



**CANADABIS**  
— CAPITAL INC. —

# CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended July 31, 2025 and 2024



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## Independent Auditor's Report

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To the Shareholders of CanadaBis Capital Inc.

### Opinion

We have audited the consolidated financial statements of CanadaBis Capital Inc. and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at July 31, 2025 and 2024, and the consolidated statements of net income and comprehensive income, changes in shareholders' equity and cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at July 31, 2025 and 2024, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards and International Accounting Standards as issued by the International Accounting Standards Board (IASB) and Interpretations (collectively IFRS Accounting Standards).

### Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Emphasis of Matter - Restated Comparative Information

We draw attention to Note 3 to the consolidated financial statements, which explains that certain comparative information presented as at July 31, 2024 has been restated. Our opinion is not modified in respect of this matter.

### Material Uncertainty Related to Going Concern

We draw attention to Note 2(d) in the consolidated financial statements, which indicates for the year ended July 31, 2025, the Group incurred a net income loss of \$835,204 and negative cash flow from operations of \$3,195,988. The Group also has an excise tax payable in arrears. As at July 31, 2025, total excise taxes owed is \$5,984,543. As at July 31, 2025, the Group was in breach of its Debt Service Coverage Ratio and Debt-to-Equity Ratio covenants. As stated in Note 2(d) these events or conditions, along with other matters as set forth in Note 2(d) indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



### *Convertible Debenture Issuance*

#### *Description of the key audit matter*

The Group's disclosures related to convertible debentures are in Notes 4(d), 5(n) and 16. During the year, the Group completed a brokered private placement of the issuance of 4,035 unsecured convertible debentures, bearing interest of 11% per annum and grant of 1,975 broker and advisory warrants. The Group identified three components: debt host, conversion feature, and redemption option, which is a financial liability, equity and derivative asset, respectively. The redemption option had a nil value. We considered the audit of convertible debentures to be a key audit matter as it required significant auditor's attention and the amount is significant to the consolidated financial statements.

#### *How the key audit matter was addressed in the audit*

Our audit procedures included but were not limited to the following:

- Reviewed management's identification and measurement of the different convertible debenture components under IAS 32 and IFRS 9 requirements.
- Reviewed indenture agreements, warrant agreements, and supporting documents for other transaction costs.
- Engaged valuations experts to assess the reasonability of the discount rate and volatility used by management in the valuation of the debt component and warrants, respectively.
- Reviewed appropriateness of disclosures made in the consolidated financial statements.

### *Net Realizable Value of Inventory*

#### *Description of the key audit matter*

The Group's disclosures related to inventory are in Note 4(c), 5(a), and 11. Inventory is measured at the lower of (i) cost and (ii) net realizable value and is recorded at \$11,397,910 as at July 31, 2025. In measuring inventory, management is required to (i) determine all direct and indirect costs of inventory and (ii) the estimated selling price in the ordinary course of business less the estimated costs of completion and necessary costs to make the sale. We considered the audit of net realizable value of inventory to be a key audit matter as it required significant auditor's attention and the amount is significant to the consolidated financial statements.

#### *How the key audit matter was addressed in the audit*

Our audit procedures included but were not limited to the following:

- Performed physical observation of year-end inventory count.
- Performed physical observation of the cannabis production cycle at the Group's facility.
- Tested the value and classification of harvested inventory, direct production costs and allocation of indirect production costs, which comprise inventory cost.
- Tested the estimated selling price less estimated costs of completion and costs to make the sale, which comprise inventory net realizable value.
- Assessed the measurement of inventory by verifying that inventory was measured at the lower of cost and net realizable value.
- Assessed the Group's inventory reserve provision by reviewing slow moving inventory and excess quantities.
- Reviewed appropriateness of disclosures made in the consolidated financial statements.



## Other Information

Management is responsible for the other information. The other information comprises the information, other than the consolidated financial statements and our auditor's report thereon, included in the Management Discussion & Analysis ("MD&A")

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained the MDA&A prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

## Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

## Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Jeannette Toner.

Chartered Professional Accountants

Calgary, Alberta  
November 27, 2025

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

As at  
(Expressed in Canadian dollars)

	July 31, 2025	July 31, 2024
		(As Restated, Note 2)
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents (Note 8)	\$ 831,062	\$ 1,678,531
Trade accounts receivable and other receivables (Note 23(b))	1,444,261	2,059,390
Prepaid expenses	995,504	719,516
Biological assets (Note 10)	24,521	87,098
Inventory (Note 11)	11,397,910	9,174,703
	14,693,258	13,719,238
Long-term deposit (Note 9)	-	280,995
Property, plant and equipment (Note 13)	9,848,264	10,545,203
	\$ 24,541,522	\$ 24,545,436
<b>LIABILITIES</b>		
Current liabilities		
Demand line of credit (Note 15(iii))	\$ 671,635	\$ 482,350
Trade accounts payable and accrued liabilities (Note 12)	7,106,088	8,743,868
Goods and services tax payable	78,874	378,371
Income tax payable (Note 21)	113,319	99,730
Due to related parties (Note 22)	1,572,350	1,462,618
Current portion of lease obligations (Note 14)	368,802	370,380
Current portion of long-term debt (Note 15)	3,937,020	1,059,465
	13,848,088	12,596,782
Deferred income liability (Note 15(ii))	736	7,380
Lease obligations (Note 14)	278,051	633,030
Long-term debt (Notes 2 & 15)	140,294	3,896,399
Convertible debenture (Note 16)	2,350,406	-
	16,617,575	17,133,591
<b>SHAREHOLDERS' EQUITY</b>		
Share capital (Note 18)	16,745,228	16,745,228
Warrants (Note 20)	138,250	-
Share-based payments reserve (Note 19)	3,125,605	3,125,605
Equity component of convertible debentures (Note 16)	1,209,056	-
Deficit	(13,387,378)	(12,552,174)
Total equity attributed to own shareholders	7,830,761	7,318,659
Non-controlling interest (Note 17)	93,186	93,186
	7,923,947	7,411,845
	\$ 24,541,522	\$ 24,545,436

Refer to Note 3, Restatement of Comparative Periods.

