



UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the Three Months Ended October 31, 2025 and 2024

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 condensed consolidated interim financial statements, they must be accompanied by a notice indicating that the unaudited condensed consolidated interim financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed consolidated interim 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 consolidated interim financial statements in accordance with the standards established by the Chartered Professional Accountants of Canada for a review of the unaudited condensed consolidated interim 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, 2025	July 31, 2025
ASSETS		
Current assets		
Cash and cash equivalents	\$ 938,926	\$ 831,062
Trade accounts receivable and other receivables	1,164,777	1,444,261
Prepaid expenses	886,957	995,504
Biological assets (Note 7)	39,614	24,521
Inventory (Note 8)	11,773,628	11,397,910
	14,803,902	14,693,258
Property, plant and equipment (Note 10)	9,627,913	9,848,264
	\$ 24,431,815	\$ 24,541,522
LIABILITIES		
Current liabilities		
Demand line of credit (Note 12(ii))	\$ 649,002	\$ 671,635
Trade accounts payable and accrued liabilities (Note 9)	7,370,693	7,106,088
Goods and services tax payable	66,931	78,874
Income tax payable	113,319	113,319
Due to related parties (Note 18)	1,568,448	1,572,350
Current portion of lease obligations (Note 11)	335,697	368,802
Current portion of long-term debt (Note 12)	1,012,912	3,937,020
	11,117,002	13,848,088
Deferred income liability (Note 12(i))	148	736
Lease obligations (Note 11)	210,699	278,051
Long-term debt (Notes 12)	2,890,821	140,294
Convertible debenture (Note 13)	2,417,737	2,350,406
	16,636,407	16,617,575
SHAREHOLDERS' EQUITY		
Share capital (Note 15)	16,745,228	16,745,228
Warrants (Note 17)	138,250	138,250
Share-based payments reserve (Note 16)	3,125,605	3,125,605
Equity component of convertible debentures (Note 13)	1,209,056	1,209,056
Deficit	(13,515,917)	(13,387,378)
Total equity attributed to own shareholders	7,702,222	7,830,761
Non-controlling interest (Note 14)	93,186	93,186
	7,795,408	7,923,947
	\$ 24,431,815	\$ 24,541,522

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 LOSS AND COMPREHENSIVE LOSS
For the Three Months Ended
(Expressed in Canadian dollars)

	October 31, 2025	October 31, 2024
REVENUE		
Gross revenue	\$ 5,729,412	\$ 9,602,446
Excise duty	(2,468,122)	(4,515,919)
Net revenue (Note 5)	3,261,290	5,086,527
Cost of sales (Note 6)	(1,716,085)	(2,885,281)
Gross profit	1,545,205	2,201,246
EXPENSES		
General and administration	1,240,147	1,478,644
Marketing and selling expenses	108,999	170,885
Depreciation and amortization	76,845	132,977
	1,425,991	1,782,506
Income from operations	119,214	418,740
Other income and expenses		
Financing costs (Note 22)	(263,816)	(114,368)
Other income (expenses)	16,063	17,197
	(247,753)	(97,171)
Net Income/(loss) before tax for the period	(128,539)	321,569
Income tax expense - current income tax	-	-
Net Income/(loss) and comprehensive Income/(loss) for the period	(128,539)	321,569
Attributed to:		
Equity holders of the parent	(128,539)	321,569
Non-controlling interest	-	-
	\$ (128,539)	\$ 321,569
Per share amount (Note 21)		
Basic and diluted	\$ 0.00	\$ 0.00

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	Warrants	Share-based Payment Reserve	Equity component of convertible debentures	Deficit	Total equity attributable to own shareholders	Non-controlling Interest	Total shareholders' equity
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
Balance, July 31, 2025	\$ 16,745,228	\$ 138,250	\$ 3,125,605	\$ 1,209,056	\$ (13,387,378)	\$ 7,830,761	\$ 93,186	\$ 7,923,947
Net loss and comprehensive loss for the period	-	-	-	-	(128,539)	(128,539)	-	(128,539)
Balance, October 31, 2025	\$ 16,745,228	\$ 138,250	\$ 3,125,605	\$ 1,209,056	\$ (13,515,917)	\$ 7,702,222	\$ 93,186	\$ 7,795,408

