BECKETT'S NON-ALCOHOLIC COCKTAILS + SPIRITS™

BECKETT'S INC.

Consolidated Financial Statements

December 31, 2025 and 2024

(Expressed in Canadian Dollars)

Zeifmans

INDEPENDENT AUDITORS' REPORT

To the Shareholders of Beckett's Inc.

Opinion

We have audited the consolidated financial statements of Beckett's Inc. and its subsidiaries (together, the "Group"), which comprise the consolidated statements of financial position as at December 31, 2025 and 2024, and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity (deficiency) 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 December 31, 2025 and 2024 and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (the "IASB").

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards ("GAAS"). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audits 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 audits 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.

Material Uncertainty Related to Going Concern

We draw attention to Note 2(b) of the consolidated financial statements which indicates that for the year ended December 31, 2025 the Company incurred a net loss of $1,297,190 and had negative cash flows from operating activities of $771,453 and as of that date, had an accumulated deficit of $70,468,411. The Company's continued existence is dependent on its ability to obtain additional financing. These events or conditions along with other matters as set forth in Note 2(b), indicate 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.

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 as at and for the year ended December 31, 2025. 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.

Except for the matter described above in the *Material Uncertainty Related to Going Concern* section, we have determined that there are no key audit matters to be communicated in our report.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Management Discussion and Analysis ("MD&A") but does not include the consolidated financial statements and our auditors' report thereon.

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

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

We obtained the MD&A prior to the date of this auditors' report. If, based on the work we have performed on this MD&A, we conclude that there is a material misstatement of this MD&A, we are required to report that fact in this auditors' 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 as issued by the IASB, 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 Company's ability to continue as a going concern, disclosing, as applicable, matters relating 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.

Auditors' Responsibilities for the Audits 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 auditors' 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 GAAS 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 GAAS, we exercise professional judgment and maintain professional skepticism throughout the audits. 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 audits 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 auditors' 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 auditors' 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 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 audits to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Company as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audits. 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 audits and significant audit findings, including any significant deficiencies in internal control that we identify during our audits.

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 auditors' 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 audits resulting in this independent auditors' report is Laurence W. Zeifman, CPA, CA.

Zeifmans LLP

Toronto, Ontario
April 27, 2026

Chartered Professional Accountants
Licensed Public Accountants

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December 31, 2025

BECKETT'S INC.
Consolidated Statements of Financial Position
As at December 31, 2025 and 2024
(Expressed in Canadian Dollars)

	2025	2024
	$	$
Assets		
Current Assets		
Cash	**150,795**	961,138
Accounts receivable (Note 4)	**108,572**	178,953
Inventories (Note 5)	**249,967**	654,665
Prepaid expenses (Note 7)	**8,226**	67,024
Note receivable (Note 6)	**-**	45,908
Total Assets	**517,560**	1,907,688
Liabilities		
Current Liabilities		
Accounts payable and accrued liabilities (Note 8)	**1,192,896**	1,330,529
Total Liabilities	**1,192,896**	1,330,529
Shareholders' Equity (Deficiency)		
Share capital (Note 9)	**45,956,708**	45,956,708
Reserve for share-based payments (Note 10)	**3,120,207**	3,044,450
Reserve for warrants (Note 11)	**2,936,167**	2,936,167
Contributed surplus	**18,126,053**	18,126,053
Accumulated other comprehensive loss	**(346,060)**	(314,998)
Accumulated deficit	**(70,468,411)**	(69,171,221)
Total Shareholders' Equity (Deficiency)	**(675,336)**	577,159
Total Liabilities and Shareholders' Equity (Deficiency)	**517,560**	1,907,688

Nature of operations (Note 1) Going concern (Note 2(b))
Subsequent events (Note 18)

Approved on behalf of the Board of Directors

"Paul Burgis" (signed) - Director *"Theodore Zittell" (signed) - Director*

BECKETT'S INC.
Consolidated Statements of Loss and Comprehensive Loss
For the Years ended December 31, 2025 and 2024
(Expressed in Canadian Dollars)

	2025	2024
	$	$
Sales	**1,235,015**	1,220,117
Cost of goods sold (Note 15)	**577,848**	599,549
Gross Profit	**657,167**	620,568
Operating Expenses		
General and administration (Note 16)	**1,323,318**	2,050,056
Sales and marketing	**361,390**	378,028
Share-based payments (Note 10)	**75,757**	217,123
Foreign currency translation gain	**(76)**	(60,215)
Depreciation of property and equipment	**-**	429,001
	1,760,389	3,013,993
Net Loss before Other Income (Expense)	**(1,103,222)**	(2,393,425)
Other Income (Expense)		
Inventory write down (Note 5)	**(193,968)**	-
Change in fair value of embedded derivatives	**-**	1,065,744
Interest income	**-**	3,651
Loss on sale of equipment	**-**	(4,431)
Interest and accretion on convertible notes	**-**	(587,806)
Loss on debt settlement	**-**	(1,882,692)
Net Loss	**(1,297,190)**	(3,798,959)
Other Comprehensive Income (Loss)		
Gain (loss) on translation of foreign operations	**(31,062)**	25,744
Comprehensive Loss	**(1,328,252)**	(3,773,215)
Weighted average number of common shares outstanding	**363,301,470**	268,689,768
Net Loss per Share		
Basic and diluted	**(0.004)**	(0.014)

The accompanying notes are an integral part of these consolidated financial statements

BECKETT'S INC.
Consolidated Statements of Changes in Shareholders' Equity (Deficiency)
For the Years ended December 31, 2025 and 2024
(Expressed in Canadian Dollars)

	Share Capital		Reserves					
	Number of shares	Amount	Share-based payments	Warrants	Contributed surplus	Accumulated deficit	Accumulated other comprehensive loss	Total
	#	$	$	$	$	$	$	$
Balance, December 31, 2023	149,359,565	42,192,513	3,391,582	545,776	17,016,022	(65,372,262)	(340,742)	(2,567,111)
Issuance of shares and warrants via private placement and debt settlement (Note 9)	213,941,905	3,832,991	-	2,988,918	-	-	-	6,821,909
Share issuance costs (Note 9 and 11)	-	(68,796)	-	(52,751)	-	-	-	(121,547)
Share-based payments (Note 10)	-	-	217,123	-	-	-	-	217,123
Forfeiture of options (Note 10)	-	-	(564,255)	-	564,255	-	-	-
Expiry of warrants (Note 11)	-	-	-	(545,776)	545,776	-	-	-
Exchange gain on translation of foreign operations	-	-	-	-	-	-	25,744	25,744
Net loss for the year	-	-	-	-	-	(3,798,959)	-	(3,798,959)
Balance, December 31, 2024	**363,301,470**	**45,956,708**	**3,044,450**	**2,936,167**	**18,126,053**	**(69,171,221)**	**(314,998)**	**577,159**
Balance, December 31, 2024	**363,301,470**	**45,956,708**	**3,044,450**	**2,936,167**	**18,126,053**	**(69,171,221)**	**(314,998)**	**577,159**
Share-based payments (Note 10)	-	-	75,757	-	-	-	-	**75,757**
Exchange loss on translation of foreign operations	-	-	-	-	-	-	(31,062)	**(31,062)**
Net loss for the year	-	-	-	-	-	(1,297,190)	-	**(1,297,190)**
Balance, December 31, 2025	**363,301,470**	**45,956,708**	**3,120,207**	**2,936,167**	**18,126,053**	**(70,468,411)**	**(346,060)**	**(675,336)**