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.**  
**CONSOLIDATED STATEMENTS OF NET LOSS AND COMPREHENSIVE LOSS**  
**For the Years Ended**  
*(Expressed in Canadian dollars)*

	July 31, 2025	July 31, 2024
		(As Restated, Note 2)
<b>REVENUE</b>		
Gross revenue (Note 28)	\$ 30,530,859	\$ 30,409,082
Excise duty (Note 28)	(13,629,448)	(12,454,405)
Net revenue (Note 6)	16,901,411	17,954,677
Cost of sales (Note 7)	(9,517,603)	(9,133,334)
Gross profit	7,383,808	8,821,343
<b>EXPENSES</b>		
General and administration	5,999,330	6,601,984
Marketing and selling expenses	550,716	706,332
Depreciation and amortization	379,571	536,486
Share-based payments (Note 19)	-	142,757
	6,929,617	7,987,559
Income from operations	454,191	833,784
<b>Other income and expenses</b>		
Financing costs (Note 26)	(638,202)	(509,846)
Other expenses (Note 3)	(537,874)	(326,523)
	(1,176,076)	(836,369)
Net loss before tax for the period	(721,885)	(2,585)
Income tax expense - current income tax (Note 21)	113,319	81,480
Net loss and comprehensive loss for the period	(835,204)	(84,065)
Attributed to:		
Equity holders of the parent	(835,204)	(84,065)
Non-controlling interest	-	-
	\$ (835,204)	\$ (84,065)
Per share amount (Note 25)		
Basic and diluted	\$ (0.01)	\$ 0.00

Refer to Note 3, Restatement of Comparative Periods.

See accompanying notes to the consolidated financial statements

**CANADABIS CAPITAL INC.**  
**CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**  
For the Years 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, 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 18(b))	14,362	-	(5,362)	-	-	9,000	-	9,000
Share-based payments (Note 19)	-	-	142,757	-	-	142,757	-	142,757
Net loss and comprehensive loss for the period	-	-	-	-	(84,065)	(84,065)	-	(84,065)
<b>Balance, July 31, 2024 (As Restated)</b>	<b>\$ 16,745,228</b>	<b>\$ -</b>	<b>\$ 3,125,605</b>	<b>\$ -</b>	<b>\$ (12,552,174)</b>	<b>\$ 7,318,659</b>	<b>\$ 93,186</b>	<b>\$ 7,411,845</b>
Balance, July 31, 2024 (As Restated)	\$ 16,745,228	\$ -	\$ 3,125,605	\$ -	\$ (12,552,174)	\$ 7,318,659	\$ 93,186	\$ 7,411,845
Convertible debentures issued, net of transaction costs (Note 16)	-	-	-	1,209,056	-	1,209,056	-	1,209,056
Fair value of agent and broker warrants issued (Note 20)	-	138,250	-	-	-	138,250	-	138,250
Net loss and comprehensive loss for the period	-	-	-	-	(835,204)	(835,204)	-	(835,204)
<b>Balance, July 31, 2025</b>	<b>\$ 16,745,228</b>	<b>\$ 138,250</b>	<b>\$ 3,125,605</b>	<b>\$ 1,209,056</b>	<b>\$ (13,387,378)</b>	<b>\$ 7,830,761</b>	<b>\$ 93,186</b>	<b>\$ 7,923,947</b>

Refer to Note 3, Restatement of Comparative Periods.

See accompanying notes to the unaudited condensed consolidated financial statements

**CANADABIS CAPITAL INC.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
For the Years Ended  
*(Expressed in Canadian dollars)*

	July 31, 2025	July 31, 2024
		(As Restated, Note 2)
<b>Cash provided by (used in)</b>		
<b>Operating activities</b>		
Net loss before tax for the year	\$ (721,885)	\$ (2,585)
Items not affecting cash		
Accretion expense	368,493	38,832
Depreciation (Notes 7, 10 and 13)	883,738	901,790
Gain on disposal of property, plant and equipment	19,445	(574)
Realized fair value on harvested cannabis inventory sold	88,401	63,874
Change in fair value of biological asset (Note 10)	25,725	(41,994)
Write down of inventory	41,168	71,166
Non-cash other income (Note 15(ii))	-	(13,231)
Non-cash interest expense (Note 22(a)(ii))	-	3,791
Other income from derecognition of lease	-	(3,082)
Other income on debt forgiveness (Note 15(i))	-	(40,000)
Share-based payments	-	142,757
Changes in non-cash working capital (Note 27)	(3,901,073)	(1,377,049)
	(3,195,988)	(256,305)
<b>Financing activities</b>		
Issuance of shares (Note 18(b))	-	9,000
Proceeds from issuance of convertible debentures, net of transaction costs (Note 16)	3,615,425	-
Advances from related parties	181,617	196,393
Repayment of amounts due to related parties	(71,887)	(222,639)
Proceeds from on demand line of credit	189,285	482,350
Proceeds from long-term debt (Note 15)	250,047	-
Repayment of long-term debt (Note 15)	(1,160,861)	(1,093,767)
Interest earned on long-term deposit	-	(5,498)
Repayment of lease obligation (Note 14)	(485,455)	(327,864)
	2,518,171	(962,025)
<b>Investing activities</b>		
Purchase of property, plant and equipment (Note 13)	(169,652)	(338,173)
Proceeds on disposal of property, plant and equipment	-	9,844
	(169,652)	(328,329)
Net change in cash and cash equivalents	(847,469)	(1,546,659)
Cash and cash equivalents		
Beginning of the year	1,678,531	3,225,190
End of the year	\$ 831,062	\$ 1,678,531
<b>Supplemental cash flow information</b>		
Interest paid	\$ 269,709	\$ 467,223

Refer to Note 3, Restatement of Comparative Periods.

See accompanying notes to the consolidated financial statements

**CANADABIS CAPITAL INC.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**For the Years Ended July 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*

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards and International Accounting Standards as issued by the International Accounting Standards Board (IASB) and Interpretations (collectively IFRS Accounting Standards) (the "Financial Statements").

These Financial Statements were approved and authorized for issue by the Board of Directors on November 26, 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 consolidated 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 year ended July 31, 2025, the Company recorded a net loss of \$835,204 and cash flows used in operating activities of \$3,195,988. As at July 31, 2025, the Company had excise taxes payable of \$5,984,543, of which approximately \$5,086,277 represented amounts in arrears, including interest and penalties. These arrears are subject to regular scheduled payments in accordance with an agreed payment arrangement with the Canada Revenue Agency which the Company remains fully compliant.

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

While the Company is taking active steps to strengthen its financial position, the factors noted above represent conditions that create material uncertainty regarding the Company's ability to continue as a going concern.

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

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

(e) *Reclassification of comparative amounts*

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

**3. Restatement of Comparative Periods**

During the year ended July 31, 2025, the Company identified a prior period error relating to unrecorded interest and penalties on excise tax and GST arrears owing to the Canada Revenue Agency. Management determined that interest and penalties totalling \$684,350 were incurred in the comparative year ended July 31, 2024 but were not recorded in that period. The error resulted from an oversight in the monitoring and reconciliation of historical excise and GST filings.

In accordance with IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors, the Company has corrected this error retrospectively and has restated the comparative information as if the interest and penalties had been recorded in the period in which they were incurred.

The impact of the restatement on the previously reported financial statements for the year ended July 31, 2024 is as follows:

The following table is a summary of the changes as at July 31, 2024

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

Management has strengthened its internal controls relating to tax compliance and monitoring to prevent similar errors in future periods.

**CANADABIS CAPITAL INC.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**For the Years Ended July 31, 2025 and 2024**  
**(Canadian dollars)**

**4. Material accounting policies**

A summary of the significant accounting policies, which have been applied consistently to all periods presented in the accompanying Financial Statements are set out below.

