Form 51-102F4
Business Acquisition Report

Item 1 Identity of Company

1.1 Name and Address of the Company

Restart Life Sciences Corp.
700-838 W Hastings Street
Vancouver, BC, V6C 0A6
(the "**Company**")

1.2 Executive Officer

Steve Loutskou
President and CEO
Phone: 778-819-0244

Item 2 Details of Acquisition

2.1 Nature of the Business Acquired

On February 26, 2026, the Company completed its previously announced acquisition (the "**Acquisition**") of a 100% interest in Holy Crap Foods Inc. ("**Holy Crap**"), pursuant to the terms and conditions of a share purchase agreement dated February 12, 2026 (the "**Share Purchase Agreement**") between the Company, Happy Belly Coffee Inc. (the "**Vendor**"), a subsidiary of Happy Belly Food Group Inc. (CSE: HBFG), and Holy Crap.

Holy Crap, founded and operated in Gibsons, British Columbia, is a leading Canadian health food brand best known for its high fiber, plant-based, gluten-free cereals and oatmeal. As a brand, with a fully integrated production facility located in Gibsons, Holy Crap has established a strong national retail presence, with products currently available in numerous retail outlets across Canada. Its mission to promote gut health and overall well-being aligns directly with the Company's mandate of delivering innovative, better-for-you products that address various health challenges and continuing its ongoing research focused on improving brain and mental health. Holy Crap has built a loyal customer base across Canada through its commitment to health, taste, and sustainability. The brand's gluten-free, non-GMO, and high-fiber products are crafted to support digestive wellness and sustained energy throughout the day.

The Acquisition is considered a "significant acquisition" under Part 8 of National Instrument 51-102 - *Continuous Disclosure Obligations* ("**NI 51-102**").

Further information regarding the Acquisition, Holy Crap and the Vendor can be found in the Company's news releases dated December 22, 2025, February 13, 2026, and February 27, 2026, and the Company's material change report dated February 27, 2026, all of which are available under the Company's profile on SEDAR+ at www.sedarplus.ca.

2.2 Acquisition Date

The Acquisition was completed on February 26, 2026.

2.3 Consideration

Under the terms of the Share Purchase Agreement, the Company acquired Holy Crap in exchange for CAD$1,000,000 (“**Consideration**”).

The Consideration is subject to customary working capital adjustments (“**Adjustments**”) which shall be determined in accordance with the Share Purchase Agreement (filed under the Company’s profile on SEDAR+ on March 10, 2026).

The Company financed the cash Consideration with a combination of working capital and a non-brokered private placement (“**Private Placement**”) announced via press release on November 12, 2025, which were closed in two (2) tranches:

- first tranche was closed on December 5, 2025, where the Company raised CDN$500,000 by issuing 5,000,000 units (“**Units**”) at a price of CDN$0.10 per Unit, and

- second tranche was closed on December 18, 2025, where the Company raised CDN$630,000 by issuing 6,300,000 Units at a price of CDN$0.10 per Unit.

Each Unit under the Private Placement was composed of one common share of the Company and one warrant exercisable into a common share of the Company for a period of up to one year at a price of $0.10 per common share.

2.4 Effect on Financial Position

As a result of the Acquisition, Holy Crap became a wholly owned subsidiary of the Company. The Company does not have any current plans or proposals for material changes in its business affairs or the affairs of any of its subsidiaries which may have a significant effect on the results of operations and financial position of the Company.

2.5 Prior Valuations

To the knowledge of the Company, there has not been any valuation opinion obtained within the last 12 months by the Company or by Holy Crap required by securities legislation or a Canadian exchange or market to the support the consideration paid by the Company in connection with the Acquisition.

2.6 Parties to the Transaction

The Acquisition was not made with any person who, at the time of the Acquisition, was an informed person, associate or affiliate of the Company as defined in Section 1.1 of NI 51-102.

2.7 Date of Report

May 12, 2026

Item 3 Financial Statements

As required by Part 8 of NI 51-102, the audited annual financial statements of Holy Crap for the years ended December 31, 2025 and 2024, are attached hereto as Schedule “**A**”.

SCHEDULE “A”

Audited Annual Financial Statements of Holy Crap for the year ended December 31, 2025, and 2024

[SEE ATTACHED]

HOLY CRAP FOODS INC.