The accompanying notes are an integral part of these consolidated financial statements

BECKETT'S INC.
Consolidated Statements of Cash Flows
For the Years ended December 31, 2025 and 2024
(Expressed in Canadian Dollars)

	2025	2024
	$	$
Operating Activities		
Net loss for the year	**(1,297,190)**	(3,798,959)
Adjustments for non-cash items:		
Inventory write down (Note 5)	**193,968**	-
Share-based payments (Note 10)	**75,757**	217,123
Foreign currency translation	**7,828**	(12,510)
Interest and accretion on convertible notes	**-**	587,806
Depreciation of property and equipment	**-**	429,001
Interest income	**-**	(3,651)
Loss on sale of equipment	**-**	4,431
Loss on debt settlement	**-**	1,882,692
Change in fair value of embedded derivatives	**-**	(1,065,744)
	(1,019,637)	(1,759,811)
Changes in non-cash working capital:		
Accounts receivable (Note 4)	**70,381**	(161,717)
Inventories (Note 5)	**210,730**	(377,817)
Prepaid expenses (Note 7)	**58,798**	33,681
Accounts payable and accrued liabilities (Note 6)	**(91,725)**	(137,744)
Cash Flows used in Operating Activities	**(771,453)**	(2,403,408)
Investing Activities		
Proceeds from sale of equipment	**-**	98,632
Cash Flows provided by Investing Activities	**-**	98,632
Financing Activities		
Proceeds from private placements (Note 9)	**-**	3,266,090
Share issue costs (Note 9)	**-**	(121,547)
Cash Flows provided by Financing Activities	**-**	3,144,543
Increase (decrease) in cash for the year	**(771,453)**	839,767
Cash, beginning of year	**961,138**	59,989
Effects of foreign exchange on cash	**(38,890)**	61,382
Cash, end of year	**150,795**	961,138

The accompanying notes are an integral part of these consolidated financial statements

1. Nature of Operations

Beckett's Inc. ("Beckett's") was incorporated under the laws of the Province of Ontario on October 26, 2007.

The Company's common shares are listed on the Canadian Securities Exchange under the symbol "BKTS". The Company's common shares are also quoted on the OTC Pink market (Limited Information tier) in the United States under the symbol "BKTSF". Quotation on the OTC Markets provides U.S. investors with access to trade the Company's common shares; however, the OTC Markets is not a stock exchange and trading may be subject to lower liquidity and less stringent listing requirements than national securities exchanges.

The Company's registered office is located at 181 Bay Street, Suite 1800, Toronto, Ontario, M5J 2T9, Canada.

The Company develops, markets and distributes a portfolio of liquor-inspired, non-alcoholic beverages, including ready-to-drink cocktails and spirits alternatives, under the Beckett's brand.

The Company previously participated in the U.S. cannabis beverage sector, including the production of cannabis-infused beverages through licensed facilities and contract manufacturers. The Company exited its cannabis manufacturing operations with the closure of its Long Beach, California facility on August 31, 2023 and discontinued all cannabis-infused product sales by September 30, 2023.

In 2024, the Company introduced hemp-derived THC-infused beverages in certain U.S. jurisdictions. These products were discontinued as of December 31, 2025.

The Company no longer produces or sells cannabis-infused or hemp-derived infused beverages and is exclusively focused on the non-alcoholic, non-infused beverage category.

2. Basis of Presentation

(a) Statement of Compliance

The Company's consolidated financial statements, including comparatives, have been prepared in accordance with IFRS Accounting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The accounting policies set out below were consistently applied to all periods presented unless otherwise noted.

These consolidated financial statements were reviewed, approved and authorized for issuance by the Board of Directors ("Board") of the Company on April 27, 2026. The Board has the authority to amend these consolidated financial statements after issuance.

(b) Going Concern

These consolidated financial statements have been prepared on the basis that the Company will continue as a going concern, which contemplates the realization of assets and the settlement of liabilities in the normal course of operations. The Company's continuance as a going concern is dependent upon its achieving profitable operations to generate sufficient cash flows to fund continuing operations, or, in the absence of adequate cash flows from operations, obtaining additional financing to support operations for the foreseeable future. For the year ended December 31, 2025, the Company incurred a net loss of $1,297,190 (2024 - $3,798,959), incurred negative cash flow from operating activities of $771,453 (2024 - $2,403,408), and as of that date, had a working capital deficiency of $675,336 (2024 – working capital of $577,159) and an accumulated deficit of $70,468,411 (2024 - $69,171,221). It is not possible to predict whether financing efforts will continue to be successful in the future or if the Company will attain profitable levels of operations. These conditions represent material uncertainties which may cast significant doubt on the Company's ability to continue as a going concern.

These consolidated financial statements do not give effect to adjustments that would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and liquidate its liabilities and commitments in other than the normal course of business and at amounts different from those in the accompanying consolidated financial statements. Such adjustments could be material.

(c) Basis of Consolidation

These consolidated financial statements have been prepared in accordance with IFRS, on the historical cost basis except for certain financial instruments which are measured at fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

These consolidated financial statements include the accounts of Beckett's and its wholly-owned subsidiaries: Hemplify Inc., Algonquin Springs Beverage Management LLC ("Algonquin"), Beckett's Tonics California Inc., Beckett's Tonics Canada Inc., Tinley's Canada Inc. and Lakewood Libations Inc. ("Lakewood"), as well as certain legacy dormant entities: Bolivar Gold Corp., QBC Holdings Corp., Kulta Corp., San Lucas Gold Corp. and Colombian Mining Corp.