(a) Cash and cash equivalents

Cash and cash equivalents include cash in banks and short term investments with maturities of less than 90 days at purchase. Fixed term redeemable deposits or similar instruments with a term longer than 90 days are cash equivalents if readily convertible to a known amount of cash throughout its term and subject to an insignificant risk of change in value assessed against the amount at inception i.e. principal will be returned either in full or substantially when redeemed.

(b) Biological assets

While the Company's biological assets are accounted for using IAS 41 "Agriculture", the direct and indirect costs of biological assets are determined using an approach similar to the capitalization criteria under IAS 2 "Inventories". They include the direct costs of growing supplies and direct labor costs as well as other indirect costs such as utilities, supplies used in the growing process, cleaning, insurance, and depreciation and amortization. All direct and indirect costs of biological assets are capitalized as they are incurred, and subsequently transferred to own cultivated inventory at the point of harvest. As own cultivated inventory is sold as bulk or upon sale of the end product, the cost of the own cultivated inventory is recorded within the financial statement line item "cost of goods sold" on the consolidated statement of net income and comprehensive income in the period that the end product is sold. Unrealized fair value gains/losses on growth of biological assets are recorded separately and disclosed in the notes to the Financial Statements. Biological assets are measured at their fair value less costs to sell on the consolidated statement of financial position.

(c) Inventory

Inventory is valued at the lower of cost and net realizable value. Cost is determined using the weighted average cost method for cultivated and purchased cannabis inventory, and the specific identification method for extraction batches and finished goods designated to specific sales orders.

The cost of inventory includes all direct and indirect costs related to production. For cultivated inventory, these costs include the fair value of biological assets at the time of harvest, as well as post-harvest costs such as testing, packaging, and other production overhead. All direct and indirect costs related to harvested inventory are capitalized as they are incurred, and upon sale of the end product are subsequently recorded within "cost of goods sold" in the consolidated statement of net income (loss) and comprehensive income.

Extraction inventory cost is determined using the specific identification method to aggregate the individual costs per extraction batch. Extraction inventory consists of capitalized direct and indirect costs associated with the extraction of cannabinoids. Direct costs include the cost of purchased cannabis (bulk material), extraction wages, chemicals, and supplies used in the extraction process. Indirect costs include testing, packaging, utilities, insurance, and other production overhead.

Purchased or bulk raw materials are recorded at cost, inclusive of direct purchase price and applicable indirect costs such as inbound shipping, testing, and packaging.

If the net realizable value of inventory falls below cost, the carrying amount is written down to reflect the decline. If the net realizable value subsequently increases, a reversal of the previously recognized write-down is applied to cost of goods sold.

The Company also records inventory reserves for obsolete and slow-moving inventory, based on historical experience, management's assessment of inventory turnover, product demand, and expiry trends.

(d) Financial instruments

**Recognition**

The Company recognizes financial assets and liabilities at fair value when it becomes party to the contractual provisions of the instrument. Financial assets and liabilities are measured initially at their fair value plus, with the exception of financial assets and liabilities that are subsequently measured at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to their issuance. Transaction costs attributable to the acquisition of financial assets subsequently measured at fair value through profit or loss are expensed in profit or loss when incurred. Fair value of a financial instrument is the price that would be received to sell an asset or pair to transfer a liability in an orderly transaction between market participants at the measurement date.

Where a financial liability contains both a liability and an equity component, these components are recognized separately based on the substance of the instrument, with the liability component measured initially at fair value and the equity component assigned the residual amount.

**Derecognition**

Financial assets are derecognized when the rights to receive cash flows from the assets have expired or it transfers the financial instrument in a manner that qualifies for derecognition through transfer of substantially all risks and rewards or transfer of control.

Financial liabilities are derecognized upon extinguishment. A modification of a financial liability with an existing lender is evaluated to determine whether the amendment results in substantially different terms in which case it is accounted for as an extinguishment.

**Classification**

The classification of the Company's financial instrument depends on the nature and purpose of the financial instrument and is determined at the time of initial recognition. The financial assets of the Company are classified in the following categories:

- Amortized cost: assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost.
- Fair value through other comprehensive income ("FVOCI"): assets that were held for contractual cash flows and of selling the financial assets, where the asset's cash flow represents solely payment of principal and interest, are measured at FVOCI.
- FVTPL: assets that do not meet the criteria for amortized cost or FVOCI are measured at FVTPL.

Financial liabilities of the company are classified as either amortized cost or at FVTPL. Subsequent to initial recognition, the Company classified all financial liabilities as amortized cost using the effective interest rate method.

**Presentation**

Financial assets and liabilities are not offset unless they are with a counterparty for which the Company has legally enforceable right to settle the financial instruments on a net basis and the Company intends to settle on a net basis.

**Impairment**

Financial assets are assessed at each reporting date in order to determine whether objective evidence exists that the assets are impaired as a result of one or more events which have had a negative effect on the estimated future cash flows of the asset.

If there is objective evidence that a financial asset has become impaired, the amount of the impairment loss is calculated as the difference between its carrying amount and the present value of the estimated future cash flows from the cash discounted as its original effective interest rate. Impairment losses are recorded in the consolidated statement of net income and comprehensive income. If the amount of the impairment loss decreases in a subsequent period and the decrease can be objectively related an event occurring after the impairment was recognized, the impairment loss is reversed up to the original carrying value of the asset. Any reversal is recognized in the consolidated statement of net income and comprehensive income.

CanadaBis assesses on a forward-looking basis the expected credit loss ("ECL") associated with its financial assets carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For accounts receivable, CanadaBis applies the simplified approach permitted under IFRS 9 "Financial Instruments", which requires expected lifetime losses to be recognized from initial recognition of the receivables.

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(e) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and/or accumulated impairment losses (if any). Such costs include expenditures directly related to the acquisition of the asset, the cost of replacing part of the property, plant and borrowing costs if the recognition criteria are met. All other repair and maintenance costs are recognized in the consolidated statement of net income and comprehensive income as incurred.

Depreciation of property, plant and equipment is not recorded until such time as the asset is in the location and condition necessary for it to be capable of operating in the manner intended by management. The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate.

Depreciation is recognized on a straight-line basis to depreciate the cost over the estimated useful life of property, plant and equipment, as follows:

Computer hardware	3 years
Office equipment	5 years
Automobiles	5 years
Plant and equipment	3 -10 years
Building and improvements	25 years

(f) Impairment of non-financial assets

At each reporting period end, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is an indication that those assets have an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs of disposal and value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in the consolidated statement of net income and comprehensive income.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash generating unit) is increased to the revised estimate of its recoverable amount, net of depreciation and amortization, had no impairment loss been recognized for the cash-generating unit in prior periods.

