\$ 6,267,169	\$ 1,598,640	\$ 54,824	\$ 13,622	\$ 185,948	\$ 10,545,203

(i) Included in property, plant and equipment is \$916,146 (July 31, 2024 - \$914,821) of building improvements and equipment that is not subject to amortization as it is currently under construction.

(ii) On January 31, 2021, 1998643 Alberta Ltd. entered into a lease arrangement with a company that is owned by two directors and a significant shareholder of CanadaBis to lease an extraction machine over a 72-month term for a monthly payment of \$11,991 plus applicable taxes and residual value of \$1, with first payment due April 30, 2021. Considering the related party nature of this transaction and outside of the normal course of business, the rate implicit to the arrangement approved by the Board of Directors was 11.0% and the original vendor cost of the asset was supported by an arm's length transaction between the lender and the vendor. For accounting purposes, the incremental borrowing rate for the Company (lessee) was assessed as 12.0% supported by an independent financing quote but due to financing constraints the Company entered into this lease arrangement with a related party. As at January 31, 2021, a right-of-use asset of \$629,240 was recognized and a corresponding lease obligation (Note 12). The right-of use asset is depreciated over the lease term on a straight-line basis, which is shorter than the asset's useful life. During the three months ended October 31, 2024 and 2023, the aggregate lease payments for the extraction machine was \$35,974.

(iii) 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)). During the three months ended October 31, 2024, the Company acquired a vehicle that was financed by entering into long-term debt (Note

(iv) This represents the aggregate depreciation charge for the three months ended October 31, 2024 that is prior to the capitalization of \$8,783 to Biological Assets (Note 9) and reclassification of \$87,047 from the "Depreciation and amortization" financial statement line item to Cost of sales - extract (Note 6) for presentation purposes.

**12. Lease obligations**
**Right-of-use assets**

The cost and accumulated depreciation related to the right-of-use assets have been included in property, plant and equipment (see Note 11). The changes in the net book value for the Company's right-of-use assets during the three months ended October 31, 2024 and the year ended July 31, 2024, respectively were as follows:

	Plant and equipment	Vehicle	Total
<b>Cost</b>			
Balance, July 31, 2023	\$ 1,788,756	\$ 82,639	\$ 1,871,395
Derecognition of lease	-	(29,060)	(29,060)
Balance, July 31, 2024 and October 31, 2024	1,788,756	53,579	1,842,335
<b>Accumulated depreciation</b>			
Balance, July 31, 2023	\$ 332,585	\$ 36,979	\$ 369,564
Depreciation	426,943	6,944	433,887
Derecognition of lease	-	(19,790)	(19,790)
Balance, July 31, 2024	759,528	24,133	783,661
Depreciation	110,327	2,701	113,028
Balance, October 31, 2024	\$ 869,855	\$ 26,834	\$ 896,689
<b>Net book value</b>			
<b>Balance, October 31, 2024</b>	<b>\$ 918,901</b>	<b>\$ 26,745</b>	<b>\$ 945,646</b>
Balance, July 31, 2024	\$ 1,029,228	\$ 29,446	\$ 1,058,674
<b>Lease liabilities</b>			
		<b>October 31, 2024</b>	<b>July 31, 2024</b>
Balance, beginning of the period		\$ 1,003,410	\$ 1,334,356
Derecognition of lease		-	(3,082)
Lease payments		(121,569)	(489,985)
Interest expense		33,303	162,121
Balance, end of the period		915,144	1,003,410
Less current portion		(365,773)	(370,380)
		\$ 549,371	\$ 633,030

**CANADABIS CAPITAL INC.**

**NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

For the Three Months Ended October 31, 2024 and 2023

Canadian dollars)

**12. Lease obligations (Continued)**

Amounts recognized in profit and loss

	Three months ended	
	October 31, 2024	October 31, 2023
Lease expense on short-term lease	\$ 6,475	\$ 6,084
Interest expense on lease liabilities	33,303	44,668
Amounts expensed in profit and loss	\$ 39,778	\$ 50,752

**Lease payments**

The required undiscounted cash flows of lease payments of the lease liability as at October 31, 2024 are as follows:

	2025
Less than 1 year	\$ 475,024
1-5 years	562,918
More than 5 years	-
	\$ 1,037,942

**13. Long-term debt**

	Commercial				Total
	CEBA loan (i)	RRRF Loan (ii)	Mortgage Loan (iii)	Vehicle Loans (iv)	
Balance, July 31, 2023	\$ 120,000	\$ 296,309	\$ 5,482,732	\$ 75,907	\$ 5,974,948
Additional funding	-	-	-	75,851	75,851
Repayment of principal	(80,000)	(131,160)	(863,368)	(19,239)	(1,093,767)
Debt forgiveness	(40,000)	-	-	-	(40,000)
Accretion	-	13,232	25,600	-	38,832
Balance, July 31, 2024	-	178,381	4,644,964	132,519	4,955,864
Less current portion	-	(131,160)	(902,416)	(25,889)	(1,059,465)
	\$ -	\$ 47,221	\$ 3,742,548	\$ 106,630	\$ 3,896,399

	Commercial				Total
	CEBA loan (i)	RRRF Loan (ii)	Mortgage Loan (iii)	Vehicle Loans (iv) (v)	
Balance, July 31, 2024	\$ -	\$ 178,381	\$ 4,644,964	\$ 132,519	\$ 4,955,864
Additional funding	-	-	-	110,837	110,837
Repayment of principal	-	(32,790)	(221,506)	(6,613)	(260,909)
Derecognition of vehicle loan	-	-	-	(69,372)	(69,372)
Accretion	-	2,292	6,450	-	8,742
Balance, October 31, 2024	-	147,883	4,429,908	167,371	4,745,162
Less current portion	-	(131,160)	(912,265)	(30,652)	(1,074,077)
	\$ -	\$ 16,723	\$ 3,517,643	\$ 136,719	\$ 3,671,085

- (i) As at July 31, 2023, \$180,000 was outstanding for loans obtained under the Government of Canada announced the Canada Emergency Business Account ("CEBA") loan program, an economic relief program under Canada's overall COVID-19 Economic Response Plan. Prior to January 18, 2024, an aggregate of \$80,000 was repaid for the CEBA loans outstanding and the remaining aggregate balance of \$40,000 representing the debt forgiveness portion was recognized and presented as other income in the consolidated statement of net income and comprehensive income for the year ended July 31, 2024.
- (ii) 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.
- (iii) 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, and the increase since July 31, 2024 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. 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.

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**13. Long-term debt (Continued)**

- (iv) 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 three months ended October 31, 2024.
- (v) 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 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.

**14. Non-controlling interests**

The changes in non-controlling interests are as follows for the periods presented:

Balance, July 31, 2022	\$	93,186
Share of net loss for the year		-
Balance, July 31, 2023		93,186
Share of net income for the year ended		-
Balance, July 31, 2024	\$	93,186

On August 13, 2019, the Company acquired 95% of the outstanding shares of Goldstream Cannabis Inc. ("Goldstream") for \$3,500,000 payable in 11,666,666 common voting shares of CanadaBis, at a price of \$0.30 per common voting share. At October 31, 2024, the Company held a 95% ownership interest (July 31, 2023 – 95%) in Goldstream, located in British Columbia, Canada. The following table represents the summarized information for Goldstream before intercompany eliminations.

	October 31, 2024	July 31, 2024
Current assets	\$ 4,284	\$ 4,284
Non-current assets	1,972,460	1,972,460
Current liabilities	111,384	111,384
Non-current liabilities	-	-
Net revenues for the three months ended October 31, 2024 and 2023	-	-
Net income for the three months ended October 31, 2024 and 2023	\$ -	\$ -

**15. Share capital**
**(a) Authorized**

The Company is authorized to issue an unlimited number of voting common, non-voting common and preferred shares.

**(b) Issued and outstanding**

	Number of shares	Amount
Balance, July 31, 2023	138,211,380	\$ 16,730,866
Proceeds from shares issued upon exercise of options Note 15(b)(i)	25,000	5,000
Reclassification of contributed surplus to share capital upon exercise of options (Note 15(b)(i))	-	3,009
Proceeds from shares issued upon exercise of options Note 15(b)(i)	20,000	4,000
Reclassification of contributed surplus to share capital upon exercise of options (Note 15(b)(i))	-	2,353
Balance, July 31, 2024 and October 31, 2024	138,256,380	\$ 16,745,228

- (i) 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.