FINANCIAL STATEMENTS

AS AT AND FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

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To the Shareholder of Holy Crap Foods Inc.:

Opinion

We have audited the financial statements of Holy Crap Foods Inc. (the "Company"), which comprise the statement of financial position as at December 31, 2025, and the statements of income and other comprehensive income, changes in shareholders' deficit and cash flows 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 December 31, 2025, and its financial performance and its cash flows for the year then ended in accordance with IFRS® Accounting Standards as issued by the International Accounting Standards Board.

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.

Other Matter

The comparative information, including the statement of financial position as at December 31, 2024, and the statements of income and other comprehensive income, changes in shareholders' deficit and cash flows for the year then ended, has been prepared by management for inclusion in these financial statements. We were not engaged to report on the comparative information, and as such, it is unaudited. Our opinion is not modified in respect of this matter.

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 Accounting Standards as issued by the International Accounting Standards Board, 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.

MNP LLP

Mississauga, Ontario — Chartered Professional Accountants

May 12, 2026 — Licensed Public Accountants

HOLY CRAP FOODS INC.
STATEMENTS OF FINANCIAL POSITION

As At	Notes	**December 31, 2025**	December 31, 2024 (Unaudited)
(Canadian dollars)		**$**	$
ASSETS			
Current assets			
Cash and cash equivalents		**56,342**	54,383
Receivables		**50,852**	61,899
Inventory	5	**168,247**	92,897
Prepaids		**27,404**	19,928
Total Current Assets		**302,845**	229,107
Non-current assets			
Property and equipment	6	**60,601**	87,878
Total non-current assets		**60,601**	87,878
TOTAL ASSETS		**363,446**	316,985
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities		**15,596**	22,915
Current portion of long-term debt	8	**60,000**	-
Current portion of lease liabilities	7	**26,936**	24,383
Due to related party	10	**1,390,651**	1,381,551
Total current liabilities		**1,493,183**	1,428,849
Non-current liabilities			
Long-term debt	8	**-**	60,000
Lease liabilities	7	**24,589**	51,525
Total non-current liabilities		**24,589**	111,525
TOTAL LIABILITIES		**1,517,772**	1,540,374
SHAREHOLDERS' DEFICIT			
Share capital	9	**100**	100
Deficit		**(1,154,426)**	(1,223,489)
TOTAL SHAREHOLDERS' DEFICIT		**(1,154,326)**	(1,223,389)
TOTAL LIABILITIES AND DEFICIT		**363,446**	316,985

The accompanying notes are an integral part of these Financial Statements

Nature of operations (Note 1)
Subsequent event (Note 15)

HOLY CRAP FOODS INC.
STATEMENTS OF INCOME AND COMPREHENSIVE INCOME

(Canadian dollars)	Notes	**Year ended December 31, 2025**	2024 (unaudited)
		$	$
Revenues			
Product sales		**1,143,406**	1,113,032
Total Revenues		**1,143,406**	1,113,032
Expenses			
Direct operating costs		**724,443**	728,283
General and administrative	12	**233,359**	180,404
Salaries and wages		**78,850**	76,774
Depreciation and amortization	6	**27,277**	29,980
Total Expenses		**1,063,929**	1,015,441
Net income from operations		**79,477**	97,591
Other items			
Financing costs	7,8	**(9,456)**	(10,400)
Other expenses		**(958)**	3
Income and comprehensive income before taxes		**69,063**	87,194
Income taxes	14	**-**	-
Income and comprehensive income		**69,063**	87,194

The accompanying notes are an integral part of these Financial Statements

HOLY CRAP FOODS INC.
STATEMENTS OF CHANGES IN SHAREHOLDERS' DEFICIT

(Canadian dollars)	**Number of Common Shares**	**Share Capital**	**Deficit**	**Total**
		$	$	$
	(note 9)	(note 9)		
Balance at December 31, 2023 (unaudited)	100	100	(1,310,683)	(1,310,583)
Net income and comprehensive income (unaudited)	-	-	87,194	87,194
Balance at December 31, 2024 (unaudited)	100	100	(1,223,489)	(1,223,389)
Net income and comprehensive income	**-**	**-**	**69,063**	**69,063**
Balance at December 31, 2025	**100**	**100**	**(1,154,426)**	**(1,154,326)**