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, 2025	October 31, 2024
Cash provided by (used in)		
Operating activities		
Net Income/(loss) before tax for the year	\$ (128,539)	\$ 321,569
Items not affecting cash		
Accretion expense	94,266	8,742
Depreciation (Notes 6, 7 and 10)	222,002	228,807
Gain on disposal of property, plant and equipment	-	26,444
Change in fair value of biological asset (Note 7)	(15,093)	11,148
Non-cash other income	-	(2,292)
Non-cash interest expense	-	3,791
Changes in non-cash working capital (Note 23)	264,975	(1,274,721)
	437,611	(676,512)
Financing activities		
Advances from related parties	16,107	64,403
Repayment of amounts due to related parties	(20,009)	(10,000)
Proceeds (Repayment) from on demand line of credit	(22,633)	196,482
Repayment of long-term debt (Note 12)	(180,643)	(260,909)
Repayment of lease obligation (Note 11)	(120,918)	(88,266)
	(328,096)	(98,290)
Investing activities		
Purchase of property, plant and equipment (Note 10)	(1,651)	(102,561)
	(1,651)	(102,561)
Net change in cash and cash equivalents	107,864	(877,363)
Cash and cash equivalents		
Beginning of the period	831,062	1,678,531
End of the period	\$ 938,926	\$ 801,168
Supplemental cash flow information		
Interest paid	\$ 169,550	\$ 105,626

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, 2025 and 2024
(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, 2025 and for the three months ended October 31, 2025 and 2024 (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, 2025, except for any 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, 2025.

(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 financial statements of CanadaBis from the date the control commences until the date 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 and Going concern*

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

For the three months ended October 31, 2025, the Company recorded a net loss of \$0.13 million (Adjusted EBITDA of \$0.2.0 million) with positive cash flows from operating activities of \$0.44 million. As at October 31, 2025, the Company had excise taxes payable of \$6.3 million, of which approximately \$5.1 million represented amounts in arrears, including interest and penalties. These arrears are subject to regular scheduled payments in accordance with arrangements with the Canada Revenue Agency which the Company remains fully compliant.

The Company's ability to continue as a going concern depends on its ability to improve operating cash flows, continued cooperation with lenders and remediation of debt covenants, continued cooperation with Canada Revenue Agency including compliance with current filing requirements and its ability to successfully raise funds and its ability to meet its debt obligations.

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

3. Material accounting policies

These Financial Statements follow the same accounting policies and methods of computation as the Company's most recent audited annual consolidated financial statements for the year ended July 31, 2025, and should be read in conjunction with those financial statements. There have been no material changes in the Company's accounting policies during the interim period, except as disclosed in the notes to these Financial Statements. Certain prior period amounts have been reclassified to conform with the current period presentation.

There were no new or amended accounting standards adopted during the period.

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 revision affects both current and future periods. The critical accounting estimates and judgments used in the preparation of these Financial Statements are consistent with those critical accounting estimates and judgments as disclosed in the audited consolidated financial statements as at and for the year ended July 31, 2025.

5. Net revenues (net of Excise Taxes)

	Three months ended	
	October 31, 2025	October 31, 2024
Extraction and concentrate products	\$ 2,617,630	\$ 3,888,955
Cultivation and wholesale	643,660	1,197,572
	\$ 3,261,290	\$ 5,086,527

Extraction and concentrate products consist of cannabis oils, concentrates, infused pre rolls, and derivative products manufactured using the Company's in-house extraction and formulation capabilities and sold under the Company's branded portfolios as well as through contract manufacturing arrangements with third party licensed producers. These products typically carry higher average selling prices and are subject to higher excise duty, but also offer superior gross margin potential when input costs and production efficiency are optimized.

Cultivation and wholesale consists primarily of dried cannabis flower and biomass sold into provincial distribution channels and to third party licensed producers. These products are subject to lower excise rates and generally have lower unit margins but provide steady baseline volume and support the Company's integrated production model by supplying feedstock for internal extraction.