Subsidiaries consist of entities over which the Company is exposed to, or has rights to, variable returns as well as the ability to affect those returns through the power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date control is transferred to the Company and are-deconsolidated from the date control ceases. The consolidated financial statements include all the assets, liabilities, revenues, expenses and cash flows of Beckett's and its subsidiaries after eliminating inter-entity balances and transactions.

(d) Significant Accounting Judgments and Estimates

The preparation of these consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, revenue, and expenses. On an ongoing basis, management evaluates its judgments and estimates in relation to assets, liabilities, revenue, and expenses. Management uses historical experience and various other factors it believes to be reasonable under the given circumstances as the basis for its judgments and estimates. Actual outcomes may differ from these estimates under different assumptions and conditions. These estimates are reviewed periodically, and adjustments are made to income as appropriate in the period they become known. Items for which actual results may differ materially from these estimates are described as follows:

Going concern

Management exercises judgment in assessing the Company's ability to continue as a going concern by reviewing its performance, resources and future obligations. The conclusion that the Company will be able to continue as a going concern is subject to critical judgments of management with respect to assumptions surrounding the short and long-term operating budgets, expected profitability, investment and financing activities and management's strategic planning. The assumptions used in management's going concern assessment are derived from actual operating results along with industry and market trends.

Fair value of financial assets and financial liabilities

Fair value of financial assets and financial liabilities on the consolidated statements of financial position that cannot be derived from active markets, are determined using a variety of techniques including the use of valuation models. The inputs to these models are derived from observable market data where possible, but where observable market data are not available, judgment is required to establish fair values. Judgments include, but are not limited to, consideration of model inputs such as volatility, estimated life and discount rates.

Expected credit losses on financial assets

Determining an allowance for expected credit losses ("ECLs") for all debt financial assets not held at fair value through profit or loss requires management to make assumptions about the historical patterns for the probability of default, the timing of collection and the amount of incurred credit losses, which are adjusted based on management's judgment about whether economic conditions and credit terms are such that actual losses may be higher or lower than what the historical patterns suggest.

Determination of cash generating units

For the purpose of impairment testing, assets that cannot be tested individually are grouped at the lowest levels for which there are largely independent cash inflows. The Company determines which groups of assets (each a "Cash-Generating Unit" or a "CGU") can generate cash flows that are largely independent of other operations within the Company. Management exercises judgment in assessing where active markets exist including an analysis of the degree of autonomy each operation has in negotiating prices with customers. The Company has identified each product line as a separate CGU, based on the nature of the business and the assessment that the CGUs generate cash flows that are largely independent of the cash flows from other assets deployed in the Company.

Impairment
Long-lived assets, including property and equipment, are reviewed for indicators of impairment at each reporting period or whenever events or changes in circumstances indicate that the carrying amount of an asset exceeds its recoverable amount. The recoverable amount of an asset or a CGU is the higher of its fair value less costs to sell, and its value-in-use. If the carrying amount of an asset exceeds its recoverable amount, an impairment charge is recognized immediately in profit or loss by the amount by which the carrying amount of the asset exceeds the recoverable amount.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the lesser of the revised estimate of recoverable amount, and the carrying amount that would have been recorded had no impairment loss been recognized previously.

Income taxes
Income taxes and tax exposures recognized in the consolidated financial statements reflect management's best estimate of the outcome based on facts known at the reporting date. When the Company anticipates a future income tax payment based on its estimates, it recognizes a liability. The difference between the expected amount and the final tax outcome has an impact on current and deferred taxes when the Company becomes aware of this difference.

In addition, when the Company incurs losses that cannot be associated with current or past profits, it assesses the probability of taxable profits being available in the future based on its budgeted forecasts. These forecasts are adjusted to take account of certain non-taxable income and expenses and specific rules on the use of unused credits and tax losses. When the forecasts indicate the sufficient future taxable income will be available to deduct the temporary differences, a deferred tax asset is recognized for all deductible temporary differences.

Share-based payment transactions and warrants
The Company measures the cost of equity-settled transactions with officers and directors by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining and making assumptions about the most appropriate inputs to the valuation model including the expected life, volatility, dividend yield of the share option and forfeiture rate. Similar calculations are made in order to value warrants. Such judgments and assumptions are inherently uncertain. Changes in these assumptions will affect the fair value estimates.

3. Material accounting policy information

(a) Cash
Cash consists of bank balances held in Canadian and US financial institutions. As at December 31, 2025 and 2024, the Company did not have any cash equivalents.

(b) Inventories
Inventories are initially recognized at cost, and subsequently measured at the lower of cost and net realizable value (the estimated selling price in the ordinary course of business less estimated costs of completion and estimated costs necessary to make the sale) using the "weighted average cost" method. Cost comprises all costs of purchase, and other costs incurred in bringing the inventories to their present location and condition.

(c) Revenue from Contracts with Customers
Revenue is recognized at the transaction price, which is the amount of consideration to which the Company expects to be entitled to in exchange for transferring promised goods and services to a customer. Net revenue from sale of goods, as presented in the consolidated statements of loss and comprehensive loss, represents revenue from the sale of goods less expected price discounts.

The Company has concluded that revenue from the sale of its beverage products should be recognized at the point in time when control is transferred to the customer which is on shipment or delivery, dependent on the contract.

The Company's payment terms vary by customer types.

(d) Income Taxes

Income tax expense comprises current and deferred income tax expense. Current and deferred taxes are recognized in net loss, except to the extent that it relates to items recognized directly in equity or in other comprehensive income (loss).

Current income taxes

Current income taxes are recognized and measured at the amount expected to be recovered from, or payable to, the taxation authorities based on the income tax rates enacted or substantively enacted at the end of the reporting period and includes any adjustment to taxes payable in respect of previous years.

Deferred income taxes

Deferred income taxes are recorded for temporary differences at the date of the consolidated statements of financial position between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. The carrying amount of a deferred income tax asset is reviewed at the end of the reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Unrecognized deferred income tax assets are reassessed at the end of the reporting period and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

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 at the end of the reporting period.

Deferred income tax assets and deferred income tax liabilities are offset if, and only if, they relate to income taxes levied by the same taxation authority and the Company has the legal rights and intent to offset.

(e) Equity

Common shares, stock options and warrants are classified as equity. Incremental costs directly attributable to the issuance of common shares and warrants are recognized as a deduction from equity, net of any tax effects.

(f) Loss per Share

The basic loss per share is computed by dividing the net loss by the weighted average number of common shares outstanding for the period. The diluted loss per share reflects the potential dilution of common share equivalents, such as outstanding stock options and share purchase warrants, in the weighted average number of common shares outstanding for the year, if dilutive. Dilution is calculated based on the net number of common shares issued after proceeds upon the exercise of the options and warrants to purchase common shares at the average market price for the year. For the year ended December 31, 2025 and 2024, all of the outstanding share options and warrants were anti-dilutive.

