

CANNABIX TECHNOLOGIES INC.

Financial Statements

Years Ended April 30, 2025 and 2024

(Expressed in Canadian dollars)



SHIM & Associates LLP
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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Cannabix Technologies Inc.

Opinion

We have audited the financial statements of Cannabix Technologies Inc. (the “Company”), which comprise the statement of financial position as at April 30, 2025, and the statement of loss and comprehensive loss, statement of changes in shareholders’ equity and statement of cash flow for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at April 30, 2025, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (“IFRS”).

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 Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the 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.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 of the financial statements, which indicates that a material uncertainty exists that may cast significant doubt on the Company’s ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Matter

The financial statements as at April 30, 2024 and for the year ended April 30, 2024 were audited by another auditor who expressed an unmodified opinion on those statements on August 27, 2024.

Key Audit Matters

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

Except as described in the *Material Uncertainty Related to Going Concern* section, we have determined that there are no key audit matters to communicate in our auditor’s report.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Management’s Discussion and Analysis, but does not include the financial statements and our auditor’s report thereon.

Our opinion on the 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 financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

In preparing the financial statements, management is responsible for assessing the Company'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 Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 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 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 Company'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 Company'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 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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

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From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the 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 Dong H. Shim.

SHIM & Associates LLP

CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, Canada
August 28, 2025

CANNABIX TECHNOLOGIES INC.Statements of Financial Position
(Expressed in Canadian dollars)

	April 30, 2025 \$	April 30, 2024 \$
Assets		
Current assets		
Cash and cash equivalents	2,303,229	4,214,791
Short-term investments	50,410	47,810
Amounts receivable	70,895	47,579
Prepaid expenses and deposits	269,726	56,077
Total current assets	2,694,260	4,366,257
Non-current assets		
Equipment (Note 3)	148,455	184,013
Right-of-use asset (Note 4)	156,192	149,060
Total non-current assets	304,647	333,073
Total assets	2,998,907	4,699,330
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	289,056	93,440
Current portion of lease liability (Note 5)	145,630	141,880
Total current liabilities	434,686	235,320
Non-current liabilities		
Lease liability (Note 5)	13,024	12,702
Total liabilities	447,710	248,022
Shareholders' equity		
Share capital (Note 8)	34,155,084	33,266,637
Share-based payment reserve (Note 8)	10,530,201	8,632,443
Deficit	(42,134,088)	(37,447,772)
Total shareholders' equity	2,551,197	4,451,308
Total liabilities and shareholders' equity	2,998,907	4,699,330

Nature of Operations and Continuance of Business (Note 1)
Subsequent events (Note 12)

Approved and authorized for issuance on behalf of the Board of Directors on August 28, 2025:

/s/ Ravinder Mlait

Ravinder Mlait, Director

/s/ Bryan Loree

Bryan Loree, Director

(The accompanying notes are an integral part of these financial statements)

CANNABIX TECHNOLOGIES INC.Statements of Loss and Comprehensive Loss
(Expressed in Canadian dollars)

	Year ended April 30, 2025 \$	Year ended April 30, 2024 \$
Expenses		
Consulting fees (Note 7)	350,679	668,534
Depreciation (Notes 3 and 4)	168,520	153,235
Investor relations	96,966	114,303
Office and miscellaneous	55,153	49,414
Professional fees	124,382	104,662
Rent	6,544	6,798
Research and development (Notes 7 and 8)	2,576,106	1,241,965
Share-based payments (Notes 7 and 8)	1,259,623	868,474
Transfer agent and filing fees	73,254	71,535
Travel	44,042	21,771
Loss before other income (expense)	(4,755,269)	(3,300,691)
Other income (expense)		
Interest expense (Note 5)	(13,557)	(22,442)
Interest income	104,192	196,526
Loss on disposal of equipment (Note 3)	(21,682)	-
Loss and comprehensive loss for the year	(4,686,316)	(3,126,607)
Loss per share, basic and diluted	(0.04)	(0.03)
Weighted average number of shares outstanding	115,098,378	114,144,104

(The accompanying notes are an integral part of these financial statements)

CANNABIX TECHNOLOGIES INC.Statements of Changes in Shareholders' Equity
(Expressed in Canadian dollars)