CANADABIS CAPITAL INC.
NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the Three Months Ended October 31, 2025 and 2024
(Canadian dollars)

6. Cost of sales

	Three months ended	
	October 31, 2025	October 31, 2024
Extraction and concentrate products	\$ 1,127,835	\$ 2,006,339
Cultivation and wholesale	588,250	878,942
	<u>\$ 1,716,085</u>	<u>\$ 2,885,281</u>

During the three months ended October 31, 2025 and 2024, aggregate depreciation charges of \$136,682 and \$87,047, respectively were included in cost of sales - extract.

7. Biological Assets

	October 31, 2025	July 31, 2025
Balance, beginning of the period	\$ 24,521	\$ 87,098
Capitalized cost of biological assets	139,370	336,488
Changes in fair value	(58,056)	(25,725)
Cash cost transferred to inventory upon harvest	(66,221)	(373,340)
Balance, end of the period	<u>\$ 39,614</u>	<u>\$ 24,521</u>

During the three months ended October 31, 2025 and 2024, the depreciation charge of \$8,475 and \$8,783, 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, 2025 and 2024, the gross profit included the changes in fair value related to the biological assets of \$(58,056) and \$(11,148), respectively.

As at October 31, 2025, the cannabis crops in process were at approximately 45% complete relative to the anticipated harvest date. The selling price of dry flower per gram and trim per gram remained unchanged from July 31, 2025.

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 arm's-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 used in the fair value of biological assets as at the periods presented:

	October 31, 2025		July 31, 2025	
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

8. Inventory

	October 31, 2025	July 31, 2025
Bulk material and retail	\$ 147,637	\$ 180,178
Harvested cannabis	226,378	292,598
Extraction products	11,399,613	10,925,134
	<u>\$ 11,773,628</u>	<u>\$ 11,397,910</u>

9. Trade accounts payable and accrued liabilities

As at October 31, 2025 and July 31, 2025, the trade accounts payable and accrued liabilities includes excise taxes payable of \$6,320,343 and \$5,984,543, respectively.

10. Property, plant and equipment

	Land	Building and improvements (i)	Plant and equipment (ii)	Office equipment	Computer hardware	Automobiles	Total
Cost							
Balance, July 31, 2024	\$ 2,425,000	\$ 7,571,913	\$ 2,866,028	\$ 160,455	\$ 60,751	\$ 248,011	\$ 13,332,158
Additions	-	6,277	109,873	3,745	8,192	253,461	381,548
Derecognition of vehicle loan	-	-	-	-	-	(211,896)	(211,896)
Balance, July 31, 2025	2,425,000	7,578,190	2,975,901	164,200	68,943	289,576	13,501,810
Additions	-	-	-	-	1,651	-	1,651
Balance, October 31, 2025	\$ 2,425,000	\$ 7,578,190	\$ 2,975,901	\$ 164,200	\$ 70,594	\$ 289,576	\$ 13,503,461
Accumulated depreciation							
Balance, July 31, 2024	\$ -	\$ 1,304,744	\$ 1,267,388	\$ 105,631	\$ 47,129	\$ 62,063	\$ 2,786,955
Depreciation	-	264,355	545,965	17,623	11,587	44,208	883,738
Derecognition of automobile loans	-	-	-	-	-	(17,147)	(17,147)
Balance, July 31, 2025	-	1,569,099	1,813,353	123,254	58,716	89,124	3,653,546
Depreciation (iii)	-	66,558	134,083	4,023	2,740	14,598	222,002
Balance, October 31, 2025	\$ -	\$ 1,635,657	\$ 1,947,436	\$ 127,277	\$ 61,456	\$ 103,722	\$ 3,875,548
Net book value							
October 31, 2025	<u>\$ 2,425,000</u>	<u>\$ 5,942,533</u>	<u>\$ 1,028,465</u>	<u>\$ 36,923</u>	<u>\$ 9,138</u>	<u>\$ 185,854</u>	<u>\$ 9,627,913</u>
July 31, 2025	\$ 2,425,000	\$ 6,009,091	\$ 1,162,548	\$ 40,946	\$ 10,227	\$ 200,452	\$ 9,848,264