(g) Revenue recognition

Under International Financial Reporting Standard 15 – Revenue from Contracts with Customers ("IFRS 15"), to determine the amount and timing of revenue to be recognized, the Company follows a five-step model:

1. Identifying the contract with a customer;
2. Identifying the performance obligations;
3. Determining the transaction price;
4. Allocating the transaction price to the performance obligations; and
5. Recognizing revenue when/as performance obligations are satisfied.

Revenue is recognized either at a point in time or over a period of time, and when the revenue can be measured reliably.

The majority of the Company's revenue transactions for cultivation and wholesale, and extraction are with the provincial cannabis oversight bodies for the periods presented in these financial statements. The performance obligation of the sale of cannabis is deemed met and revenue recognized when the control has transferred upon delivery of the products to the provincial cannabis oversight bodies or to the distribution centres specified in the agreements based on standard terms and conditions that apply to orders filled under these agreements. The Company receives payment for these revenues on terms ranging from 15 to 45 days. The Company is obligated to reimburse the provincial oversight bodies for purchased product that fails quality criteria and/or becomes stale dated and deemed unsellable by the provincial oversight bodies, at their sole discretion.

Revenue from retail store is recognized when the product is collected by the customer and payment is received at the store.

The Company is required to remit excise tax to the Canada Revenue Agency ("CRA") on the sale of recreation cannabis and extract products in Canada. The Company becomes liable for these excise taxes when cannabis products are delivered to the customer. In accordance with IFRS 15 Revenue from contracts with customers, revenue presented in the consolidated statement of net income and comprehensive income, represents revenue from the sale of cannabis and cannabis related products less applicable excise tax.

Interest income is recognized as it accrues (taking into account the effective yield on the asset) unless collectability is in doubt.

(h) Per share amounts

Basic loss per share has been calculated using the weighted average number of common shares outstanding during the period presented. Diluted loss per share is calculated by dividing the net income or loss applicable to common shares by the sum of weighted average number of common shares issued and all additional common shares that would have been outstanding, if potentially dilutive instruments were converted. The Company uses the treasury stock method, which assumes the proceeds received from the exercise of in-the-money instruments are used to repurchase common shares at the average market price of common shares for the period.

(i) Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. Provisions are not recognized for future operating losses.

(j) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recorded as the proceeds received, net of direct issue costs. The Company may issue units comprised of common share and common share purchase warrants. In these instances, the entire value of the unit is allocated to the common share component.

(k) Share-based payments

The grant date fair value of share-based payments awards granted to directors, officers and employees are recognized as a charge to the consolidated statement of net income and comprehensive income, with a corresponding increase in share-based payments reserve, over the vesting period.

Where the terms and conditions of options are modified before they vest, the changes in the fair value of the options, measured immediately before and after the modification, are also charged to the consolidated statement of net income and comprehensive income over the remaining vesting period for the increases in fair value.

Where equity instruments are granted to non-employees, they are recorded at the fair value of the goods and services received in the consolidated statements of net income and comprehensive income.

Amounts related to the issuance of shares are recorded as a reduction of share capital.

When the value of goods and services received in exchange for the share-based payment cannot be reliably estimated, the fair value is measured by use of a valuation model. The expected life used in the model is adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioral considerations.

Where a grant of options is cancelled or settled during the vesting period, excluding forfeitures when vesting conditions are not satisfied, the Company reverses the amounts previously recorded as a charge in the consolidated statements of net income and comprehensive income and reduction to share-based payment reserves.

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(l) Income taxes

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in the consolidated statements of net income and comprehensive income except to the extent that it relates to business combination, or items recognized directly in equity or in other comprehensive income.

Current tax is expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Tax on income in interim periods is accrued using the tax rate that would be applicable to expected total annual earnings.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

(m) Leases

At the inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

To assess whether a contract conveys a right to control the use of an identified asset, the Company assess whether:

- The contract involves the use of an identified asset;
- The Company has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use; and
- The Company has the right to direct the use of the asset.

Leases are recognized as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use. Each lease payment is allocated between the lease liability and finance cost. The finance cost is charged to profit or loss over the lease period as to produce a constant periodic rate of interest on the remaining balance of the lease liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used. The incremental borrowing rate is the rate that the lessee would have to pay to borrow at prevailing interest rates, market precedents and the Company's specific credit spread, on similar terms and security.

(n) Convertible Debentures

The Company's convertible debentures are classified as compound financial instruments containing both a liability component and an equity component, in accordance with IAS 32, Financial Instrument Presentation, and IFRS 9, Financial Instruments.

Upon initial recognition, the liability component of the debentures is measured at the fair value of a similar debt instrument without the conversion feature, determined by discounting the contractual cash flows (interest and principal) at the market rate of interest applicable to comparable non-convertible debt at the time of issuance. The residual amount of the proceeds, after deducting the fair value of the liability component and transaction costs directly attributable to the issuance, is recognized in equity as the value of the conversion feature.

Transaction costs are allocated between the liability and equity components on a proportionate basis, consistent with the allocation of the gross proceeds. Transaction costs attributable to the liability component are deducted from its carrying amount and included in the determination of the effective interest rate used for subsequent measurement. Transaction costs attributable to the equity component are charged directly to equity.

Subsequent to initial recognition, the liability component is measured at amortized cost using the effective interest rate (EIR) method. The liability accretes to its face value over the term of the debenture, with interest expense recognized in profit or loss. Finance costs include both the contractual coupon interest and the non-cash accretion arising from the difference between the EIR and the coupon rate.

The equity component is not remeasured subsequent to initial recognition. Upon conversion of the debentures into common shares, the carrying amount of the liability is transferred to equity together with the related conversion option balance. If the debentures are redeemed for cash, the liability is extinguished and the equity component remains within equity.

Where the terms of a debenture permit the Company to settle interest payments in common shares, such settlement is treated as an equity transaction provided that the number of shares issued for settlement is fixed and the amount of interest is determinable.

The Company issues other loans and convertible debentures which may be comprised of embedded derivatives, debt, and equity components. In determining the fair value of the Company's other loans and convertible debentures on the date of issuance, and at the date of the consolidated statement of financial position, management uses internally developed models. This method requires the input of a number of assumptions including estimated market rate of interest. These assumptions are determined using management's best estimates and involve inherent uncertainties.

(o) New and amended accounting standards adopted on August 1, 2024;

The following amendments became effective for the Company's period commencing August 1, 2024, for which there was no material impact on the Financial Statements;

(i) Amendments to IAS 1: Classification of Liabilities as Current or Non-current - the IASB issued 'Non-current Liabilities with Covenants' to clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. These amendments are effective for reporting periods beginning on or after 1 January 2024. Under the new requirement, the assessment of whether a liability is presented as current or non-current is based on the contractual arrangements in place as at the reporting date and does not impact the amount or timing of recognition. The IASB reconfirmed that only covenants with which an entity must comply on or before the reporting date affect the classification of a liability as current or non-current. However, when non-current liabilities are subject to future covenants, companies will now need to disclose information to help users understand the risk that those liabilities could become repayable within 12 months after the reporting date. These amendments were applied retrospectively on August 1, 2024.