	Share capital		Share-based payment reserve \$	Deficit \$	Total shareholders' equity \$
	Number of shares	Amount \$			
Balance, April 30, 2023	114,144,104	33,266,637	7,763,969	(34,321,165)	6,709,441
Fair value of stock options granted	–	–	868,474	–	868,474
Loss for the year	–	–	–	(3,126,607)	(3,126,607)
Balance, April 30, 2024	114,144,104	33,266,637	8,632,443	(37,447,772)	4,451,308
Shares issued pursuant to the Agreement (Notes 6 and 8)	1,000,000	730,000	–	–	730,000
Special warrants granted pursuant to the Agreement (Notes 6 and 8)	–	–	701,332	–	701,332
Shares issued for the exercise of stock options	255,000	158,447	(63,197)	–	95,250
Fair value of stock options granted	–	–	1,259,623	–	1,259,623
Loss for the year	–	–	–	(4,686,316)	(4,686,316)
Balance, April 30, 2025	115,399,104	34,155,084	10,530,201	(42,134,088)	2,551,197

(The accompanying notes are an integral part of these financial statements)

CANNABIX TECHNOLOGIES INC.

Statements of Cash Flows

(Expressed in Canadian dollars)

	Year ended April 30, 2025 \$	Year ended April 30, 2024 \$
Operating activities		
Net loss for the year	(4,686,316)	(3,126,607)
Items not involving cash:		
Accrued interest income	(2,600)	-
Depreciation	168,520	153,235
Interest expense	13,557	22,442
Loss on disposal of equipment	21,682	-
Non-cash research and development	1,431,332	-
Share-based payments	1,259,623	868,474
Changes in non-cash operating working capital:		
Amounts receivable	(23,316)	1,622
Prepaid expenses and deposits	(213,649)	11,362
Accounts payable and accrued liabilities	195,616	(11,188)
Net cash used in operating activities	(1,835,551)	(2,080,660)
Investing activities		
Purchase of short-term investments	-	(1,810)
Purchase of equipment	(24,414)	(29,149)
Proceeds from disposal of equipment	6,872	-
Net cash used in investing activities	(17,542)	(30,959)
Financing activities		
Lease payments	(153,719)	(143,527)
Exercise of options	95,250	-
Net cash used in financing activities	(58,469)	(143,527)
Change in cash and cash equivalents	(1,911,562)	(2,255,146)
Cash and cash equivalents, beginning of year	4,214,791	6,469,937
Cash and cash equivalents, end of year	2,303,229	4,214,791
Cash and cash equivalents are comprised of:		
Cash held in bank	1,803,229	3,714,791
Cashable guaranteed investment certificate	500,000	500,000
Total cash and cash equivalents	2,303,229	4,214,791
Non-cash investing and financing activities:		
Right-of use asset financed by lease liability	144,234	143,126

(The accompanying notes are an integral part of these financial statements)

CANNABIX TECHNOLOGIES INC.

Notes to the Financial Statements
Years Ended April 30, 2025 and 2024
(Expressed in Canadian dollars)

1. Nature of Operations and Continuance of Business

Cannabix Technologies Inc. (the “Company” or “Cannabix”) is a public company listed on the Canadian Securities Exchange (“CSE”) and trades under the symbol 'BLO'. The Company was incorporated on April 5, 2011 under the BC Business Corporations Act as West Point Resources Inc. and on August 12, 2014, the name of the Company was changed to Cannabix Technologies Inc. The Company’s corporate office and principal place of business is located at 501 – 3292 Production Way, Burnaby, BC.

The Company’s primary business is the development of the marijuana and alcohol breath testing technologies.

These financial statements have been prepared on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. As at April 30, 2025, the Company had a working capital of \$2,259,574 (2024 – \$4,130,937) and an accumulated deficit of \$42,134,088 (2024 – \$37,447,772) since inception and expects to incur further losses in the development of its business. The continued operations of the Company are dependent on its ability to generate future cash flows or obtain additional financing. Management is of the opinion that with its current cash and cash equivalents and other funds that may be obtained from external financing that it has sufficient working capital to meet the Company’s liabilities and commitments as they become due, although there is a risk that additional financing will not be available on a timely basis or on terms acceptable to the Company. These financial statements do not reflect any adjustments that may be necessary if the Company is unable to continue as a going concern.