CANADABIS CAPITAL INC.
NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the Three Months Ended October 31, 2025 and 2024
(Canadian dollars)

- (i) Included in property, plant and equipment is \$917,919 (July 31, 2025 - \$917,919) 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 11). 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, 2025 and 2024, the aggregate lease payments for the extraction machine were \$35,974.
- (iii) This balance represents the aggregate depreciation charge for the three months ended October 31, 2025 that is prior to the capitalization of \$8,475 to Biological Assets (Note 7) and reclassification of \$136,682 from the "Depreciation and amortization" financial statement line item to Cost of sales (Note 6) for presentation purposes.
- (iv) During the interim period, the Company did not identify any new indicators of impairment requiring an additional impairment assessment under IAS 36. There were no impairment losses or reversals recognized during the period.

11. 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 10). The changes in the net book value for the Company's right-of-use assets during the periods presented were as follows:

Cost	Plant and equipment		Vehicle		Total
Balance, July 31, 2024	\$	1,788,756	\$	53,579	\$ 1,842,335
Addition		-		16,282	16,282
Balance, July 31, 2025 and October 31, 2025		1,788,756		69,861	1,858,617
Accumulated depreciation					
Balance, July 31, 2024	\$	759,528	\$	24,133	\$ 783,661
Depreciation		426,944		11,796	438,740
Balance, July 31, 2025		1,186,472		35,929	1,222,401
Depreciation		107,613		3,522	111,135
Balance, October 31, 2025	\$	1,294,085	\$	39,451	\$ 1,333,536
Net book value					
Balance, October 31, 2025	\$	494,671	\$	30,410	\$ 525,081
Balance, July 31, 2025	\$	602,284	\$	33,932	\$ 636,216

Lease liabilities

	October 31, 2025		July 31, 2025	
Balance, beginning of the period	\$	646,853	\$	1,003,410
Vehicle		-		16,282
Lease payments		(120,918)		(485,455)
Interest expense		20,461		112,616
Balance, end of the period		546,396		646,853
Less current portion		(335,697)		(368,802)
Long term portion	\$	210,699	\$	278,051

Amounts recognized in profit and loss

	Three months ended			
	October 31, 2025	October 31, 2024		
Lease expense on short-term lease	\$	7,026	\$	6,475
Interest expense on lease liabilities		20,461		33,303
Amounts expensed in profit and loss	\$	27,487	\$	39,778

Lease payments

The required undiscounted cash flows of lease payments of the lease liability as at October 31, 2025 are as follows:

	2025	
Less than 1 year	\$	356,030
1-5 years		213,841
More than 5 years		-
	\$	569,871

CANADABIS CAPITAL INC.
NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the Three Months Ended October 31, 2025 and 2024
(Canadian dollars)

12. Long-term debt

	Commercial Mortgage				Total
	RRRF Loan (i)	Loan (ii)	Vehicle Loans (iii)(iv)(v)		
Balance, July 31, 2024	\$ 178,381	\$ 4,644,964	\$ 132,519	\$	4,955,864
Additional funding	-	-	250,047		250,047
Repayment of principal	(131,160)	(825,405)	(28,992)		(985,557)
Derecognition of vehicle loans	-	-	(175,304)		(175,304)
Accretion	6,642	25,622	-		32,264
Balance, July 31, 2025	\$ 53,863	\$ 3,845,181	\$ 178,270	\$	4,077,314
Less current portion	(53,863)	(3,845,181)	(37,976)		(3,937,020)
	\$ -	\$ -	\$ 140,294	\$	140,294

	Commercial Mortgage				Total
	RRRF Loan (i)	Loan (ii)	Vehicle Loans (iii)(iv)(v)		
Balance, July 31, 2025	\$ 53,863	\$ 3,845,181	\$ 178,270	\$	4,077,314
Additional funding	-	-	-		-
Repayment of principal	(32,790)	(138,483)	(9,370)		(180,643)
Accretion	587	6,475	-		7,062
Balance, October 31, 2025	\$ 21,660	\$ 3,713,173	\$ 168,900	\$	3,903,733
Less current portion	(21,660)	(952,749)	(38,503)		(1,012,912)
	\$ -	\$ 2,760,424	\$ 130,397	\$	2,890,821