(g) Share-Based Payments

Employees (including directors and senior executives) of the Company receive a portion of their remuneration in the form of share-based payment transactions, whereby employees render services as consideration for equity instruments. The costs of share-based payments are recognized, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the "Vesting Date"). The cumulative expense is recognized for such transactions at each reporting date until the Vesting Date and reflects the Company's best estimate of the number of equity instruments that will ultimately vest.

The fair value of the options granted is measured using the Black-Scholes option pricing model ("Black-Scholes") taking into account the terms and conditions which the options were granted, the estimated volatility, estimated risk free rate and estimated forfeitures. In situations where equity instruments are issued to parties other than employees and the fair value of some or all of the goods or services received by the entity as consideration cannot be reliably measured, the transactions are measured at the fair value of the instruments.

If a grant of the share-based payments is cancelled or settled during the vesting period (other than a grant cancelled by forfeiture when the vesting conditions are not satisfied), the Company accounts for the cancellation or settlement as an acceleration of vesting, and recognized immediately the amount that otherwise would have been recognized for services over the remainder of the vesting period.

The amount recognized for goods or services received during the vesting period are based on the best available estimate of the number of equity instruments anticipated to vest. The Company revises that estimate, if necessary, if subsequent information indicates that the number of share options anticipated to vest differs from previous estimates. On the Vesting Date, the Company revises the estimate to equal the number of equity instrument that ultimately vested. After the Vesting Date, the Company makes no subsequent adjustment to total equity for goods or services received if the share options are later forfeited or they expire at the end of the share option's life.

If a grant of the share based payment is modified during the vesting period (other than a grant cancelled by forfeiture when the vesting conditions are not satisfied) and their fair value of the new instruments is higher than the fair value of the original instrument, the incremental fair value granted is included in the measurement of the amount recognized for services received over the period from modification date until the date when the modified equity instruments vests, in addition to the amount based on the grant date fair value of the original equity instruments, which is recognized over the remainder of the original vesting period of the original instrument.

(h) Warrants

The Company follows the relative fair value method with respect to the measurement of common shares and warrants issued as units (each being a "Unit"). The proceeds from the issuance of units are allocated between share capital and warrants. The warrant component is recorded in warrant reserves. Unit proceeds are allocated to common shares and warrants using Black-Scholes and the share price at the time of financing, if and when the warrants are exercised, consideration paid by the warrant holder, together with the amount previously recognized in warrant reserves, is recorded as an increase to share capital. A forfeiture rate is estimated on the grant date and is adjusted to reflect the actual number of warrants that vest. When warrants are cancelled, they are treated as if they have vested on the date of cancellation and any cost not yet recognized in profit or loss is immediately expensed. Upon expiration of warrants, the amount applicable to expired warrants is moved to contributed surplus.

(i) Research and Development

Research costs are expensed as incurred. Development expenditures are capitalized only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Company intends to and has sufficient resources to complete development and use or sell the asset. Other development expenditures are recognized in net loss as incurred. To date, no development costs have been capitalized.

(j) Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) that has arisen as a result of a past event, it is probable that a future outflow of resources will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

A provision for onerous contracts is recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract.

As at December 31, 2025 and 2024, the Company had no material provisions.

(k) Financial Instruments

The Company classifies and measures financial instruments in accordance with IFRS 9 *'Financial Instruments'* ("IFRS 9"). A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets and financial liabilities, including derivatives, are recognized on the statements of financial position when the Company becomes a party to the financial instrument or derivative contract.

Classification
The Company classifies its financial instruments in the following measurement categories: (a) those to be measured subsequently at fair value through profit and loss ("FVTPL"); (b) those to be measured subsequently at fair value through other comprehensive income ("FVTOCI"); and (c) those to be measured at amortized cost. The classification of financial assets depends on the business model for managing the financial assets and the contractual terms of the cash flows. Financial liabilities are classified as those to be measured at amortized cost unless they are designated as those to be measured subsequently at FVTPL (irrevocable election at the time of recognition). For assets and liabilities measured at FVTPL, gains and losses are recorded in profit and loss.

The Company reclassifies financial assets when its business model for managing those assets changes.

FVTPL
This category includes derivative instruments as well as quoted equity instruments which the Company has not irrevocably elected, at initial recognition or transition, to classify at FVTOCI. This category would also include debt instruments whose cash flow characteristics fail the solely principal and interest ("SPPI") criterion or are not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell. Financial assets and liabilities in this category are recorded at fair value with changes recognized in profit or loss. As at December 31, 2025 and 2024, the Company did not have any liability-classified derivatives. Embedded derivatives are separated from the host contract and accounted for separately if the economic characteristics and risks of the host contract and the embedded derivative are not closely related, a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative, and the combined instrument is not measured at fair value through profit or loss.

Derivatives and separable embedded derivatives are recognized initially at fair value; attributable transaction costs are recognized in profit or loss as incurred. Subsequent to initial recognition, derivatives and separable embedded derivatives are measured at fair value, and all changes in their fair value are recognized immediately in profit or loss.

FVTOCI
Equity instruments that are not held-for-trading can be irrevocably designated to have their change in FVTOCI instead of through profit or loss. This election can be made on individual instruments and is not required to be made for the entire class of instruments. Attributable transaction costs are included in the carrying value of the instruments. Financial assets at FVTOCI are initially measured at fair value and changes therein are recognized in other comprehensive income (loss). As at December 31, 2025 and 2024, the Company did not have any financial assets at FVTOCI.

Amortized cost
This category includes financial assets and liabilities that are held within a business model with the objective to hold the financial assets in order to collect contractual cash flows that meet the SPPI criterion. Financial assets and liabilities classified in this category are measured at amortized cost using the effective interest method.

Measurement
All financial instruments are required to be measured at fair value on initial recognition, plus, in the case of a financial asset or financial liability not at FVTPL, transaction costs that are directly attributable to the acquisition or issuance of the financial asset or financial liability. Transaction costs of financial assets and financial liabilities carried at FVTPL are expensed in profit or loss. Financial assets and financial liabilities with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Financial assets that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortized cost at the end of the subsequent accounting periods. All other financial assets including equity investments are measured at their fair values at the end of subsequent accounting periods, with any changes taken through profit and loss or other comprehensive income (loss) (irrevocable election at the time of recognition). For financial liabilities measured subsequently at FVTPL, changes in fair value due to credit risk are recorded in other comprehensive income (loss).