2. Material Accounting Policy Information

(a) Statement of Compliance and Basis of Presentation

The accompanying financial statements have been prepared in accordance with IFRS Accounting Standards (“IFRS”), as issued by the International Accounting Standards Board (“IASB”) and the interpretations issued by the IFRS Interpretations Committee (“IFRIC”).

These financial statements have been prepared on a historical cost basis except for certain financial instruments which are measured at fair value as explained in Note 2(g). The financial statements are presented in Canadian dollars, which is the Company’s functional currency.

(b) Use of Estimates and Judgments

The preparation of these financial statements in conformity with IFRS requires the Company’s management to make judgments, estimates, and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, revenues, and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

Significant areas requiring the use of estimates and judgments include the useful life and recoverability of equipment, assessment of incremental borrowing rate related to the recognition of lease liability, fair value of share-based payments, unrecognized deferred income tax assets, and going concern.

CANNABIX TECHNOLOGIES INC.

Notes to the Financial Statements
Years Ended April 30, 2025 and 2024
(Expressed in Canadian dollars)

2. Material Accounting Policy Information (continued)

(b) Use of Estimates and Judgments (continued)

Deferred Income Taxes

The determination of income tax expense and the composition of deferred income tax assets and liabilities involves judgment and estimates as to the future taxable earnings, expected timing of reversals of deferred income tax assets and liabilities, and interpretations of tax laws. The Company is subject to assessments by tax authorities who may interpret the tax law differently. Changes in these interpretations, judgments, and estimates may materially affect the final amount of deferred income tax provisions, deferred income tax assets and liabilities, and results of operations.

Share-based Compensation

Fair values are determined using the Black-Scholes option pricing model. Estimating fair value requires determining the most appropriate valuation model for a grant of equity instruments, which is dependent on the terms and conditions of the grant. Option-pricing models require the use of highly subjective estimates and assumptions including the expected stock price volatility. Changes in the underlying assumptions can materially affect the fair value estimates and, therefore, existing models do not necessarily provide reliable measurement of the fair value of the Company's stock options.

Useful Lives of Depreciable Assets

The useful lives of depreciable assets have been determined based on management's estimated utility of the assets. Uncertainties in these estimates relate to technological obsolescence and wear and damage of assets.

Going concern

The assessment of the Company's ability to execute its strategy by funding future working capital requirements involves judgment. The management monitor future cash requirements to assess the Company's ability to meet these future funding requirements. Further information regarding going concern is outlined in Note 1.

(c) Cash and Cash Equivalents

The Company considers all highly liquid instruments with a maturity of three months or less at the time of issuance, are readily convertible to known amounts of cash, and which are subject to insignificant risk of changes in value to be cash equivalents.

(d) Property and Equipment

Property and equipment is stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost can be measured reliably. The carrying amount of a replaced asset is derecognized when replaced. Repairs and maintenance costs are charged to the statement of operations during the period in which they are incurred.

Depreciation of property and equipment is provided using the straight-line method at the following rates approximating their estimated useful lives:

Equipment	10 years, straight line
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CANNABIX TECHNOLOGIES INC.

Notes to the Financial Statements
Years Ended April 30, 2025 and 2024
(Expressed in Canadian dollars)

2. Material Accounting Policy Information (continued)

(e) Impairment of Non-Financial Assets

At each reporting date, the Company assesses whether there are indicators of impairment for its non-financial assets. If indicators exist, the Company determines if the recoverable amount of the asset or CGU is greater than its carrying amount. A CGU is defined as the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows of other assets or groups of assets. The Company has used geographical proximity, geological similarities, analysis of shared infrastructure, commodity type, assessment of exposure to market risks and materiality to define its CGUs.

If the carrying amount exceeds the recoverable amount, the asset or CGU is recorded at its recoverable amount with the reduction recognized in the statement of operations. The recoverable amount is the greater of the value in use or fair value less costs to sell. Fair value is the amount the asset could be sold for in an arm's length transaction. The value in use is the present value of the estimated future cash flows of the asset from its continued use. The fair value less costs to sell considers the continued development of a property and market transactions in a valuation model.