The accompanying notes are an integral part of these Financial Statements

HOLY CRAP FOODS INC.
STATEMENTS OF CASH FLOWS

(*Canadian dollars*)	Notes	Year ended December 31, **2025**	2024 (unaudited)
		$	$
Operating Activities			
Net income and comprehensive income		**69,063**	87,194
Items not affecting cash and cash equivalents:			
Amortization	6	**27,277**	29,980
Financing costs	7,8	**6,493**	8,804
		102,833	125,978
Net change in non-cash working capital related to operations	13	**(79,098)**	(23,461)
Cash flows from operating activities		**23,735**	102,517
Financing Activities			
Advances from (repayment of) related parties, net	10	**9,100**	(45,371)
Lease liabilities	7	**(30,876)**	(30,875)
Cash flows used in financing activities		**(21,776)**	(76,246)
Increase in cash and cash equivalents		**1,959**	24,790
Cash and cash equivalents, beginning of year		**54,383**	29,593
Cash and cash equivalents, end of year		**56,342**	54,383

The accompanying notes are an integral part of these Financial Statements

1. NATURE OF OPERATIONS

Holy Crap Foods Inc. (the "Company") was incorporated on August 14, 2019, under the Business Corporations Act of British Columbia. The Company is a gluten-free, organic, kosher, plant-based and non-gmo project verified cereal. The Company commenced production and sale of cereal from its Gibsons, BC facility.

The Company's corporate office is located at Suite 400, 1681 Chestnut Street, Vancouver, British Columbia V6J 4M6.

2. BASIS OF PRESENTATION

Statement of compliance

These financial statements, including comparatives, have been prepared in accordance with IFRS® Accounting Standards as issued by the International Accounting Standard Board ("IFRS") on a going concern basis.

These financial statements were reviewed and authorized for issuance by the Board of Directors as of May 12, 2026.

Basis of Measurement

The financial statements have been prepared on a historical cost basis, except for certain financial instruments measured at fair value, using the accrual basis of accounting, except for cash flow information.

Presentation and functional currency

The functional currency of the Company is the Canadian dollar, which is also the presentation currency of the financial statements.

3. MATERIAL ACCOUNTING POLICIES

Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits in banks and highly liquid investments with original maturities of three months or less.

Financial instruments

a) Financial assets

i) Recognition and initial measurement

The Company recognizes financial assets when it becomes party to the contractual provisions of the instrument. Financial assets are measured initially at their fair value plus, in the case of financial assets not subsequently measured at fair value through profit or loss, transaction costs that are directly attributable to their acquisition. Transaction costs attributable to the acquisition of financial assets subsequently measured at fair value through profit or loss are expensed in the statement of income and comprehensive income when incurred.

ii) Classification and subsequent measurement

On initial recognition, financial assets are classified as subsequently measured at amortized cost, fair value through other comprehensive income ("FVOCI") or fair value through profit or loss ("FVTPL"). The Company determines the classification of its financial assets, together with any embedded derivatives, based on the business model for managing the financial assets and their contractual cash flow characteristics.

Financial assets are classified as follows:

- Amortized cost - assets that are held for collection of contractual cash flows where those cash flows are solely payments of principal and interest are measured at amortized cost. Interest revenue is calculated using the effective interest method and gains or losses arising from impairment, foreign exchange and derecognition are recognized in profit or loss. Financial assets measured at amortized cost are comprised of cash and cash equivalents, accounts receivable and loan receivable.

- Fair value through other comprehensive income - assets that are held for collection of contractual cash flows and for selling the financial assets, and for which the contractual cash flows are solely payments of principal and interest, are measured at fair value through other comprehensive income. Interest income calculated using the effective interest method and gains or losses arising from impairment and foreign exchange are recognized in profit or loss. All other changes in the carrying amount of the financial assets are recognized in other comprehensive income. Upon derecognition, the cumulative gain or loss previously recognized in other comprehensive income is reclassified to profit or loss. The Company does not hold any financial assets measured at fair value through other comprehensive income.