The Company's classification of financial assets and liabilities is summarized below:

	Classification
Cash	Amortized cost
Accounts receivable	Amortized cost
Note receivable	Amortized cost
Accounts payable and accrued liabilities	Amortized cost

Expected credit loss impairment model
IFRS 9 introduced a single ECL impairment model, which is based on changes in credit quality since initial application. The adoption of the ECL impairment model had resulted in a provision of ECL recorded on the Company's consolidated statements of loss and comprehensive loss.

- A maximum 12-month allowance for ECL is recognized from initial recognition reflecting the portion of lifetime cash shortfalls that would result if a default occurs in the 12 months after the reporting date, weighted by the risk of a default occurring.
- A lifetime ECL allowance is recognized if a significant increase in credit risk is detected subsequent to the instruments initial recognition reflecting lifetime cash shortfalls that would result over the expected life of a financial instrument.
- A lifetime ECL allowance is recognized for credit impaired financial instruments.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due. The Company considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Company in full or when the financial asset is more than 90 days past due.

The carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts.

Derecognition
Financial assets
The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in the consolidated statements of loss and comprehensive loss.

Financial liabilities
The Company derecognizes financial liabilities only when its obligation under the financial liabilities are discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid or payable, including any non-cash assets transferred or liabilities assumed, is recognized in the consolidated statements of loss and comprehensive loss.

Fair value hierarchy
The determination of fair value requires judgment and is based on market information, where available and appropriate. The Company classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 – 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 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

(l) Foreign Currency Translation

Functional and presentation currency
Items included in the consolidated financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The functional currency of Beckett's and its Canadian subsidiaries is the Canadian Dollar, which is the presentation currency of the consolidated financial statements. The functional currency of all subsidiaries in the United States of America is the US Dollar ("USD").

Transactions and balances
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains (losses) resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss.

Translation of foreign operations
The results and financial position of all the entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities are translated at the closing rate at the date of the consolidated statements of financial position.
- Income and expenses are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate in effect on the dates of the transactions); and
- All resulting exchange differences are recognized as a separate component of equity as accumulated other comprehensive income (loss).

On consolidation, exchange differences arising from the translation of the net investment in foreign operations, and of borrowings and other currency instruments designated as hedges of such investments, are taken to accumulated other comprehensive income (loss). When a foreign operation is partially disposed of or sold, exchange differences that were recorded in accumulated other comprehensive income (loss) are recognized in the consolidated statements of loss and comprehensive loss as part of the gain or loss on sale.

(n) New Standards, Amendments and Interpretations Not Yet Adopted

<u>IFRS 18, Presentation and Disclosure in Financial Statements ("IFRS 18")</u>

In April 2024, the IASB issued IFRS 18 that is to replace IAS 1, Presentation of Financial Statements. The new standard aims to improve the quality of financial reporting by: (i) requiring defined subtotals in the statement of profit or loss; (ii) requiring disclosure about management defined performance measures; and (iii) adding new principles for aggregation and disaggregation of information. The new standard is to be effective for annual periods beginning on or after January 1, 2027. Early adoption is permitted. The Company is in the process of assessing the impact of the standard on the consolidated financial statements.

<u>IFRS 9 – Financial Instruments ("IFRS 9") and IFRS 7 – Financial Instruments: Disclosures ("IFRS 7")</u>

In May 2024, the IASB issued targeted amendments to IFRS 9 and IFRS 7 in response to practical implementation issues and to introduce new requirements applicable to both financial institutions and corporate entities. These amendments aim to enhance the clarity and consistency of financial reporting for various types of financial instruments and their related disclosures by (i) clarifying the date of recognition and derecognition for certain financial assets and liabilities, including a new exception for financial liabilities settled through an electronic cash transfer system (ii) providing hep to determine whether a financial asset meets the Solely Payments of Principal and Interest criterion (iii) introducing new disclosures for instruments with contractual terms that may alter cash flows, such as financial instruments linked to the achievement of environmental, social, and governance targets, and (iv) updating the disclosure requirements for equity instruments designated at FVTOCI. The new standard is to be effective for annual periods beginning on or after January 1, 2026. The Company has determined that the adoption of these amendments are not expected to have a material impact on the Company's financial statements.

(Expressed in Canadian Dollars)

All other IFRSs and amendments issued but not yet effective have been assessed by the Company and are not expected to have a material impact on the Company's consolidated financial statements.

4. Accounts Receivable

Accounts receivable consisted of the following:

	2025	2024
	$	$
Trade receivables	**101,405**	164,116
Sales taxes recoverable	**7,167**	14,837
	108,572	178,953

5. Inventories

Inventories consisted of the following:

	2025	2024
	$	$
Raw materials	**136,743**	161,744
Finished goods	**113,224**	492,921
	249,967	654,665

During the year ended December 31, 2025, the Company recorded an inventory write down of $193,968 related to expired hemp-derived Delta-9 THC-infused beverages.

6. Note Receivable

On August 12, 2022, ILLA Canna LLC ("Illa"), a company controlled by a director of the Company, issued the Company a secured promissory note in the amount of $37,071 (USD $29,000) as part of the Company's sale of a vehicle. This amount represented 50% of the sale price of the vehicle; the other 50% was paid in cash. The promissory note was secured against the vehicle. Interest accrued on the principal balance of the note at the rate of 10% per annum. On August 12, 2024, the promissory note became due and receivable on demand. Effective January 1, 2025, the Company and Illa agreed to extinguish the promissory note in its full amount, including accrued interest. In consideration for the extinguishment of the promissory note, the accounts payable amount that the Company owed to Illa was reduced by the same amount.

7. Prepaid Expenses

Prepaid expenses consisted of the following:

	2025	2024
	$	$
Prepaid insurance	**8,226**	17,672
Advances paid to suppliers	**-**	49,352
	8,226	67,024

(Expressed in Canadian Dollars)

8. Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities consisted of the following:

	2025	2024
	$	$
Trade payables	**1,029,739**	1,173,507
Accrued liabilities	**163,157**	157,022
	1,192,896	1,330,529

Accounts payable and accrued liabilities are principally comprised of amounts outstanding for trade purchases and other payables. The usual credit period taken for trade purchases is 30 days.

The following is a maturity analysis of the trade and other payables:

	2025	2024
	$	**$**
Less than 1 month	**1,192,896**	1,330,529
	1,192,896	1,330,529

9. Share Capital

Authorized share capital

The Company is authorized to issue an unlimited number of common shares without par value.