**16. Share-based payments**
**(a) Option plan details**

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. 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.

**(b) The following is a summary of changes in options from July 31, 2023 to October 31, 2024**

	Number of options	Weighted average exercise price
Outstanding, July 31, 2023	7,080,000	\$ 0.23
Exercised (Note 15(ii))	(45,000)	\$ 0.20
Expired	(450,000)	\$ 0.50
Cancelled and forfeited	(427,500)	\$ 0.20
Outstanding, July 31, 2024	6,157,500	\$ 0.21
Cancelled and forfeited	(27,500)	\$ 0.22
Outstanding, October 31, 2024	6,130,000	\$ 0.21
Options exercisable as at October 31, 2024	6,130,000	\$ 0.21

**(b) The following table summarizes information about the stock options as at October 31, 2024:**

Range of exercise prices	Options Outstanding			Options Exercisable		
	Number outstanding	Weighted average remaining life	Weighted average exercise price	Number exercisable	Weighted average exercise price	
\$0.20	5,100,000	0.73	\$ 0.20	5,100,000	\$	0.20
\$0.24	1,000,000	3.62	\$ 0.24	1,000,000	\$	0.24
\$0.29	30,000	0.11	\$ 0.29	30,000	\$	0.29
	6,130,000	1.20	\$ 0.21	6,130,000	\$	0.21

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**16. Share-based payments (Continued)**

(b) The following table summarizes information about the stock options as at July 31, 2024:

Range of exercise prices	Options Outstanding			Options Exercisable		
	Number outstanding	Weighted average remaining life	Weighted average exercise price	Number exercisable	Weighted average exercise price	
\$0.20	5,120,000	0.99	\$ 0.20	5,120,000	\$	0.20
\$0.24	1,000,000	3.88	\$ 0.24	1,000,000	\$	0.24
\$0.29	37,500	0.36	\$ 0.29	37,500	\$	0.29
	6,157,500	1.45	\$ 0.21	6,157,500	\$	0.21

(c) Fair value of options issued during the periods presented

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.

**17. Warrants**

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

(a) 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, these outstanding warrants expired unexercised.

(b) The following warrants are outstanding as at the following dates:

	Number of warrants	Weighted average exercise price
Outstanding, July 31, 2024 and October 31, 2024	1,153,846	\$ 0.25
Exercisable, July 31, 2024 and October 31, 2024	-	\$ 0.25

The following table summarizes information about the Company's outstanding warrants as at October 31, 2024:

Issuance date	Expiry date	Warrants outstanding			Warrants exercisable		
		Number outstanding	Weighted average remaining life	Weighted average exercise price	Number exercisable	Weighted average exercise price	
December 1, 2021	December 1, 2024	1,153,846	0.08	\$ 0.25	-	\$	0.25

**18. Income taxes**

The total income taxes of \$Nil and \$29,750 for the three months ended October 31, 2024 and 2024, respectively consists of current income taxes.

**19. Related party transactions**

(a) 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 year ended July 31, 2024, 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 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.

(b) 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. Subsequent to October 31, 2024, this balance due was paid in full.

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**20. Financial instruments and risk management**

(a) Fair value

The carrying values of cash and cash equivalents, demand line of credit, trade accounts payable and accrued liabilities, due to related parties, current portion of lease liabilities and current portion of long-term debt approximate their fair values due to the short-term nature of these financial instruments.

The carrying amounts and fair values of the Company's remaining financial assets and liabilities are as follows:

	October 31, 2024		July 31, 2024	
	Carrying amount	Fair value	Carrying amount	Fair value
<b>Financial assets</b>				
Loans and receivables				
Cash and cash equivalents	\$ 801,168	\$ 801,168	\$1,678,531	\$1,678,531
Trade accounts receivables and other receivables	3,070,431	3,070,431	2,059,390	2,059,390
<b>Financial liabilities</b>				
Other financial liabilities				
Demand line of credit	678,832	678,832	482,350	482,350
Trade accounts payable and accrued liabilities	9,457,274	9,457,274	8,059,518	8,059,518
Due to related parties	1,517,022	1,517,022	1,462,618	1,462,618
Long-term debt	4,745,162	4,745,162	4,955,864	4,955,864
Deferred income liability	5,088	5,088	7,380	7,380
Lease liability	915,144	915,144	1,003,410	1,003,410