- Mandatorily at fair value through profit or loss - assets that do not meet the criteria to be measured at amortized cost, or fair value through other comprehensive income, are measured at fair value through profit or loss. All interest income and changes in the financial assets' carrying amount are recognized in profit or loss. Financial assets mandatorily measured at fair value through profit or loss is comprised of equity investments.

- Designated at fair value through profit or loss – on initial recognition, the Company may irrevocably designate a financial asset to be measured at fair value through profit or loss in order to eliminate or significantly reduce an accounting mismatch that would otherwise arise from measuring assets or liabilities, or recognizing the gains and losses on them, on different bases. All interest income and changes in the financial assets' carrying amount are recognized in profit or loss. The Company did not designate its financial assets at fair value through profit or loss.

Business model assessment

The Company assesses the objective of its business model for holding a financial asset at a level of aggregation which best reflects the way the business is managed, and information is provided to management. Information considered in this assessment includes stated policies and objectives.

Contractual cash flow assessment

The cash flows of financial assets are assessed as to whether they are solely payments of principal and interest on the basis of their contractual terms. For this purpose, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money, the credit risk associated with the principal amount outstanding, and other basic lending risks and costs. In performing this assessment, the Company considers factors that would alter the timing and amount of cash flows such as prepayment and extension features, terms that might limit the Company's claim to cash flows, and any features that modify consideration for the time value of money.

iii) Impairment

The Company recognizes a loss allowance for the expected credit losses associated with its financial assets, other than financial assets measured at fair value through profit or loss. Expected credit losses are measured to reflect a probability-weighted amount, the time value of money, and reasonable and supportable information regarding past events, current conditions and forecasts of future economic conditions.

The Company applies the simplified approach for accounts receivables. Using the simplified approach, the Company records a loss allowance equal to the expected credit losses resulting from all possible default events over the assets' contractual lifetime.

The Company assesses whether there has been a significant increase in credit risk since initial recognition or a financial asset is credit-impaired at the reporting date. Regular indicators that a financial instrument is credit impaired include significant financial difficulties as evidenced through borrowing patterns or observed balances in other accounts and breaches of borrowing contracts such as default events or breaches of borrowing covenants.

For financial assets with a significant increase in credit risk since initial recognition and financial assets assessed as credit-impaired at the reporting date, the Company continues to recognize a loss allowance equal to lifetime expected credit losses. For financial assets measured at amortized cost, loss allowances for expected credit losses are presented in the statement of financial position as a deduction from the gross carrying amount of the financial asset.

Financial assets are written off when the Company has no reasonable expectations of recovering all or any portion thereof.

Accounts receivable and expected credit loss

Accounts receivable are recorded at the invoiced amount and do not bear interest. Expected credit loss reflects the Company's estimate of amounts in its existing accounts receivable that may not be collected due to customer claims or customer inability or unwillingness to pay. Collectability of accounts receivables is reviewed on an ongoing basis. The expected credit loss is determined based on a combination of factors, including the Company's risk assessment regarding the credit worthiness of its customers, historical collection experience and length of time the receivables are past due. Account balances are charged off against the allowance when the Company believes it is probable the receivable will not be recovered.

iv) Derecognition of financial assets

The Company derecognizes a financial asset when its contractual rights to the cash flows from the financial asset expire.

b) Financial liabilities

i) Recognition and initial measurement

The Company recognizes a financial liability when it becomes party to the contractual provisions of the instrument. At initial recognition, the Company measures financial liabilities at their fair value plus transaction costs that are directly attributable to their issuance, with the exception of financial liabilities subsequently measured at fair value through profit or loss for which transaction costs are immediately recorded in the statement of income and comprehensive income.

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

ii) Classification and subsequent measurement

Subsequent to initial recognition, all financial liabilities are measured at amortized cost using the effective interest rate method. Interest, gains and losses relating to a financial liability are recognized in the statement of income and comprehensive income.

iii) Derecognition of financial liabilities

The Company derecognizes a financial liability only when its contractual obligations are discharged, cancelled or expire.

c) Summary of the Company's classification and measurements of financial assets and liabilities

Cash and cash equivalents	Amortized cost
Accounts receivable	Amortized cost
Accounts payable and accrued liabilities	Amortized cost
Lease liabilities	Amortized cost
Long-term debt	Amortized cost

Inventory

Inventory is measured at the lower of cost and net realizable value. The cost of inventories includes all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present condition. Inventory is comprised of raw materials and finished goods. The cost of inventory is determined using the weighted average method.