Issued

Holders of the Company's common shares are entitled to receive dividends which may be declared from time to time and are entitled to one vote per share at shareholder meetings of the Company. The following details the amounts recorded as share capital for the year

	Number of shares	**Proceeds**	**Share issuance costs**	**Allocated to reserve for warrants**	**Resulting share capital amount**
	#	**$**	**$**	**$**	**$**
Balance, January 1, 2024	**149,359,565**	**-**	**-**	**-**	**42,192,513**
Issuance on private placement & debt settlement - January 26, 2024 (a)	80,000,000	2,000,000	(45,518)	(860,217)	**1,094,265**
Issuance on private placement & debt settlement - August 30, 2024 (b)	133,941,905	4,821,909	(23,278)	(2,128,701)	**2,669,930**
Balance, December 31, 2024	**363,301,470**	**6,821,909**	**(68,796)**	**(2,988,918)**	**45,956,708**
Balance, December 31, 2025	**363,301,470**	**-**	**-**	**-**	**45,956,708**

2024 Share capital transactions

(a) On January 26, 2024, the Company closed a non-brokered private placement of 58,660,000 units of the Company at a price of $0.025 per unit for gross proceeds of $1,466,500 and the settlement of accounts payable and accrued liabilities of the Company of $533,500 pursuant to the issuance of an additional 21,340,000 Units to certain creditors. Each unit is comprised of one common share of the Company and one common share purchase warrant. Each warrant entitles the holder to purchase one common share for $0.05 until January 26, 2027. Shares issuance costs of $45,518 and $34,353 were allocated to share capital and warrants reserve, respectively. The debt settlement was a non-cash transaction and is excluded from the cash flow statement.

(b) On August 30, 2024, the Company closed a non-brokered private placement of 9,997,720 units of the Company at a price of $0.18 per Unit for gross proceeds of $1,799,590 and the settlement of $3,022,319 of outstanding indebtedness of the Company pursuant to the issuance of an additional 16,790,661 Units to certain creditors. Each unit is comprised of five common shares of the Company and five common share purchase warrants, for an aggregate issuance of 133,941,905 common shares and 133,941,905 common share purchase warrants pursuant to the non-brokered private placement. Each warrant entitles the holder to purchase one common share for $0.05 until August 30, 2027. Shares issuance costs of $23,278 and $18,398 were allocated to share capital and warrants reserve, respectively. The debt settlement - accounts payable and accrued liabilities, the Convertible Note and the Convertible Grid Note - was a non-cash transaction and is excluded from the cash flow statement.

(Expressed in Canadian Dollars)

10. Reserve for Share-Based Payments

The Company maintains a stock option plan to provide additional incentive to its officers, directors, employees, and consultants in their effort to conduct business on behalf of the Company. Options granted either vest immediately or over a vesting period of two years. Options expire on the fifth anniversary from the date of grant unless otherwise specified.

The following summarizes the options activities for the year ended December 31, 2025 and 2024:

	2025		2024	
	Weighted average exercise price	**Number of options outstanding**	Weighted average exercise price	Number of options outstanding
	$	**#**	$	#
Outstanding, beginning of year	**0.08**	**29,125,000**	0.13	18,695,000
Granted	-	-	0.06	10,150,000
Granted	-	-	0.05	3,000,000
Forfeited	-	-	0.50	(100,000)
Forfeited	-	-	0.70	(100,000)
Forfeited	-	-	1.00	(100,000)
Forfeited	-	-	0.56	(125,000)
Expired	-	-	0.41	(880,000)
Expired	-	-	0.41	(290,000)
Forfeited	-	-	0.06	(250,000)
Forfeited	-	-	0.10	(500,000)
Forfeited	-	-	0.05	(300,000)
Forfeited	-	-	0.17	(25,000)
Forfeited	-	-	0.47	(50,000)
Outstanding, end of year	**0.08**	**29,125,000**	0.08	29,125,000
Exercisable, end of year	**0.08**	**25,241,667**	0.09	21,358,333

Options grants in 2024

On February 9, 2024, the Company granted 10,150,000 options of which 3,500,000 was granted to directors, 5,250,000 was granted to officers and 1,400,000 was granted to consultants. The options are exercisable at an exercise price of $0.06 per share until February 9, 2029, and vest over a period of two years.

On May 17, 2024, the Company granted 3,000,000 options to the new chief executive officer. The options are exercisable at an exercise price of $0.05 per share until May 17, 2029, and vest over a period of two years.

Options forfeited/expired in 2024

On February 1, 2024, 100,000 options granted on March 9, 2021, to a former consultant with an at an exercise price of $0.50 per share were forfeited.

On February 1, 2024, 100,000 options granted on March 9, 2021, to a former consultant with an exercise price of $0.70 per share were forfeited.

On February 1, 2024, 100,000 options granted on March 9, 2021, to a former consultant were forfeited with an exercise price of $1.00 per share were forfeited.

On September 4, 2024, 125,000 options granted on September 4, 2019 to a former consultant expired with an exercise price of $0.56 per share.

(Expressed in Canadian Dollars)

On December 23, 2024, 880,000 options granted on December 23, 2019 to certain directors expired with an exercise price of $0.41 per share.

On December 23, 2024, 290,000 options granted on December 23, 2019 to a former employee expired with an exercise price of $0.41 per share.

On December 31, 2024, 250,000 options granted on February 9, 2024 to a former consultant were forfeited with an exercise price of $0.06 per share were forfeited.

On December 31, 2024, 500,000 options granted on September 15, 2022 to a former consultant and former employees were forfeited with an exercise price of $0.10 per share were forfeited.

On December 31, 2024, 300,000 options granted on June 11, 2023 to a former consultant were forfeited with an exercise price of $0.05 per share were forfeited.

On December 31, 2024, 25,000 options granted on September 29, 2021 to a former employee were forfeited with an exercise price of $0.17 per share were forfeited.

On December 31, 2024, 50,000 options granted on February 23, 2021 to a former consultant were forfeited with an exercise price of $0.47 per share were forfeited.

Black-Scholes valuation assumptions
The grant date fair value of options was estimated using Black-Scholes with the following assumptions. Expected volatility was determined based on the historical volatility of the Company and comparable companies.