Impairments are reversed in subsequent periods when there has been an increase in the recoverable amount of a previously impaired asset or CGU and these reversals are recognized in the statement of operations. The recovery is limited to the original carrying amount less depreciation, if any, that would have been recorded had the asset not been impaired.

(f) Research and Development Costs

Research costs are charged to operations as incurred. Research costs consist primarily of consulting expenses and parts related to the design, testing, and manufacture of the Cannabix marijuana breathalyzer. Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditures are capitalized only if development costs can be measured reliably, the product is technically and commercially feasible, future economic benefits are probable, and the Company intends to or has sufficient resources to complete development and to use or sell the asset. The expenditure capitalized includes the cost of materials, direct labour and overhead costs that are directly attributable to preparing the asset for its intended use, and borrowing costs on qualifying assets. Other development expenditure is recognized in the statement of operations as incurred.

CANNABIX TECHNOLOGIES INC.

Notes to the Financial Statements
Years Ended April 30, 2025 and 2024
(Expressed in Canadian dollars)

2. Material Accounting Policy Information (continued)

(g) Financial Instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the respective instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are included in the initial carrying value of the related instrument and are amortized using the effective interest method. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in the statement of operations.

Fair value estimates are made at the statement of financial position date based on relevant market information and information about the financial instrument. All financial instruments are classified into either: fair value through profit or loss ("FVTPL") or amortized cost.

The Company has made the following classifications:

Cash and cash equivalents	Amortized cost
Short-term investments	Amortized cost
Accounts payable and accrued liabilities	Amortized cost
Lease liability	Amortized cost

Financial Assets

The classification of financial assets depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Financial assets at FVTPL

Financial assets are classified as FVTPL when the financial asset is either held for trading or it is designated as FVTPL. A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

Financial assets at amortized cost

Financial assets at amortized cost are non-derivative financial assets which are held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. A financial asset (unless it is a trade receivable without a significant financing component that is initially measured at the transaction price) is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition. Subsequent to initial recognition, financial assets are measured at amortized cost using the effective interest method, less any impairment.

Impairment of financial assets

Financial assets, other than those classified as FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been decreased.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account.

CANNABIX TECHNOLOGIES INC.

Notes to the Financial Statements
Years Ended April 30, 2025 and 2024
(Expressed in Canadian dollars)

2. Material Accounting Policy Information (continued)

(g) Financial Instruments (continued)

Impairment of financial assets (continued)

When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are offset against the allowance account. Changes in the carrying amount of the allowance account are recognized in the statement of operations. Loss allowances are based on the lifetime ECL's that result from all possible default events over the expected life of the trade receivable, using the simplified approach.

For financial assets measured at amortized cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through the statement of operations to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

Financial Liabilities and Equity Instruments

Classification as debt or equity

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

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 recognized as the proceeds received, net of direct issuance costs.

Other financial liabilities

Other financial liabilities (including loans and borrowings and trade payables and other liabilities) are initially measured at fair value, net of transaction costs. Subsequently, other financial liabilities are measured at amortized cost using the effective interest method.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

(h) Foreign Currency Translation

The functional and reporting currency is the Canadian dollar. Transactions denominated in foreign currencies are translated using the exchange rate in effect on the transaction date or at an average rate. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange in effect at the statement of financial position date. Non-monetary items are translated using the historical rate on the date of the transaction. Revenue and expenses are translated at average rates for the periods. Foreign exchange gains and losses are included in the statement of operations.

CANNABIX TECHNOLOGIES INC.

Notes to the Financial Statements
Years Ended April 30, 2025 and 2024
(Expressed in Canadian dollars)

2. Material Accounting Policy Information (continued)

(i) Provisions

Provisions for legal claims and obligations are recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated.