Net realizable value is determined as the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. The future realization of these inventories may be affected by market driven changes that may reduce future selling prices. A change to these assumptions could impact the Company's inventory valuation and profit or loss. The Company reviews inventory for obsolete, redundant and slow-moving goods and any such inventories are written down to net realizable value.

Impairment of non-financial assets

The carrying amount of the Company's non-financial assets is reviewed at each financial reporting date to determine whether there is any indication of impairment. If such an indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss. An impairment loss is recognized when the carrying amount of an asset or its Cash Generating Unit ("CGU") exceeds its recoverable amount.

The recoverable amount of an asset or CGU is the greater of its fair value, less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is only reversed if there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount, however, not to an amount higher than the carrying amount that would have been determined had no impairment loss been recognized in previous years.

Property and equipment

Property and equipment are measured at cost less accumulated amortization and accumulated impairment losses. Cost includes expenditures that are directly attributable to bringing the asset to the location and condition necessary for its use in operations.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized in the statement of loss and comprehensive loss. The costs of the day-to-day servicing of property and equipment are recognized in profit or loss as incurred.

Depreciation is computed using a straight-line basis over the following periods:

Furniture and fixtures	5 years
Vehicles	5 years
Right-of-use assets	lesser of lease term or 10 years

Right of use assets and lease liability

At inception of a contract the Company assesses whether a contract conveys the right to control the use of an identified asset for a period in exchange for consideration, in which case it is classified as a lease. The Company recognizes a right-of-use asset ("ROU assets") and a lease liability at the lease commencement date. The asset is initially measured at cost, which comprises the initial measurement of the lease liability, any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to restore the underlying asset, less any lease incentives received.

The lease asset is subsequently depreciated using the straight-line method over the shorter of the lease term or economic useful life. The Company also assesses right-of-use assets for impairment when such indicators exist.

The lease liability is initially measured at the present value of outstanding lease payments, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Lease payments included in the measurement of the lease liability are made up of fixed payments (including in-substance fixed) and variable lease payments that are based on an index or rate. Subsequent to initial measurement, the liability is reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes to in-substance fixed payments. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset.

Share capital

Common shares are classified as equity. Incremental costs directly attributable to the issuance of shares are recognized as a deduction from equity.

Revenue

Product sales

IFRS 15-Revenue from contracts with customers, applies to all contracts with customers, with only some exceptions, including certain contracts accounted for under other IFRSs. The standard requires revenue to be recognized in a manner that depicts the transfer of promised goods or services to a customer and at an amount that reflects the consideration expected to be received in exchange for transferring those goods or services.

This is achieved by applying the following five steps: i) identify the contract with a customer; ii) identify the performance obligations in the contract; iii) determine the transaction price; iv) allocate the transaction price to the performance obligations in the contract; and v) recognize revenue when (or as) the entity satisfies a performance obligation.

Revenues from the sale of the Company's products through wholesale and retail channels, net of discounts, is recognized when the products are delivered to the customers, which is when the Company's obligation to perform is satisfied.

Income taxes

Income tax for the year comprises current and deferred tax. Income tax is recognized in the statement of income and comprehensive income except to the extent that it relates to items recognized in other comprehensive income or loss or directly in equity, in which case it is recognized in other comprehensive income or loss or equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at year end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recognized using the liability method on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. However, the deferred tax is not recognized if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss and that at the time of the transaction, does not give rise to equal taxable and deductible temporary differences. Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred tax asset is realized, or the deferred tax liability is settled.

A deferred tax asset is recognized only to the extent that it is more likely than not that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Changes in deferred tax assets or liabilities are recognized as a component of tax income or expense in profit or loss except where they related to items that are recognized in other comprehensive income or directly in equity, in which case, related deferred tax is also recognized in other comprehensive income or equity, respectively.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Accounting Standards issued but not yet effective

A number of new standards, and amendments to standards and interpretations, are not yet effective for the year ended December 31, 2025, and have not been early adopted in preparing these financial statements.