- (i) 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, 2025, the deferred income liability of \$148 was outstanding net of \$588 recognized during the three months ended October 31, 2025 as other income representing recognition of this benefit over the term of the funding agreement. A corresponding accretion expenses of \$588 was recognized to accrete the loan outstanding during the current periods presented. 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, 2025 and 2024.
- (ii) On June 3, 2021, the Company announced that a binding commitment letter was signed on May 24, 2021 with Connect First Credit Union (the "Credit Union") for a new credit facility of \$9.6 million to be comprised of a 5-year term, \$8,850,000 commercial mortgage loan bearing interest at a fixed rate of 4.35% per annum (calculated daily and payable monthly in arrears) (the "Commercial Mortgage Loan") and a \$750,000 on demand line of credit bearing interest at a rate of the lender's prime lending rate plus 1.00% per annum (calculated daily and payable monthly in arrears) (collectively, the "New Credit Facility"). On July 23, 2021, the first tranche of \$7,210,000 was released upon meeting customary closing conditions and was used to settle the existing long-term debt (vendor takeback mortgage and demand mortgage). Aggregate financing costs associated with the New Credit Facility incurred was \$225,000 that was allocated against the Commercial Mortgage Loan. The costs associated with the loan form part of the amortized costs of the loan used to determine the effective interest rate of 3.63%. The monthly payable of principal and accrued interest of the Commercial Mortgage Loan is \$60,490. As at October 31, 2025, an amount of \$649,002 was drawn down on the line of credit, which is classified as financing activities for purposes of presentation in the consolidated statement of cash flows for the three months. The 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. On July 31, 2025, the Company was not in compliance with the debt service coverage covenant. As at October 31, 2025, the Company remained non-compliant with the debt service ratio covenant. However, during the Quarter the Company received confirmation from the Credit Union that it would provide a waiver of compliance in respect of the covenant breaches at July 31, 2025 which extends until July 31, 2026. The waiver which was received on November 14, 2025, confirms that the Company is not in default under the credit agreement as a result of these covenant breaches and that the credit facility remains in good standing. Management continues to monitor covenant performance on an ongoing basis and is engaged in discussions with the lender regarding potential amendments to the covenant structure to better align with the Company's operating profile, seasonality and growth plans.
- (iii) 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 statement of net income and comprehensive income for the year ended July 31, 2025.
- (iv) 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. On January 31, 2025, this vehicle loan was terminated upon the return of the vehicle under this loan arrangement and resulted in a gain of \$6,999 upon the derecognition of this vehicle loan that was recognized in the condensed statement of net income and comprehensive income for the year ended July 31, 2025.
- (v) Effective March 25, 2025, the Company entered into a loan agreement to finance the purchase of a vehicle for an amount of \$139,210. This agreement was not for a trade-in arrangement. The loan is repayable over a 72-month term at \$2,177 per month bearing an interest rate of 3.99% per annum. Repayment commenced on April 24, 2025.

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13. Convertible debentures

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

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

The unsecured convertible debentures issued are deemed a compound financial instrument. The Company allocated \$2,268,119 net of issuance costs of \$363,862 of the debt to the liability component and \$1,209,056 net of issuance costs of \$193,963, to the equity component. Management estimated the fair value of the debt using a discount rate of 25% applicable to the Company's business, with the residual value allocated to the equity component. The redemption feature at the option of the Company was determined to be a derivative asset at July 31, 2025 was NIL.

The Company paid the agent an aggregate fee of \$128,100 that is included in transaction costs. The Company granted the Agent an aggregate of 1,281,000 broker warrants and an aggregate of 694,000 advisory warrants pursuant to the Financing as outlined in Note 17(a) of the Financial Statements.

Refer to Subsequent Events for details on the Company's election to satisfy the upcoming interest installment due on December 31, 2025, in common shares of the Company.