(j) Income Taxes

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in the statement of operations. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred income tax

Deferred income tax is provided using the statement of financial position method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable income will be available to allow all or part of the deferred income tax asset to be utilized. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

(k) Share-based Payments

The grant date fair value of share-based payment awards granted to employees is recognized as stock-based compensation expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of awards that do meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

Where equity instruments are granted to parties other than employees, they are recorded by reference to the fair value of the services received. If the fair value of the services received cannot be reliably estimated, the Company measures the services received by reference to the fair value of the equity instruments granted, measured at the date the counterparty renders service.

All equity-settled share-based payments are reflected in share-based payment reserve, unless exercised. Upon exercise, shares are issued from treasury and the amount reflected in share-based payment reserve is credited to share capital, adjusted for any consideration paid.

CANNABIX TECHNOLOGIES INC.

Notes to the Financial Statements
Years Ended April 30, 2025 and 2024
(Expressed in Canadian dollars)

2. Material Accounting Policy Information (continued)

(l) Leases

At 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 over a period of time in exchange for consideration. The Company assesses whether the contract involves the use of an identified asset, whether it has the right to obtain substantially all of the economic benefits from the use of the asset during the term of the contract and it has the right to direct the use of the asset.

The right-of-use asset is subsequently depreciated from the commencement date to the earlier of the end of the lease term, or the end of the useful life of the asset. The right-of-use asset may be reduced due to impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

A lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date discounted by the interest rate implicit in the lease or, if that rate cannot be readily determined the incremental borrowing rate. The lease liability is subsequently measured at amortized cost using the effective interest method. Lease payments included in the measurement of the lease liability comprise fixed payments, variable lease payments, and amounts expected to be payable at the end of the lease term.

The Company does not recognize the right-of-use assets and lease liabilities for short-term leases that have a lease term of twelve months or less. The lease payments associated with these leases are charged directly to the statement of operations on a straight-line basis over the lease term.

(m) Short-term Investments

Short-term investments consist of highly liquid short-term interest bearing securities with maturities at the date of purchase of greater than three months, but less than one year, and of other marketable securities.

(n) Loss Per Share

Basic loss per share is computed using the weighted average number of common shares outstanding during the period. The treasury stock method is used for the calculation of diluted loss per share, whereby all "in the money" stock options and share purchase warrants are assumed to have been exercised at the beginning of the period and the proceeds from their exercise are assumed to have been used to purchase common shares at the average market price during the period. When a loss is incurred during the period, basic and diluted loss per share are the same as the exercise of stock options and share purchase warrants is considered to be anti-dilutive.

(o) Accounting Standards Issued But Not Yet Effective

The Company has implemented all new accounting pronouncements that are in effect and that may impact its financial statements and does not believe that there are any other new accounting pronouncements that have been issued that might have a material impact on its financial position or results of operations.

CANNABIX TECHNOLOGIES INC.

Notes to the Financial Statements
Years Ended April 30, 2025 and 2024
(Expressed in Canadian dollars)

3. Equipment

	\$
Cost:	
Balance, April 30, 2023	336,528
Additions	29,149
Balance, April 30, 2024	365,677
Additions	24,414
Disposals	(87,219)
Balance, April 30, 2025	302,872
Accumulated depreciation:	
Balance, April 30, 2023	146,832
Additions	34,832
Balance, April 30, 2024	181,664
Additions	31,418
Disposals	(58,665)
Balance, April 30, 2025	154,417
Carrying amounts:	
As at April 30, 2024	184,013
As at April 30, 2025	148,455

During the year ended April 30, 2025, the Company realized a loss of \$21,682 on disposal of equipment.

4. Right-of Use Asset

Right-of-use asset is comprised of the following:

	\$
Cost:	
Balance, April 30, 2023	219,981
Additions	143,126
Balance, April 30, 2024	363,107
Additions	144,234
Balance, April 30, 2025	507,341
Accumulated depreciation:	
Balance, April 30, 2023	95,644
Additions	118,403
Balance, April 30, 2024	214,047
Additions	137,102
Balance, April 30, 2025	351,149
Carrying amounts:	
As at April 30, 2024	149,060
As at April 30, 2025	156,192

CANNABIX TECHNOLOGIES INC.