IFRS 18 Presentation and Disclosure in Financial Statements

In April 2024, the IASB issued IFRS 18 – Presentation and Disclosure in Financial Statements, which will replace IAS 1, Presentation of Financial Statements. The key new concepts introduced in IFRS 18 relate to the structure of the statement of earnings (loss), required disclosures in the financial statements for certain earnings or loss performance measures that are reported outside an entity's financial statements and enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general. IFRS 18 will apply for reporting periods beginning on or after January 1, 2027, and also applies to comparative information. The Company is still in the process of assessing the impact of this standard on its financial statements.

IFRS 9 Financial Instruments

The IASB has amended IFRS 9 to clarify when a financial asset or a financial liability is recognised and derecognised and to provide an exception for certain financial liabilities settled using an electronic payment system.

The amendments apply for reporting periods beginning on or after 1 January 2026. The Company does not believe the impact of this standard to be material on its financial statements.

4. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of financial statements under IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities and revenue and expenses. The Company makes estimates and assumptions concerning the future that will, by definition, seldom equal actual results.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. The 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, if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

Significant judgments, estimates and assumptions that have the most significant effect on the amounts recognized in the financial statements relate to, but are not limited to the following:

Expected credit loss

Management determines the expected credit loss by evaluating individual receivable balances and considering a member's financial condition and current economic conditions. Accounts receivable and loan receivable are written off when deemed uncollectible. Recoveries of accounts receivable previously written off are recorded as income when received. All accounts receivables are expected to be collected within one year of the statement of financial position date.

Inventories

The net realizable value of inventories represents the estimated selling price for inventories in the ordinary course of business, less all estimated costs of completion and costs necessary to make the sale. The determination of net realizable value requires significant judgement, including consideration of factors such as future demand for inventory and expected future selling price the Company expects to realize by selling the inventory. Reserves for excess and obsolete inventory are based upon quantities on hand, projected volumes from demand forecasts and net realizable value. The estimates are judgmental in nature and are made at a point in time, using available information, expected business plans, and expected market conditions. As a result, the actual amount received on sale could differ from the estimated value of inventory. Periodic reviews are performed on the inventory balance. The impact of changes in inventory reserves is reflected in cost of goods sold. In many cases, the products sold by the Company turn over quickly and inventory on-hand values are lower, thus reducing the risk of material misstatement. Management ensures that systems are in place to highlight and properly value inventory that may be approaching "best before" dates.

Impairment of long-lived assets

The Company evaluates the recoverability of long-lived assets, including property and equipment, right of use assets, and definite life intangible assets, whether events or changes in circumstances indicate that the carrying value of the asset, or asset group, may not be recoverable. When the Company determines that the carrying value of the long-lived asset may not be recoverable based upon the existence of one or more of the indicators, the assets are assessed for impairment based on the estimate of future discounted cash flows expected to result from the use of the asset and its eventual disposition. If the carrying value of an asset exceeds its estimated future discounted cash flows, an impairment loss is recorded for the excess of the asset's carrying value over its fair value. Management judgement is required in the determination of indicators of impairment, as well as the estimation of future undiscounted cash flows, and as necessary, the fair value of those assets or asset groups in which indicators of impairment have been identified.

(Expressed in Canadian Dollars)

Fair value of financial instruments

The individual fair values attributed to the different components of a financing transaction, and/or derivative financial instruments, are determined using valuation techniques. The Company uses judgement to select the methods used to make certain assumptions and in performing the fair value calculations in order to determine (a) the values attributed to each component of a transaction at the time of their issuance; (b) the fair value measurements for certain instruments that require subsequent measurement at fair value on a recurring basis; and (c) for disclosing the fair value of financial instruments subsequently carried at amortized cost. These valuation estimates could be significantly different because of the use of judgement and the inherent uncertainty in estimating the fair value of these instruments that are not quoted in an active market.