(p) New standards and amendments issued but not yet effective

A number of new standards and amendments to standards have been issued by the IASB but are not yet effective for the year ended July 31, 2025 and have not been early adopted by the Company. The Company is assessing the impact of these standards and amendments on its financial statements. The following are not expected to be effective until future periods:

(i) IFRS 18, Presentation and Disclosure in Financial Statements, effective for annual periods beginning on or after January 1, 2027. The Company expects this standard to impact the presentation and disclosure of items in the financial statements, including the structure of the statement of profit or loss and disclosures of management defined performance measures.

(ii) IFRS 19, Subsidiaries without Public Accountability, Disclosures, effective for annual periods beginning on or after January 1, 2027. The Company will consider whether any subsidiaries qualify and whether adoption would be beneficial, otherwise the standard is not expected to have an impact.

(iii) Amendments to IFRS 9 and IFRS 7, Classification and Measurement of Financial Instruments, effective for annual periods beginning on or after January 1, 2026. The Company is evaluating the impact on the classification, measurement, and disclosures of its financial instruments.

(iv) Annual Improvements to IFRS Accounting Standards, Volume 11, effective for annual periods beginning on or after January 1, 2026. These amendments are not expected to have a material impact on the Company's financial statements.

(v) Amendments to IFRS 9 and IFRS 7, Contracts Referencing Nature dependent Electricity, effective for annual periods beginning on or after January 1, 2026. These amendments are not applicable to the Company.

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**5. 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.

Information about critical judgments in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the Financial Statements within the next financial year are discussed below.

(a) Inventory

Inventories are valued at the lower of cost and net realizable value. Inventories of harvested cannabis are transferred from biological assets at their fair value at harvest, which becomes the initial deemed cost. Any subsequent post-harvest costs are capitalized to inventory at the lower of cost and net realizable value.

Net realizable value is determined as the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(b) Biological assets

The Company's biological assets are accounted for in accordance with IAS 41 Agriculture. Costs associated with the growing process are capitalized as incurred. These include direct costs such as seeds and other growing materials as well as indirect costs including, but not limited to, supplies and labor for individuals involved in the growing and quality control process. Depreciation of tangible assets used in the cultivation of biological assets is capitalized. Biological assets are measured at their fair value less costs to sell at each reporting period end. Unrealized gains and losses on the fair value of biological assets are recorded separately in these Financial Statements at the end of each reporting period end. Upon harvest, the biological assets are transferred to inventory at their fair value less costs to sell. Depending on the cultivation efforts period to period, the following could be significant assumptions applied in determining the fair value of biological assets, categorized as a Level 3 in the fair value hierarchy based on the inputs to the valuation technique used, are as follows:

(i) Expected yield based on average historical growing results;

(ii) Percentage of costs incurred to date as compared to the estimated total costs to be incurred ("point in growth cycle");

(iii) 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 extract operations.

(iv) Estimated costs to sell.

The Company periodically assesses the significant assumptions applied in determining the fair value of biological assets based on historical information obtained as well as planned production. When there is a material change in any of the significant assumptions, the fair value of the biological assets is adjusted.

(c) Useful lives of depreciable assets

The Company reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected use of the assets. Uncertainties in these estimates relate to technical obsolescence that may change the utility of certain equipment.

(d) Share-based payments

Use of the Black-Scholes Option Pricing model to estimate the fair value the Company's options and warrants requires the application of various assumptions including option lives, dividend yield, forfeitures and volatility of the market price of the Company's common shares. Changes in any of these variables could have a material impact on the share-based payments reserve and share-based payments expense.

(e) Impairment

Non-financial assets are tested for impairment when events or change in circumstances indicate that the carrying amount may be not recoverable, with the exception of goodwill which is reviewed for impairment annually or at any time if an indicator of impairment exists. This determination requires significant judgment. Factors which could trigger an impairment review include, but are not limited to, significant negative industry or economic trends, and current, historical or projected losses that demonstrate continuing losses.

The fair value measurement of the Company's non-financial assets, for the purpose of comparison with the carrying value, is based on numerous assumptions and may differ significantly from actual values.

The fair values are based, in part, on certain factors that may be partially or totally outside of the Company's control. This evaluation involves a comparison of the estimated fair values of non-financial assets to their carrying values. The fair value estimates may differ from fair values and these differences may be significant and could have a material impact on the Company's financial position and results of operations.

Management's estimate of future cash flows is subject to risk and uncertainties. Therefore, it is reasonably possible that changes could occur with evolving economic conditions, which may affect recoverability of the Company's non-financial assets.

(f) Allowance for expected credit losses

The allowance for expected credit loss amount is sensitive to changes in circumstances and of forecast economic conditions and may not be indicative of actual credit losses. The minimum allowance is determined as outlined in Note 22 to these Financial Statements and increased amounts determined depending on circumstances at each period end.

(g) Taxes

Accounting for income taxes is a complex process requiring management to interpret frequently changing laws and regulations and make judgments related to the application of tax law, estimate of timing of temporary difference reversals, and estimate of realization of tax assets. All tax filings are subject to subsequent government audits and potential reassessment. These interpretations and judgments and changes related to them impact tax provisions, deferred income tax assets and liabilities and net loss.

(h) Convertible debentures

The valuation of the Company's convertible debentures requires judgement in determining the fair value of the liability component at issuance, which is estimated using a market-based discount rate for comparable non-convertible debt. Because the Company does not have directly comparable borrowings, the discount rate incorporates unobservable inputs such as credit risk, market conditions, and expected cash flow timing, making this a Level 3 fair value estimate. The resulting liability value determines the residual amount allocated to the equity component. Changes in these assumptions would affect the initial allocation between debt and equity and the subsequent accretion expense recognized over the term of the debentures.

**6. Net revenues (net of Excise Taxes)**

	Years ended	
	July 31, 2025	July 31, 2024
Extract	\$ 13,925,277	\$ 14,599,679
Retail	-	152,530
Cultivation and wholesale	2,976,134	3,202,468
	\$ 16,901,411	\$ 17,954,677

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**7. Cost of sales**

	Years ended	
	July 31, 2025	July 31, 2024
Extract	\$ 7,231,276	\$ 6,494,428
Retail	-	157,491
Cultivation and wholesale	2,286,327	2,481,415
	\$ 9,517,603	\$ 9,133,334

During the years ended July 31, 2025 and 2024, aggregate depreciation charges of \$470,237 and \$332,089, respectively were included in cost of sales - extract.

During the years ended July 31, 2025 and 2024, the cost of sales - extract included realized fair value included in the packaged extract inventory (finished goods) produced sold using the Company's own cultivated inventory (harvested cannabis) of \$88,401 and \$63,874, respectively.