Fair value hierarchy

The financial instruments of the Company that are recorded at fair value have been classified into levels using the fair value hierarchy based on the degree to which the fair value is observable:

- Level 1: Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions occur in sufficient frequency and volume to provide pricing information on an ongoing basis.
- Level 2: Pricing inputs are other than quoted prices in active markets included in Level 1. Prices in Level 2 are either directly or indirectly observable as of the reporting date. Level 2 valuations are based on inputs, including quoted forward prices for commodities, time value and volatility factors, which can be substantially observed or corroborated in the marketplace.
- Level 3: Valuations in this level are those with inputs for the asset or liability that are not based on observable market data.

(b) Risk management

The Company's activities expose it to a variety of financial risks that arise as a result of its development, production and financing activities. CanadaBis has exposure to credit, liquidity and interest risk. CanadaBis' risk management policies are established to:

- Identify and analyze the risks faced by the Company;
- Set appropriate limits and controls; and
- To monitor risks and adherence to market conditions and the Company's activities.

This narrative presents information about the Company's risk exposure, the Company's objectives, policies and processes for measuring and managing risk and the Company's management of capital.

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 following table sets out the contractual maturities (representing undiscounted contractual cash flows) of financial liabilities:

	<1 Year	1-2 Years	3-5 Years	> 5 years
Accounts payable and accrued liabilities	\$ 9,457,277	\$ -	\$ -	\$ -
Due to related parties	1,517,022	-	-	-
Lease obligations	475,024	562,918	-	-
Long-term debt	1,059,465	2,049,741	1,776,417	-
Deferred income liability	-	5,088	-	-
	\$ 12,508,788	\$ 2,617,747	\$ 1,776,417	\$ -

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

- (i) 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 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

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**20. Financial instruments and risk management (Continued)**

(b) Risk management (Continued)

Credit risk (Continued)

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

(ii) 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

(iii) 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

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.

**21. Capital management**

The Company's capital management objectives are:

- To safeguard the Company's ability to continue as going concern;
- To meet its capital expenditures for its continued operations;
- To maintain a flexible capital structure which optimizes the cost of capital within a framework of acceptable risk.

In the management of capital, the Company includes share capital and net debt (defined as current assets and amounts due from related parties less current liabilities and any long-term debt). At July 31, 2024, the Company had net debt of \$2,290,992 (July 31, 2024 - \$2,730,003).

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust its capital structure, the Company may issue new shares, issue new debt, or acquire or dispose of assets.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

**22. Per share amounts**

	Three months ended	
	October 31, 2024	October 31, 2023
Weighted average number of common shares		
Basic	138,236,380	138,258,391
Diluted -in -the-money warrants and share options	138,236,380	139,570,462

**23. Financing costs**

	Three months ended	
	October 31, 2024	October 31, 2023
Interest on long-term debt	\$ 72,323	\$ 78,692
Interest on lease liabilities	33,303	44,668
Accretion expense	8,742	10,332
	\$ 114,368	\$ 133,692

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**24. Changes in non-cash working capital**

	Three months ended	
	October 31, 2024	October 31, 2023
<i>Operating activities</i>		
Trade accounts receivable and other receivables	\$ (1,011,041)	\$ (520,266)
Inventory	(1,924,687)	(2,430)
Prepaid expenses	178,288	(175,091)
Trade accounts payable and accrued liabilities	1,393,969	392,052
Income tax	(13,983)	-
Goods and services tax payable	102,733	238,837
	\$ (1,274,721)	\$ (66,898)

**25. Segmented information**

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, retail and extract. The wholesale segment, which cultivates and distributes cannabis and cannabis products to and through, provincial liquor and cannabis boards which is subsequently sold onto end consumers. Retail segment involves sale of cannabis and cannabis related products to end consumers on premise owned and operated by the Company. Extract segment provides cannabinoid extraction services for the Company and also, to other licensed producers. Prior to August 1, 2022, this segment was referred to "Extraction and Tolling". 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) are usually included in "Extract" segment as to date the Company used its own harvested cultivations (harvested cannabis inventory) substantially in the extract 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.

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 (loss)	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

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