Options granted in 2024

Grant date	**February 9, 2024**	**May 17, 2024**
Number of options	10,150,000	3,000,000
Exercise price per share	$0.06	$0.05
Share price	$0.06	$0.05
Expected life of options	5 years	5 years
Expected volatility	121.11%	123.87%
Risk-free interest rate	3.65%	3.69%
Forfeiture rate	10%	10%

(Expressed in Canadian Dollars)

The following table summarizes information of options outstanding as at December 31, 2025:

Date of expiry	Number of options outstanding	Number of options exercisable	Exercise price	Estimated grant date fair value	Weighted average remaining life
	#	#	$	$	Years
January 27, 2026	1,025,000	1,025,000	0.41	304,018	0.07
August 17, 2026	200,000	200,000	0.23	31,354	0.63
September 15, 2027	5,000,000	5,000,000	0.10	259,828	1.71
January 30, 2028	1,300,000	1,300,000	0.10	57,720	2.08
February 9, 2029	9,900,000	7,016,667	0.06	350,923	3.11
May 17, 2029	3,000,000	2,000,000	0.05	60,386	3.38
June 11, 2033	8,700,000	8,700,000	0.05	313,200	7.45
	29,125,000	**25,241,667**	**0.08**	**1,377,429**	**4.02**

For the year ended December 31, 2025, the Company recognized share-based payments related to the vesting of stock options of $75,757 (2024 - $217,123).

11. Reserve for Warrants

The following summarizes the warrant activities for the years ended December 31, 2025 and 2024:

	2025		2024	
	Number of warrants outstanding	**Grant date fair value**	Number of warrants outstanding	Grant date fair value
	#	$	#	$
Share purchase warrants				
Balance, beginning of year	**213,941,905**	**2,936,167**	7,655,666	467,826
Issued January 26, 2024	-	-	80,000,000	825,864
Issued August 30, 2024	-	-	133,941,905	2,110,303
Expired	-	-	(7,655,666)	(467,826)
Balance, end of year	**213,941,905**	**2,936,167**	213,941,905	2,936,167
Broker Warrants Type II (a)				
Balance, beginning of year	-	-	262,232	77,950
Expired	-	-	(262,232)	(77,950)
Balance, end of year	-	-	-	-
Total	**213,941,905**	**2,936,167**	213,941,905	2,936,167

(a) Broker Unit Purchase Warrants Type II were exercisable for one common share and one warrant exercisable into one common share.

Warrant activities in 2024

On January 26, 2024, the Company issued 80,000,000 Warrants, at an exercise price of $0.05 per share, in connection with the January 26, 2024 private placement and debt settlement as disclosed in Note 9(a).

On August 30, 2024, the Company issued 133,941,905 Warrants, at an exercise price of $0.05 per share, in connection with the August 30, 2024 private placement and debt settlement as disclosed in Note 9(b).

Warrants expired in 2024

On January 19, 2024, 2,080,666 warrants issued on January 19, 2022 at an exercise price of $0.20 per share expired unexercised.

(Expressed in Canadian Dollars)

On February 25, 2024, 3,450,000 warrants issued on February 25, 2022 with an exercise price of $0.20 per share expired unexercised. On the same day, 108,000 Broker Warrants Type II issued on February 25, 2022 with an exercise price of $0.15 also expired unexercised.

On March 30, 2024, 2,125,000 warrants issued on March 30, 2021 with an exercise price of $0.50 per share expired unexercised. On the same day, 154,232 Broker Warrants Type II issued on March 30, 2021 with an exercise price of $0.40 also expired unexercised.

Black-Scholes valuation assumptions
The fair value of warrants issued was estimated using Black-Scholes option pricing model with the following assumptions. Expected volatility was determined based on the historical volatility of the Company and comparable companies.

Share purchase warrants issued in 2024

Issuance date	**January 26, 2024**	**August 30, 2024**
Number of warrants	80,000,000	133,941,905
Exercise price	$0.05	$0.05
Share price	$0.04	$0.35
Expected life of warrants	3 years	3 years
Expected volatility	137.89%	153.21%
Risk-free interest rate	3.84%	3.23%

The following table summarizes information of share purchase warrants outstanding as at December 31, 2025 all of which are exercisable:

	Number of warrants outstanding	**Exercise price**	**Weighted average remaining life**
	#	$	**Years**
January 26, 2027	80,00,000	0.05	1.07
August 30, 2027	133,941,905	0.05	1.66
	213,941,905	**0.05**	**1.44**

In addition, under the terms of a June 2022 debt financing, the Company granted BLH an option, until June 10, 2027, to purchase sufficient shares such that it and parties in concert with it would own up to 50.1% of the fully diluted number of shares outstanding. The issuance price of any such shares is to be equal to the then closing price of the common shares, as traded on the facilities of the CSE, on the trading day immediately prior to exercise of the option less a 20% discount, unless such discount is not permitted by the CSE in which case then the maximum applicable discount permitted by the CSE. The Company has not assigned any value to this option as 20% approximates the discount to market that the Company typically applies when pricing an offering.

(Expressed in Canadian Dollars)

12. Related Party Transactions

Key management compensation

Key management personnel are persons responsible for planning, directing and controlling activities of an entity, and include executives and non-executive directors, officers and any employees. Compensation provided to key management personnel for the years ended December 31, 2025 and 2024 were as follows:

	2025	2024
	$	$
Short-term employee benefits, including salaries and consulting fees	**459,927**	459,135
Share-based compensation	**65,963**	195,836
	525,890	654,971

(a) For the year ended December 31, 2025, the Company incurred consulting fees (Included in Note 16 - Consulting and management fees) with the CEO and director of $229,798 (2024 – $138,328). As at December 31, 2025, $21,521 (2024 – $21,510) was outstanding and included in accounts payable and accrued liabilities.

(b) For the year ended December 31, 2025, the Company incurred consulting fees (Included in Note 16 - Consulting and management fees) with the Chief Financial Officer of $180,000 (2024 – $180,000). As at December 31, 2025, there was no amount (2024 – $448) outstanding.

(c) For the year ended December 31, 2025, the Company incurred director fees (Included in Note 16 - Payroll and salaries) with a director who is not part of key management of $30,000 (2024 - $30,000).

(d) For the year ended December 31, 2024, the Company incurred consulting fees with the former CEO and director of $99,000 (Included in the Consolidated Statements of Loss and Comprehensive Loss - Sales and marketing). As at December 31, 2024, no balance was outstanding.