Notes to the Financial Statements
Years Ended April 30, 2025 and 2024
(Expressed in Canadian dollars)

5. Lease Liability

On May 2, 2022, the Company entered into a premises lease which gives the Company the right to use an underlying asset starting on June 1, 2022 for a 2-year term. On February 8, 2024, the Company extended the lease until May 31, 2025. On March 18, 2025, the Company extended the lease again until May 31, 2026. The Company's obligation to make lease payments arising from the modified lease is calculated by discounting the fixed lease payments over the remaining lease term at the Company's incremental borrowing rate. The incremental borrowing rate used in the calculation was 13%.

	2025	2024
	\$	\$
Balance, beginning of year	154,582	132,541
Additions	144,234	143,126
Lease payments	(153,719)	(143,527)
Interest expense	13,557	22,442
Balance, end of year	158,654	154,582
Less: current portion	145,630	141,880
Non-current portion	13,024	12,702

6. Partnership and Development Agreement

On May 15, 2024, the Company entered into a strategic partnership and development agreement (the "Agreement") with Omega Laboratories Inc. of Ohio, USA ("Omega"). Pursuant to the Agreement, the Company and Omega have agreed to, among other things, complete research and development, refine and expand the use of the Company's technology to meet existing and emerging needs of Omega's clients, contemplate manufacturing and distribution and introduce the delta9 THC breath testing technology to customers in North America. As consideration for the completion of specific milestones by Omega and to align the interests of both parties, Omega will receive: (i) 1,000,000 common shares of the Company, upon the execution of the Agreement (issued); and (ii) an aggregate of 11,000,000 special warrants of the Company that will vest and automatically convert into common shares upon the occurrence of specific milestones (issued, and 5,000,000 special warrants converted into common shares – Notes 8 and 12), as described below:

- 3,000,000 of the special warrants will vest on the date that Omega certifies a validation packet ("Validation Packet"), meeting the ANSI/ASB Standard 036 forensic testing validation requirements and meeting validation standards under ISO 17025 and Omega's quality systems for laboratory developed tests (vested subsequent to the year-end);
- 2,000,000 of the special warrants will vest on the date that Omega takes the Validation Packet and converts it into a white paper and presents the white paper to a bona-fide peer reviewed journal (it being understood that the presentation of the white paper for peer review is the triggering event and not the actual publication of the white paper) (vested subsequent to the year-end);
- 2,000,000 of the special warrants will vest on the date that Omega successfully achieves a panel of drug detection (e.g., 5 to 12 panel) using existing or new Cannabix hardware, subject to achievement of (a) and (b) above;
- 2,000,000 of the special warrants will vest on the date that Omega enters into a testing agreement with three (3) Omega clients for employee drug testing, subject to achievement of (a) and (b) above; and
- 2,000,000 of the special warrants will vest on the date that Omega enters into a testing agreement with three (3) law enforcement organizations, subject to achievement of (a) and (b) above.

CANNABIX TECHNOLOGIES INC.

Notes to the Financial Statements
Years Ended April 30, 2025 and 2024
(Expressed in Canadian dollars)

7. Related Party Transactions

- (a) During the year ended April 30, 2025, the Company incurred consulting fees of \$168,000 (2024 - \$168,000) to the Chief Executive Officer of the Company.
- (b) During the year ended April 30, 2025, the Company incurred consulting fees of \$150,000 (2024 - \$150,000) to the Chief Financial Officer of the Company.
- (c) During the year ended April 30, 2025, the Company incurred consulting fees of \$nil (2024 - \$332,500) to a company controlled by the former President of the Company.
- (d) During the year ended April 30, 2025, the Company incurred research and development costs of \$150,000 (2024 - \$150,000) to a director of the Company.
- (e) During the year ended April 30, 2025, the Company granted 2,725,000 (2023 – 4,325,000) stock options with a fair value of \$1,114,056 (2024 - \$796,822) to officers and directors of the Company.

8. Share Capital

Authorized

Unlimited number of common shares without par value

Share Capital Activities

During the year ended April 30, 2025, the Company issued 255,000 common shares upon the exercise of stock options for gross proceeds of \$95,250.

On May 23, 2024, the Company issued 1,000,000 common shares to Omega pursuant to the Agreement (Note 6).

There were no share issuances during the year ended April 30, 2024.