The following table reconciles the recorded value of the liability component of the convertible debentures:

	Three months ended October 31, 2025	Twelve months ended July 31, 2025
Balance, beginning of period	\$ 2,350,406	\$ -
Additions	-	2,268,119
Interest expense	(108,226)	(141,326)
Accretion expense	175,557	223,613
Balance, end of period	\$ 2,417,737	\$ 2,350,406

14. Non-controlling interests

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

Balance, July 31, 2024	\$	93,186
Share of net loss for the year		-
Balance, July 31, 2025		93,186
Share of net loss for the year then ended		-
Balance, October 31, 2025	\$	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, 2025, the Company held a 95% ownership interest (July 31, 2025 – 95%) in Goldstream, located in British Columbia, Canada. The following table represents the summarized information for Goldstream before intercompany eliminations.

	October 31, 2025	July 31, 2024
Current assets	\$ 4,284	\$ 4,284
Non-current assets	1,972,460	1,972,460
Current liabilities	\$ 111,384	\$ 111,384

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, 2024	138,256,380	\$ 16,745,228
Balance, July 31, 2025 and October 31, 2025	138,256,380	\$ 16,745,228

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, 2024 to October 31, 2025

	Number of options	Weighted average exercise price
Outstanding, July 31, 2024	6,157,500	\$ 0.21
Expired	(4,620,000)	\$ 0.20
Cancelled and forfeited	(317,500)	\$ 0.23
Outstanding, October 31, 2025 and July 31, 2025	1,220,000	\$ 0.23
Options exercisable as at October 31, 2025	1,220,000	\$ 0.23

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The following table summarizes information about the stock options as at October 31, 2025:

Range of exercise prices	Number outstanding	Options Outstanding		Options Exercisable	
		Weighted average remaining life	Weighted average exercise price	Number exercisable	Weighted average exercise price
\$0.20	420,000	0.58	\$ 0.20	420,000	\$ 0.20
\$0.24	800,000	2.88	\$ 0.24	800,000	\$ 0.24
	1,220,000	1.83	\$ 0.23	1,220,000	\$ 0.23

The following table summarizes information about the stock options as at July 31, 2025:

Range of exercise prices	Number outstanding	Options Outstanding		Options Exercisable	
		Weighted average remaining life	Weighted average exercise price	Number exercisable	Weighted average exercise price
\$0.20	420,000	0.58	\$ 0.20	420,000	\$ 0.20
\$0.24	800,000	2.88	\$ 0.24	800,000	\$ 0.24
	1,220,000	2.08	\$ 0.23	1,220,000	\$ 0.23

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

No options were granted during the three months ended October 31, 2025 and the year ended July 31, 2025.

During the three months ended October 31, 2025, no options expired and no options were 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.

Pursuant to the unsecured convertible debenture financing in April 2025 (Note 13), the Company granted: (i) an aggregate of 1,281,000 broker warrants to the Agent; and (ii) an aggregate of 694,000 advisory warrants (together, the "Compensation Options"). The Company granted 1,251,000 broker warrants and 150,000 advisory warrants, and 30,000 broker warrants and 544,000 advisory warrants upon the closing of the First Tranche and Final Tranche, respectively. Each Compensation Option entitles the holder thereof to acquire one Common Share at an exercise price equal to \$0.10 for a period of 48 months following the date hereof. Fair value of the warrants was determined using the Black-Scholes Model at a value of \$138,250 and a weighted average fair value per unit value of \$0.07. The key assumptions used in the determination of the fair value were as follows: expected volatility of 114.4%, risk-free rate of 4.0%, and 4 expected life (years). The fair value of these warrants issued was included in the transaction costs allocated to the liability and equity components of the convertible debentures. As at October 31, 2025, an aggregate 1,975,000 warrants were issued and outstanding.

18. Related party transactions

(a) The following is a summary of the Company's related party balances:

Amount due to related parties	October 31, 2025	July 31, 2025
SS Pipelines Ltd. (i)	\$ 689,744	\$ 689,744
Runaway Developments Ltd. (ii)	653,792	653,792
Director and shareholders (iii)	214,110	218,012
890859 Alberta Ltd. (iv)	10,802	10,802
	\$ 1,568,448	\$ 1,572,350

(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, 2025 and July 31, 2025, the outstanding balances included accrued interest of \$3,792.