Income taxes

The Company is subject to assessments by tax authorities, who may interpret tax legislation differently than the Company. When there is uncertainty over income tax positions, the Company assesses whether it is probable that the relevant tax authority will accept the uncertain tax position. This assessment affects the amount of income tax expense recognized by the Company. If the Company concludes that it is not probable that a tax authority will accept the uncertain tax position, the effect of the uncertain tax position is reflected in the determination of the Company's income tax expense or recovery based on the most likely amount or, if there are a wide range of possible outcomes, the expected value. Any interest and penalties related to unrecognized tax liabilities are presented within provision for income taxes within the statements of income and comprehensive income.

5. INVENTORY

Inventory on hand consist of raw ingredients and finished goods. Inventory is valued at the lower of cost and net realizable value:

	December 31, 2025	December 31, 2024
	$	$
Raw ingredients	**144,740**	80,223
Finished goods	**23,507**	12,674
Total	**168,247**	92,897

The total inventory expensed in 2025 through direct operating costs was $374,345 (December 31, 2024 - $373,832).

6. PROPERTY AND EQUIPMENT

	Furniture and fixtures	**Vehicles**	**Right-of-use assets**	**Total**
Cost	**$**	**$**	**$**	**$**
December 31, 2023	43,436	9,653	151,113	204,202
Additions	-	-	-	-
December 31, 2024	43,436	9,653	151,113	204,202
Additions	**-**	**-**	**-**	**-**
December 31, 2025	**43,436**	**9,653**	**151,113**	**204,202**

Accumulated amortization	**Furniture and fixtures**	**Vehicles**	**Right-of-use assets**	**Total**
	$	**$**	**$**	**$**
December 31, 2023	17,819	4,711	67,629	90,159
Amortization	5,123	988	22,388	28,499
December 31, 2024	22,942	5,699	87,683	116,324
Amortization	**4,099**	**791**	**22,387**	**27,277**
December 31, 2025	**27,041**	**6,490**	**110,070**	**143,601**
Net book value				
December 31, 2024	20,494	3,954	63,430	87,878
December 31, 2025	**16,395**	**3,163**	**41,043**	**60,601**

(Expressed in Canadian Dollars)

7. LEASE LIABILITIES

In 2020, the Company entered into a two-year lease agreement for its office premises, which was subsequently extended to October 31, 2027. The lease has been accounted for as a lease liability and right-of-use asset in accordance with IFRS 16, and was discounted using a 10% incremental borrowing rate.

The changes in lease liabilities are as follows:

	December 31, 2025	December 31, 2024 (Unaudited)
	$	$
Balance, beginning of year	**75,908**	97,979
Lease payments	**(30,876)**	(30,875)
Interest expense	**6,493**	8,804
Balance, end of year	**51,525**	75,908
Current portion	**26,936**	24,383
Long-term portion	**24,589**	51,525
Lease liabilities	**51,525**	75,908

The following is a reconciliation from the undiscounted lease payments to the lease liabilities:

	$
2026	30,876
2027	25,730
Total contractual cash flows	56,606
Less: interest	5,081
Lease liabilities	51,525

8. DEBT

As at year-end, the Company had the following outstanding debt:

	Maturity	Rate	**December 31, 2025**	December 31, 2024 (Unaudited)
			$	$
Canada Emergency Business Account	31-Dec-26	5%	**60,000**	60,000
Current			**60,000**	-
Long-term			**-**	60,000

During the year ended December 31, 2025, the Company incurred interest expense of $2,963 (December 31, 2024- $3,077) which was recorded in financing cost in the statements of income and comprehensive income.

9. SHARE CAPITAL

Authorized:
Unlimited number of common shares without par value.

Issued:
As at December 31, 2025, the Company had 100 common shares issued and outstanding (2024 (unaudited)- 100 common shares).

10. DUE TO RELATED PARTY

Due to related parties consist of balances payable to the parent company in the amount of $1,390,651 (2024 (unaudited) -$1,381,551). These amounts are unsecured, non-interest bearing and have no fixed terms of repayment.

(Expressed in Canadian Dollars)

11. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Fair value of financial instruments

The carrying values of cash and cash equivalents, accounts receivable, other receivables, accounts payable and accrued liabilities, due to related party, and other liabilities approximate their carrying values due to the immediate or short-term nature of these instruments.

IFRS 13 - Fair Value Measurement, establishes a fair value hierarchy that prioritizes the input to valuation techniques used to measure fair value as follows:

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).