During the years ended July 31, 2025 and 2024, the cost of sales - cultivation and wholesale included inventory write-down \$12,188 and \$29,605, respectively due to the impact of stating inventory at the lower of cost and net realizable value and destruction of inventory.

**8. Cash and cash equivalents**

As at July 31, 2025 and 2024, the cash and cash equivalents balance includes GICs with aggregate value of approximately \$23,000 and \$700,000, respectively that is redeemable without penalties.

**9. Long-term deposit**

In connection with the Credit Facility (see Note 15(iii)), the lender required a term deposit to be held as security at an interest rate of 0.20% in regards to a claim filed by a contractor in connection with the construction of the Company's processing facility. The term deposit was released in May 2025 commensurate with settlement and payment of the claim.

**10. Biological Assets**

	July 31, 2025	July 31, 2024
Balance, beginning of the period	\$ 87,098	\$ 76,195
Capitalized cost of biological assets	336,488	346,993
Changes in fair value	(25,725)	41,994
Cash cost transferred to inventory upon harvest	(373,340)	(378,084)
Balance, end of the period	\$ 24,521	\$ 87,098

During the years ended July 31, 2025 and 2024, the depreciation charge of \$33,931 and \$33,882, respectively related to property, plant and equipment used in the growth and harvesting of biological assets was capitalized to biological assets.

During the years ended July 31, 2025 and 2024, the gross profit included the changes in fair value related to the biological assets of \$(25,725) and \$41,994, respectively.

During the year ended July 31, 2025, the Company successfully completed its twenty-first and twenty-second harvests. As at July 31, 2025, the crops growing were at varying stages within the overall growth cycle ranging from approximately 43.7% to 57.5% complete relative to the anticipated harvest dates. 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 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:

	July 31, 2025		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

**11. Inventory**

	July 31, 2025	July 31, 2024
Bulk material and retail	\$ 180,178	\$ 297,308
Harvested cannabis	292,598	314,980
Extraction	10,925,134	8,562,415
	\$ 11,397,910	\$ 9,174,703

**12. Trade accounts payable and accrued liabilities**

As at July 31, 2025 and 2024, the trade accounts payable and accrued liabilities includes excise taxes payable of \$5,984,543 and \$7,008,346, respectively.

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**13. 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 (iii)	-	6,277	109,873	3,745	8,192	253,461	381,548
Derecognition of automobile loans	-	-	-	-	-	(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
<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)	-	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
<b>Net book value</b>							
July 31, 2025	\$ 2,425,000	\$ 6,009,091	\$ 1,162,548	\$ 40,946	\$ 10,227	\$ 200,452	\$ 9,848,264
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 \$917,919 (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 14). 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 Years ended July 31, 2025 and 2024, the aggregate lease payments for the extraction machine were \$143,898.
- (iii) During the year ended July 31, 2025, the Company terminated an automobile loan that was entered into during the year ended July 31, 2024, resulting in a loss of \$26,444 upon derecognition of this automobile loan (Note 14). During the three months ended October 31, 2024, the Company acquired an automobile that was financed by entering into long-term debt (Note 14). Effective January 31, 2025, this automobile loan was terminated upon the return of the automobile, resulting in a gain of \$6,999 upon derecognition of this automobile loan. Thereby, an aggregate net loss of \$19,445 on derecognition of the automobile loans was recognized and included in net income for the year ended July 31, 2025.
- (iv) This balance represents the aggregate depreciation charge for the year ended July 31, 2025 that is prior to the capitalization of \$33,931 to Biological Assets (Note 10) and reclassification of \$470,237 from the "Depreciation and amortization" financial statement line item to Cost of sales (Note 7) for presentation purposes.
- (v) The Company operates as a single cash-generating unit ("CGU"), and during the year identified indicators of impairment affecting the CGU, including margin compression and declining profitability within the cannabis sector. In accordance with IAS 36, management estimated the recoverable amount of the CGU, which was supported by an independent appraisal of the underlying land and buildings. The appraised value exceeded the carrying value of the CGU's net assets, and accordingly no impairment was recorded for the year.

**14. 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 13). The changes in the net book value for the Company's right-of-use assets during the years ended July 31, 2025 and 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	1,788,756	53,579	1,842,335
Addition	-	16,282	16,282
Balance, July 31, 2025	1,788,756	69,861	1,858,617
<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	426,944	11,796	438,740
Balance, July 31, 2025	\$ 1,186,472	\$ 35,929	\$ 1,222,401
<b>Net book value</b>			
Balance, July 31, 2025	\$ 602,284	\$ 33,932	\$ 636,216
Balance, July 31, 2024	\$ 1,029,228	\$ 29,446	\$ 1,058,674

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**Lease liabilities**

	July 31, 2025	July 31, 2024
Balance, beginning of the period	\$ 1,003,410	\$ 1,334,356
Vehicle	16,282	-
Derecognition of lease	-	(3,082)
Lease payments	(485,455)	(489,985)
Interest expense	112,616	162,121
Balance, end of the period	646,853	1,003,410
Less current portion	(368,802)	(370,380)
Long term portion	\$ 278,051	\$ 633,030

**Amounts recognized in profit and loss**

	Years ended	
	July 31, 2025	July 31, 2024
Lease expense on short-term lease	\$ 18,811	\$ 21,402
Interest expense on lease liabilities	112,616	162,121
Amounts expensed in profit and loss	\$ 131,427	\$ 183,523

**Lease payments**

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

	2025
Less than 1 year	\$ 389,678
1-5 years	301,111
More than 5 years	-
	\$ 690,789

**15. Long-term debt**

	Commercial Mortgage				Vehicle Loans (iv)		Total	
	CEBA loan (i)	RRRF Loan (ii)	Loan (iii)	-	-	-	-	-
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 Mortgage				Vehicle Loans(iv)(v)(vi)		Total	
	CEBA loan (i)	RRRF Loan (ii)	Loan (iii)	-	-	-	-	-
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

(i) On April 9, 2020, the Government of Canada announced the Canada Emergency Business Account ("CEBA") loan program to small Canadian businesses to assist these businesses with working capital requirement during the COVID-19 pandemic. The maximum amount available under the program is \$40,000, of which \$10,000 is forgiven if the loan is repaid prior to December 31, 2022. The Company, through its two wholly owned subsidiaries, applied for and received \$80,000 under the CEBA loan program. During the year ended July 31, 2021, additional funding of \$20,000 was secured by each of these entities with same repayment terms as initial funding received. The loan is non-interest bearing until December 31, 2022. An annual interest rate of 5% accrues from January 1, 2023 until December 31, 2025, the maturity date. Subsequent to July 31, 2022, the Government of Canada extended the repayment deadline for partial loan forgiveness from December 31, 2023, to January 18, 2024. Prior to January 18, 2024, an aggregate of \$80,000 was repaid for these CEBA loans outstanding and the 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 July 31, 2025, the deferred income liability of \$736 was outstanding net of \$6,642 recognized during the year ended July 31, 2025 as other income representing recognition of this benefit over the term of the funding agreement. A corresponding accretion expenses of \$6,642 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 year ended July 31, 2025.