Other related party transactions

(e) The following related party share-based compensation was incurred:

	2025	2024
	$	$
Officers	**33,620**	93,815
Directors	**32,343**	102,021
	65,963	195,836

(Expressed in Canadian Dollars)

13. Income Taxes

The reported income taxes differ from the amounts obtained by applying domestic rates of Beckett's domiciled in Canada of 26.5% (2024 – 26.5%) to the net loss as follows:

	2025	2024
	$	$
Components of income tax provision:		
Income tax at statutory tax rates	**(344,000)**	**(1,007,000)**
Difference between Canadian and foreign tax rates	**(17,000)**	**(60,082)**
Expiration of unrecognized tax losses	**199,000**	**-**
Stock-based compensation and other non-deductible expenses	**20,000**	**58,000**
Accretion on convertible notes	**-**	**155,769**
Change in fair value of derivative liabilities	**-**	**(282,687)**
Loss on debt settlement	**-**	**499,000**
Change in tax benefits not recognized	**142,000**	**637,000**
Recovery of income taxes	**-**	**-**

The following are temporary differences that gave rise to the deferred tax assets, which have not been recognized in the consolidated financial statements:

	2025	2024
	$	$
Deferred income tax assets:		
Share issuance costs	**6,000**	**31,000**
Operating losses carried forward	**11,084,000**	**10,917,000**
Total	**11,090,000**	**10,948,000**
Valuation allowance	**(11,090,000)**	**(10,948,000)**
Deferred tax asset	**-**	-

Deferred income tax assets have not been recognized due to the uncertainty of realization.

(Expressed in Canadian Dollars)

Tax losses carried forward
The Company has accumulated non-capital losses for income tax purposes, which can be carried forward to be applied against future taxable income. The losses expire as follows:

	Canadian	**Californian**	**Federal US**
	$	**$**	**$**
2026	918,000	-	-
2027	890,000	-	-
2028	1,880,000	-	-
2029	45,000	-	-
2030	566,000	-	-
2031	732,000	-	-
2032	1,168,000	-	-
2033	888,000	-	-
2034	497,000	-	-
2035	967,000	-	-
2036	1,076,000	244,000	-
2037	709,000	1,090,000	-
2038	1,770,000	125,000	-
2039	2,072,000	3,290,000	-
2040	2,113,000	4,618,000	2,444,000
2041	2,430,000	3,580,000	752,000
2042	2,607,500	4,072,000	1,960,000
2043	2,298,000	2,627,000	-
2044	880,000	1,461,000	1,449,000
2045	781,000	532,000	532,000
	25,287,500	**21,910,000**	**7,137,000**

14. Capital Risk Management

When managing capital, the Company's objective is to ensure it continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. Management adjusts the capital structure as necessary in order to support the beverage production.

The Board of the Company does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management team to sustain the future development of the business.

As at December 31, 2025, the Company considers its capital to be share capital, reserve for share-based payments, reserve for warrants, and contributed surplus, and reduced by accumulated deficit and accumulated other comprehensive loss, totaling ($675,336) (December 31, 2024 – 577,159).

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. In order to carry out activities and administration, the Company will spend its existing working capital and raise additional amounts as needed.

The Company is not subject to externally imposed capital requirements, and there were no changes in the Company's approach to capital management for the years ended December 31, 2025 and 2024.

(Expressed in Canadian Dollars)

15. Cost of Goods Sold

The Company's cost of goods sold for the years ended December 31, 2025 and 2024 are as follows:

	2025	2024
	$	$
Raw materials	**390,388**	371,405
Labour	**171,877**	182,160
Shipping, freight & storage	**14,128**	40,786
Quality control and testing	**1,455**	5,198
	577,848	599,549

16. General and Administrative Expenses

The Company's general and administration expenses incurred for the years ended December 31, 2025 and 2024 are as follows:

	2025	2024
	$	$
Corporate costs and administration	**569,205**	782,143
Consulting and management fees	**459,050**	518,733
Payroll and salaries	**183,083**	31,525
Professional fees	**110,366**	30,760
Travel and promotion	**1,613**	13,497
Occupancy cost	**-**	673,398
	1,323,318	2,050,056

17. Financial Instruments and Risk Management

Fair value

The carrying amount of cash, trade receivables and trade and other payables on the consolidated statements of financial position approximate their fair value due to the relatively short-term maturity of these financial instruments.

Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. Cash is held with Canadian and US chartered banks which are closely monitored by management. Management believes that the credit risk concentration with respect to financial instruments is minimal. The maximum exposure to credit risk at year-end is limited to the accounts receivable balance. No ECL has been recorded as at December 31, 2025.

Liquidity risk

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due. The Company's liquidity and operating results may be adversely affected if the Company's access to the capital market is hindered, whether as a result of a downturn in stock market conditions generally or related to matters specific to the Company. The Company generates cash flow from its financing and revenue activities.

As at December 31, 2025, the Company had a cash balance of $150,795 (December 31, 2024 – $961,138) to settle current liabilities of $1,192,896 (December 31, 2024 – $1,330,529).

The undiscounted contractual maturity of all financial liabilities for as at December 31, 2024 was as follows:

	Total	**Within 1 year**	**1 to 3 years**	**3 to 5 years**
	$	$	$	$
Accounts payable and accrued liabilities	1,330,529	1,330,529	-	-
Total	**1,330,529**	**1,330,529**	**-**	**-**

The undiscounted contractual maturity of all financial liabilities as at December 31, 2025 is as follows:

	Total	**Within 1 year**	**1 to 3 years**	**3 to 5 years**
	$	$	$	$
Accounts payable and accrued liabilities	1,192,896	1,192,896	-	-
Total	**1,192,896**	**1,192,896**	**-**	**-**

Interest rate risk
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company does not hold any instruments subject to interest rate risk as at December 31, 2025.

Foreign currency risk
The Company operates in Canada and the US and is exposed to foreign currency risk with respect to USD. The Company normally raises funds in Canadian dollars for its operations in the US. Foreign currency risk arises on cash, trade receivables and trade payables from operations in the US. The Company believes that its results of operations and cash flows would be affected by a sudden change in foreign currency exchange rates.

As at December 31, 2025 and December 31, 2024 the Company had the following financial assets and financial liabilities denominated in USD:

	2025	2024
	$	$
Cash	**104,257**	607,970
Trade receivables	**73,986**	114,057
Note receivable	**-**	31,904
Trade and other payables	**(704,948)**	(774,507)
Net exposure to USD	**526,705**	20,576

Had the value of the USD increased or decreased by 1%, the net loss and comprehensive loss would have increased or decreased by USD $5,267 (December 31, 2024 – USD $206), respectively, as a result of this exposure.

This analysis only addresses the impact on the consolidated financial instruments with respect to currency movement on the Company's financial instruments and excludes any other economic or geo-political implications of such currency fluctuation. In practice, the actual result may differ from this analysis and the difference may be material.

18. Subsequent Events
On January 27, 2026, 1,025,000 options expired unexercised.