Special Warrants

On May 15 2024, the Company granted 11,000,000 special warrants to Omega pursuant to the Agreement, valued at \$3,654,000 based on the estimated probability of the occurrence of the five milestones in the following table (Note 6), determined at the grant date, of which \$701,332 was recorded in share-based payment reserve and charged to research and development during the year ended April 30, 2025. Subsequent to the year-end, 5,000,000 special warrants were converted into common shares upon the occurrence of milestones (a) and (b) pursuant to the Agreement (Note 12).

	Estimated probability
Milestone (a)	70%
Milestone (b)	70%
Milestone (c)	25%
Milestone (d)	50%
Milestone (e)	40%

Stock Options Reserve

The Company has adopted a Stock Option Plan pursuant to which options may be granted to directors, officers, employees and consultants of the Company to a maximum of 15% of the issued and outstanding common shares. The aggregate number of options granted to any one optionee in a one year period is limited to 5% of the issued shares of the corporation. The exercise price of each option is set by the Board of Directors at the time of grant. Options can have a maximum term of ten years.

The following table summarizes the continuity of the Company's stock options:

CANNABIX TECHNOLOGIES INC.

Notes to the Financial Statements
Years Ended April 30, 2025 and 2024
(Expressed in Canadian dollars)

8. Share Capital (continued)

Stock Options Reserve (continued)

	Number of stock options	Weighted average exercise price \$
Outstanding, April 30, 2023	7,025,000	0.60
Granted	5,375,000	0.31
Expired	(1,500,000)	0.59
Outstanding, April 30, 2024	10,900,000	0.46
Granted	3,375,000	0.54
Exercised	(255,000)	0.37
Cancelled/Expired	(1,695,000)	0.76
Outstanding, April 30, 2025	12,325,000	0.44

Additional information regarding stock options outstanding as at April 30, 2025, is as follows:

Range of exercise prices \$	Outstanding			Exercisable		
	Number of stock options	Weighted average remaining contractual life (years)	Weighted average exercise price \$	Number of stock options	Weighted average exercise price \$	
0.54	2,725,000	4.9	0.54	2,725,000	0.54	
0.54	650,000	1.9	0.54	350,000	0.54	
0.25	2,125,000	3.9	0.25	2,125,000	0.25	
0.25	475,000	0.9	0.25	475,000	0.25	
0.35	1,850,000	3.4	0.35	1,850,000	0.35	
0.45	575,000	0.4	0.45	575,000	0.45	
0.50	1,125,000	0.03	0.50	1,125,000	0.50	
0.55	2,800,000	1.7	0.55	2,800,000	0.55	
	12,325,000	2.8	0.44	12,025,000	0.44	

The fair value for stock options granted have been estimated using the Black-Scholes option pricing model assuming no expected dividends or forfeitures and the following weighted average assumptions:

	2025	2024
Risk-free interest rate	2.60%	4.09%
Expected life (in years)	3.0	3.8
Expected volatility	102%	98%

The total fair value of stock options recognized during the year ended April 30, 2025 was \$1,259,623 (2024 - \$868,474), which was recorded as share-based payment reserve and charged to operations. The average market price of the 255,000 options exercised was \$0.61 per share.

CANNABIX TECHNOLOGIES INC.

Notes to the Financial Statements
Years Ended April 30, 2025 and 2024
(Expressed in Canadian dollars)

8. Share Capital (continued)

Restricted Share Units (“RSUs”)

The Company has adopted a Restricted Share Unit Plan pursuant to which RSUs may be granted to directors, officers, employees and consultants of the Company to reward them by the Board from time to time for their contributions toward the long-term goals and success of the Company to a maximum of 5% of the issued and outstanding common shares.

The Company has not granted any RSUs yet.

9. Capital Management

The Company manages its capital to maintain its ability to continue as a going concern and to provide returns to shareholders and benefits to other stakeholders. The capital structure of the Company consists of cash and cash equivalents, and equity comprised of issued share capital and share-based payment reserve.

The Company manages its capital structure and makes adjustments to it in light of economic conditions. The Company, upon approval from its Board of Directors, will balance its overall capital structure through new share issues or by undertaking other activities as deemed appropriate under the specific circumstances.