(iii) As at October 31, 2025, an aggregate amount of \$214,110 (July 31, 2025 - \$218,012) 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. Effective January 1, 2025, the Company entered into separate agreements to rent for a twelve-month period a vape filling machine from a director and shareholder of the Company. During the three months ended October 31, 2025 and 2024, aggregate equipment rental expenses of \$15,340 and \$10,000, 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 October 31, 2025, 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 10(ii) and 11 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. During the three months ended October 31, 2025, the consulting services expenses incurred were \$1,120.

19. Financial instruments and risk management

There have been no significant changes in the Company's financial instruments, risk management objectives, policies, or exposures since July 31, 2025.

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20. 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 October 31, 2025, the Company had net debt of \$1,832,505 (July 31, 2025 - \$1,924,317).

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.

21. Per share amounts

	Three months ended	
	October 31, 2025	October 31, 2024
Weighted average number of common shares		
Basic	138,256,380	138,236,380
Diluted -in -the-money warrants and share options	138,256,380	138,236,380

For the periods presented, diluted earnings per share equals basic earnings per share, as all potentially dilutive securities were anti dilutive.

22. Financing costs

	Three months ended	
	October 30, 2025	October 30, 2024
Interest on long-term debt	\$ 60,737	\$ 72,323
Accretion on convertible debentures	175,557	-
Accretion on lease liabilities	20,461	33,303
Accretion on long-term debt	7,061	8,742
	\$ 263,816	\$ 114,368

23. Changes in non-cash working capital

	Three months ended	
	October 30, 2025	October 30, 2024
<i>Operating activities</i>		
Trade accounts receivable and other receivables	\$ 279,484	\$ (1,011,041)
Inventory	(375,718)	(1,924,687)
Prepaid expenses	108,547	178,288
Trade accounts payable and accrued liabilities	264,605	1,393,969
Income tax	-	(13,983)
Goods and services tax payable	(11,943)	102,733
	\$ 264,975	\$ (1,274,721)

24. Commitments and contingencies

The Company and Simply Solventless Concentrates Ltd. ("SSC") entered into a definitive arrangement agreement dated March 11, 2025 (the "Arrangement Agreement"), pursuant to which SSC will acquire all the issued and outstanding shares of the Company in consideration for the issuance of SSC Shares on the basis of the Exchange Ratio as defined in the Arrangement Agreement (the "Transaction"). On April 28, 2025, CanadaBis terminated the Arrangement Agreement with SSC due to an "SCC Material Adverse Change" under the terms of the Arrangement Agreement. The Company does not anticipate additional costs associated with the termination.

Under the Excise Act, 2001, holders of a cannabis licence are required to provide and maintain a security deposit with the Canada Revenue Agency as a condition of being authorized to produce, package, and sell cannabis products. This security deposit functions as collateral to ensure the timely remittance of excise duties and may be applied by the tax authority against any unpaid amounts. As at July 31, 2025, the required security deposit is approximately \$900,000 (July 31, 2024, \$900,000), subject to final confirmation by the Canada Revenue Agency as part of the ongoing determination of excise amounts owing and the related repayment arrangements. At the reporting date, the Company had posted security totaling \$462,580. The Company is currently making monthly payments of \$37,500 toward this obligation. This requirement is a statutory licensing condition and does not constitute a financial liability under IFRS.

25. Subsequent events

Subsequent to period end, on December 9, 2025, the Company announced that it has exercised its right under the terms of the Convertible Debenture Indenture to satisfy the interest installment due on December 31, 2025 through the issuance of common shares of the Company in lieu of cash. Total interest of \$110,658 will be settled through the issuance of 2,766,435 common shares on December 31, 2025. The common shares issued will be subject to a hold period of four months and one day from the date of issuance. The issue price of the common shares will be determined as the greater of the five day volume weighted average trading price of the Company's common shares on the TSX Venture Exchange immediately preceding the record date, and the five day volume weighted average trading price immediately preceding the interest payment date, in accordance with the terms of the Convertible Debenture Indenture. The Company retains the discretion, subject to the terms of the Indenture and applicable Exchange approval, to resume cash interest payments in future periods.