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- (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 \$60,490. As at July 31, 2025, an amount of \$671,635 was drawn down on the line of credit, which is classified as financing activities for purposes of presentation in the consolidated statement of cash flows for the year ended July 31, 2025.

The 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 July 31, 2025, the Company was not in compliance with the debt service coverage ratio as it was 0.36:1 and the current ratio as it was 1.2:1, the Company was in compliance with the debt-to-equity ratio factoring in an appraisal surplus as included in the defined term of the commitment letter was 0.96:1. On November 12, 2025, the Credit Union issued a covenant waiver letter acknowledging the breach and confirming that it does not intend to call the loan within the next twelve months and further waving its right to take any enforcement action in respect of this specific breach until at least July 31, 2026.

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

- (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 statement of net income and comprehensive income for the year ended July 31, 2025.
- (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. 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.
- (vi) 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.

**16. 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 20(b) of the Financial Statements.

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

	<b>2025 Convertible Debentures</b>
Balance, July 31, 2024	\$ -
Additions	2,268,119
Interest expense	141,326
Accretion expense	223,613
Balance, as at July 31, 2025	<u>\$ 2,350,406</u>

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**17. Non-controlling interests**

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

Balance, July 31, 2023	\$	93,186
Share of net loss for the year		-
Balance, July 31, 2024		93,186
Share of net loss for the year then ended		-
Balance, July 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 July 31, 2025, 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.

	July 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
Non-current liabilities	-	-
Net revenues for the years ended July 31, 2025 and 2024	-	-
Net income for the years ended July 31, 2025 and 2024	\$ -	\$ -

**18. 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 18(b)(i)	25,000	5,000
Reclassification of contributed surplus to share capital upon exercise of options (Note 18(b)(i))	-	3,009
Proceeds from shares issued upon exercise of options Note 18(b)(i)	20,000	4,000
Reclassification of contributed surplus to share capital upon exercise of options (Note 18(b)(i))	-	2,353
Balance, July 31, 2024 and July 31, 2025	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.

**19. 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 July 31, 2025

	Number of options	Weighted average exercise price
Outstanding, July 31, 2023	7,080,000	\$ 0.23
Exercised (Note 16 (b)(i))	(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
Expired	(4,620,000)	\$ 0.20
Cancelled and forfeited	(317,500)	\$ 0.23
Outstanding, July 31, 2025	1,220,000	\$ 0.21
Options exercisable as at July 31, 2025	1,220,000	\$ 0.21

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

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

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
\$0.20	5,120,000	0.99	\$ 0.20	5,120,000
\$0.24	1,000,000	3.88	\$ 0.24	1,000,000
	6,120,000	1.45	\$ 0.21	6,120,000

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

No options were granted during the years ended July 31, 2025 and 2024.

During the year ended July 31, 2025, 317,500 options were cancelled and forfeited, 4,620,000 options expired and no options were exercised.

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**20. 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) Pursuant to the unsecured convertible debenture financing in April 2025 (Note 16), 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 July 31, 2025, an aggregate 1,975,000 warrants were issued and outstanding.

**21. Income taxes**

- (a) The following table reconciles the estimated income tax expense using Canadian Federal and Provincial tax rate of 25% (2023 - 25%) to the reported tax expense.

	July 31, 2025		July 31, 2024	
Loss before income taxes	\$	(721,885)	\$	(2,585)
Statutory tax rates		23%		25%
Expected income tax recovery		(166,034)		(646)
Effect on taxes of:				
Equity portion of Convertible Debentures		278,083		-
Share-based payments		-		35,690
Non-deductible expenses		148,360		34,584
Fair value adjustments to inventory		-		5,470
Share and debt issuance costs on acquisition		-		-
Other		20,456		-
True-up of opening timing differences		87,344		-
Change in valuation allowance		(254,890)		(164,705)
	\$	113,319	\$	(89,607)

- (b) The changes in deferred income tax assets and liabilities during the years ended July 31, 2025 and 2024 were as follows:

	Deferred tax assets (liabilities) recognized in net income			
	July 31, 2024		July 31, 2025	
Property, plant and equipment	\$	(3,644)	\$	124,907
Biological assets		85,070		(85,070)
Lease liabilities		230,785		(82,009)
Non-capital losses		623,649		72,099
Convertible debenture and warrants issue costs		-		102,640
Convertible debentures		-		(387,457)
Net deferred tax assets		935,860		(254,890)
Deferred tax assets not recognized		(935,860)		254,890
		-		-

	Deferred tax assets (liabilities) recognized in net loss			
	July 31, 2023		July 31, 2023	
Property, plant and equipment		127,194		(130,838)
Biological assets		(18,351)		103,421
Lease liabilities		333,589		(102,804)
Non-capital losses		2,034,804		(1,411,155)
Share and debt issuance costs		8,734		(8,734)
Net deferred tax assets		2,485,970		(1,550,110)
Deferred tax assets not recognized		(2,485,970)		1,550,110
		-		-

- (c) As at July 31, 2025, the Company has non-capital loss carry-forwards that can be used to offset taxes in future years. These non-capital loss carry-forwards expire as follows:

2045	\$	45,467
2044		-
2043		406,599
2042		782,932
2041		924,921
2040		466,336
2039		323,390
2038		75,346
		3,024,991

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**22. Related party transactions**

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

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

(i) SS Pipelines Ltd. is a company owned by shareholders, a director and officer of the Company. The amounts due to related parties are non-interest bearing, unsecured and have no fixed terms of repayment. Accordingly, the amounts have been presented as being all current on the consolidated statements of financial position.

(ii) Runaway Developments Ltd. is a company owned by a shareholder of the Company. The amounts due to Runaway Developments Ltd. bears interest at 7% per annum and the maturity was extended to December 31, 2021 but not extended subsequently. As at July 31, 2025 and July 31, 2024, the outstanding balances included accrued interest of \$3,791.

(iii) As at July 31, 2025, an aggregate amount of \$218,012 (July 31, 2024 - \$108,280) was due to a Director and shareholders of the Company. These amounts are due on demand, unsecured and interest free. Majority of this amount outstanding 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 years ended July 31, 2025 and 2024, aggregate equipment rental expenses of \$171,142 and \$129,488, 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 year ended July 31, 2025 and 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 13(i) and 14 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 July 31, 2025, the accounts payable balance includes an amount less than \$1,000. During the years ended July 31, 2025 and 2024, the consulting services expenses incurred were \$15,652 and \$9,784, respectively.