The Company is not subject to externally imposed capital requirements and the Company’s overall strategy with respect to capital risk management remains unchanged from the year ended April 30, 2024.

10. Financial Instruments and Risk Management

(a) Fair Values

Fair value measurements are classified using a fair value hierarchy that reflects the significance of inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 - valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 - valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair values of financial instruments, which include cash and cash equivalents, short-term investments, accounts payable and accrued liabilities, and lease liability, approximate their carrying values due to the relatively short-term maturity of these instruments.

(b) Credit Risk

Financial instruments that potentially subject the Company to a concentration of credit risk consist primarily of cash and cash equivalents and amounts receivable. The Company limits its exposure to credit loss by placing its cash and cash equivalents with high credit quality financial institutions. The carrying amount of financial assets represents the maximum credit exposure.

(c) Foreign Exchange Rate Risk

Foreign exchange risk is the risk that the Company’s financial instruments will fluctuate in value as a result of movements in foreign exchange rates. Foreign exchange risk arises from purchase transactions. As at April 30, 2025 and 2024, the Company is not exposed to significant currency risk as it did not have material assets or liabilities held in currencies other than its functional currency.

CANNABIX TECHNOLOGIES INC.

Notes to the Financial Statements
Years Ended April 30, 2025 and 2024
(Expressed in Canadian dollars)

10. Financial Instruments and Risk Management (continued)

(d) Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to significant interest rate risk as it does not have any liabilities with variable rates.

(e) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company currently settles its financial obligations out of cash and cash equivalents. The ability to do this relies on the Company raising debt or equity financing in a timely manner and by maintaining sufficient cash in excess of anticipated needs.

The following amounts are the contractual maturities of financial liabilities as at April 30, 2025 and 2024:

2025	Total \$	Within 1 year \$	Within 2-5 years \$
Accounts payable and accrued liabilities	289,056	289,056	–
Lease liability	158,654	145,630	13,024
	447,710	434,686	13,024
2024	Total \$	Within 1 year \$	Within 2-5 years \$
Accounts payable and accrued liabilities	93,440	93,440	–
Lease liability	154,582	141,880	12,702
	248,022	235,320	12,702

11. Income Taxes

The tax effect (computed by applying the Canadian federal and provincial statutory rate) of the significant temporary differences, which comprise deferred income tax assets and liabilities, are as follows:

	2025 \$	2024 \$
Canadian statutory income tax rate	27%	27%
Income tax recovery at statutory rate	(1,265,305)	(844,184)
Tax effect of:		
Permanent differences and other	339,406	233,629
Change in unrecognized deferred income tax assets	925,899	610,555
Income tax provision	–	–

CANNABIX TECHNOLOGIES INC.

Notes to the Financial Statements
Years Ended April 30, 2025 and 2024
(Expressed in Canadian dollars)

11. Income Taxes (continued)

The significant components of deferred income tax assets and liabilities are as follows:

	2025 \$	2024 \$
Deferred income tax assets		
Non-capital losses carried forward	8,251,701	7,356,482
Property and equipment	46,907	16,227
Resource pools	20,235	20,235
Unrecognized deferred income tax assets	(8,318,843)	(7,392,944)
Net deferred income tax asset	—	—

As at April 30, 2025, the Company has non-capital losses carried forward of \$30,561,855, which are available to offset future years' taxable income. These losses expire as follows:

	\$
2032	26,765
2033	74,139
2034	267,112
2035	1,117,739
2036	969,292
2037	1,323,354
2038	717,288
2039	1,844,489
2040	5,826,204
2041	8,564,366
2042	2,202,650
2043	2,025,821
2044	2,225,983
2045	3,376,653
	30,561,855

12. Subsequent Events

- On June 2, 2025, 3,000,000 special warrants previously issued to Omega pursuant to the Agreement, were converted into 3,000,000 common shares upon the occurrence of milestone (a) as described in Note 6.
- On July 14, 2025, 2,000,000 special warrants previously issued to Omega pursuant to the Agreement, were converted into 2,000,000 common shares upon the occurrence of milestone (b) as described in Note 6.
- Subsequent to April 30, 2025, 675,000 common shares were issued upon exercise of stock options for gross proceeds of \$337,500.