(c) Key management compensation

CanadaBis considers its directors and executives to be key management personnel. Key management personnel compensation is comprised of the following:

	<b>July 31, 2025</b>	<b>July 31, 2024</b>
Short-term employer benefits	762,440	415,768
Share-based payments	-	142,757
	<b>762,440</b>	<b>558,525</b>

**23. 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:

	Fair Value Level	July 31, 2025		July 31, 2024	
		Carrying amount	Fair value	Carrying amount	Fair value
<b>Financial assets</b>					
Loans and receivables					
Cash and cash equivalents	Level 1	\$ 831,062	\$ 831,062	\$1,678,531	\$1,678,531
Trade accounts receivables and other receivables	Level 1	1,444,261	1,444,261	2,059,390	2,059,390
<b>Financial liabilities</b>					
Other financial liabilities					
Demand line of credit	Level 2	671,635	671,635	482,350	482,350
Trade accounts payable and accrued liabilities	Level 2	7,106,088	7,106,088	8,743,868	8,743,868
Due to related parties	Level 3	1,572,350	1,572,350	1,462,618	1,462,618
Long-term debt	Level 2	4,077,314	4,077,314	4,955,864	4,955,864
Lease liability	Level 3	646,853	646,853	1,003,410	1,003,410
Convertible debentures	Level 3	2,350,406	2,350,406	-	-

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.

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(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:

	<b>&lt;1 Year</b>	<b>1-2 Years</b>	<b>3-5 Years</b>	<b>&gt; 5 years</b>
Accounts payable and accrued liabilities	\$ 7,106,088	\$ -	\$ -	\$ -
Due to related parties	\$ 1,572,350	\$ -	\$ -	\$ -
Lease obligations	\$ 389,678	\$ 301,111	\$ -	\$ -
Long-term debt	\$ 1,034,300	\$ 2,152,532	\$ 933,801	\$ -
Convertible debentures	\$ -	\$ -	\$ 4,035,000	\$ -
Deferred income liability	\$ 736	\$ -	\$ -	\$ -
	<b>\$ 10,103,152</b>	<b>\$ 2,453,643</b>	<b>\$ 4,968,801</b>	<b>\$ -</b>

*Credit risk*

Credit risk is the risk of loss associated with the counterparty's inability to fulfill its payment obligations. Financial instruments that would potentially subject the Company to concentrations of credit risks consist principally of cash and accounts receivable. All of the Company's cash was held at three financial institutions as at July 31, 2025, all of which are Canadian Chartered Banks.

*Trade accounts receivable and other receivable*

- (i) For accounts receivable, the Company does not hold any collateral as security but mitigates this risk by dealing only with what management believes to be financially sound counterparties. As at July 31, 2025, approximately 95% of the 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. For domestic sales, the Company's expected credit loss allowance with domestic counterparties is determined based on 1% of not past due amounts, 5% for 1-30 days, 10% for 31- 60 days, 25% for 61 to 90 days and 50% to 100% for greater than 90 days, as the majority of the sales transactions are with provincial liquor and cannabis boards with limited creditworthiness concerns. For international counterparties, the Company considers the underlying contract payment terms, creditworthiness and other factors including macroeconomic conditions that potentially impact expected future credit losses.

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

	<b>July 31, 2025</b>	<b>July 31, 2024</b>
Trade accounts receivable		
Not past due	\$ 1,354,776	\$ 1,977,925
1-30 days	94,301	24,399
31-90 days	588	621
90+ days	-	20,446
Total gross carrying amount	1,449,665	2,023,391
Loss allowance	(18,131)	(38,789)
Total carrying amount	<b>\$ 1,431,534</b>	<b>\$ 1,984,602</b>

*Reconciliation of the loss allowance*

The following table shows a reconciliation of the opening to the closing balance of the loss allowance by the class of financial instrument. All classes of financial instruments shown are assessed for impairment in the current year using the simplified approach permitted under IFRS 9, whereby the loss allowance is always measured at an amount equal to lifetime expected credit losses.

	<b>July 31, 2025</b>	<b>July 31, 2024</b>
Loss allowance		
Balance, beginning of the period	\$ 38,789	\$ 548,274
Increase in loss allowance for the period	(20,657)	17,335
Written off during the period	-	(526,820)
Balance, end of the period	<b>\$ 18,132</b>	<b>\$ 38,789</b>

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

	<b>July 31, 2025</b>	<b>July 31, 2024</b>
Trades receivables, net (Note 23(b)(i))	\$ 1,431,534	\$ 1,984,602
Other receivables	12,727	74,788
	<b>\$ 1,444,261</b>	<b>\$ 2,059,390</b>

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

**24. 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, 2025, the Company had net debt of \$1,146,648 (July 31, 2024 - \$3,414,353).

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.

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**25. Per share amounts**

	Years ended	
	July 31, 2025	July 31, 2024
Weighted average number of common shares		
Basic	138,256,380	138,275,055
Diluted -in -the-money warrants and share options	138,256,380	138,275,055

**26. Financing costs**

	Years ended	
	July 31, 2025	July 31, 2024
Interest on long-term debt	\$ 269,708	\$ 308,893
Accretion on convertible debentures	223,613	-
Accretion on lease liabilities	112,616	162,121
Accretion on long-term debt	32,265	38,832
	\$ 638,202	\$ 509,846

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

	Years ended	
	July 31, 2025	July 31, 2024
<i>Operating activities</i>		
Trade accounts receivable and other receivables	\$ 615,129	\$ (63,854)
Inventory	(2,223,207)	(3,422,829)
Prepaid expenses	(275,988)	(137,098)
Trade accounts payable and accrued liabilities	(1,637,780)	2,305,879
Income tax	(79,730)	(100,979)
Goods and services tax payable	(299,497)	145,781
	\$ (3,901,073)	\$ (1,273,100)

**28. 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: cultivation and wholesale, retail and extract. The cultivation and 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. Effective December 1, 2023, the Company sold its retail operations. Extract segment provides cannabinoid extraction services for the Company and also, to other licensed producers. Gross revenue earned includes excise taxes, which the Company pays as principal, but excludes duties and taxes collected on behalf of third parties. Net revenue is gross revenue less excise taxes. Excise taxes are effectively a production tax which becomes payable when the product is removed from the Company's premises and may or may not be directly related to the revenue depending on the province of sale. It is generally not included as a separate item on external invoices; increases in excise tax are not always passed on to the customer and where a customer fails to pay for product received the Company cannot reclaim the excise tax. The Company therefore recognizes excise tax, unless it regards itself as an agent of the regulatory authorities, as a cost and reduction to revenue for the Company. Therefore, excise duty as reduction to revenue is treated as production tax and presented as a reduction of gross revenue generated from the "Cultivation and wholesale", and "Extract" segments. Under the Excise Tax Act, the Company is required to maintain a security deposit of approximately \$900,000 (July 31, 2024 - \$900,000) pending finalization of the amount due and the repayment terms with the tax authorities that remains outstanding as of date of approval of these Financial Statements. Refer to note 29 - Commitments and contingencies

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.

Below is a summary of results by reportable segments for the years ended July 31, 2025 and 2024.

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

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

**29. 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 \$350,080. 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.

**30. Subsequent events**

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