Fair values of financial instruments are summarized as follows:

As at December 31, 2025	**Level 1**	**Level 2**	**Level 3**	**Total**
	$	**$**	**$**	**$**
Cash and cash equivalents	**56,342**	**-**	**-**	**56,342**
	56,342	**-**	**-**	**56,342**

As at December 31, 2024 (Unaudited)	Level 1	Level 2	Level 3	Total
	$	$	$	$
Cash and cash equivalents	54,383	-	-	54,383
	54,383	-	-	54,383

Financial risk management

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

<u>Credit risk</u>

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The maximum credit risk that the Company is exposed to is the carrying value of the cash and cash equivalents, and accounts receivable. Credit risk exposure to cash and cash equivalents is minimized substantially by ensuring that cash is held with credible financial institutions. The Company mitigates the credit risk associated with accounts receivable by establishing relationships with creditworthy purchasers.

<u>Liquidity risk</u>

Liquidity risk is the risk that the Company will encounter difficulty in raising funds to meet commitments associated with financial instruments and business development. The Company manages liquidity risk by maintaining adequate cash balances. The Company's expected source of cashflow in the upcoming year will be through revenue generation. Cash on hand as at December 31, 2025 and expected cashflows for the next 12 months are sufficient to fund the Company's ongoing operational needs. Liquidity risk is assessed as low.

Based on the contractual obligations of the Company as at December 31, 2025 cash outflows of those obligations are estimated and summarized as follows:

Payment due by year	**2026**	**2027**	**2028 and beyond**	**Total**
	$	**$**	**$**	**$**
Accounts payable and accrued liabilities	15,596	-	-	15,596
Long-term debt*	60,000	-	-	60,000
Lease liabilities*	30,876	25,730	-	56,606
Due to related parties	1,395,627	-	-	1,395,627
	1,502,099	25,730	-	1,527,829

*These amounts do not include interest payable.

(Expressed in Canadian Dollars)

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates and foreign exchange rates.

(a) Interest rate risk

Interest rate risk is the risk that the fair value of future cashflows of a financial instrument will fluctuate because of changes in market interest rates. The Company does not believe the exposure to interest rate risk is significant.

(b) Foreign currency risk

Foreign currency risk is the risk that the fair value of future cashflows of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company is exposed to foreign currency risk to the extent that monetary assets and liabilities are denominated in foreign currency. Foreign currency risk is assessed as low as the Company has no material expenses denominated in foreign currencies.

Capital management

The Company's policy is to maintain a strong capital base to maintain investor and creditor confidence and to sustain future development of the business. The capital structure of the Company consists of equity. There were no changes in the Company's approach to capital management during the year. The Company is not subject to any externally imposed capital requirements. The Company has been successful in raising additional capital in the past and intends to continue with the issuance of securities to finance its operations if required.

12. GENERAL AND ADMINISTRATIVE EXPENSES

The following table provides a breakdown of general and administrative expense:

	Year ended December 31,	
	2025	2024 (Unaudited)
	$	$
Professional fees	**68,288**	31,976
Advertising and marketing	**122,297**	93,751
Office and sundry	**26,497**	38,505
Business development	**787**	3,635
Compliance and regulatory	**15,490**	12,537
Total general and administrative	**233,359**	180,404

13. SUPPLEMENTAL CASH FLOW INFORMATION

The changes in non-cash working capital related to operations are summarized below:

	Year ended December 31,	
	2025	2024 (Unaudited)
	$	$
Accounts receivable	**11,047**	(42,226)
Inventory	**(75,350)**	31,704
Prepaids	**(7,476)**	12,862
Accounts payable and accrued liabilities	**(7,319)**	(25,801)
Net change in non-cash working capital related to operations	**(79,098)**	(23,461)

(Expressed in Canadian Dollars)

14. INCOME TAX

A reconciliation of income tax expense (recovery) at statutory rates with the reported income taxes (recovered) is as follows:

	2025	2024 (Unaudited)
	$	$
Income and comprehensive income before income taxes	**69,063**	87,194
Combined statutory tax rate	**27.00%**	27.00%
Expected tax/(recovery) at statutory rate	**18,647**	23,542
Non-deductible items and other	**681**	818
Change in unrecognized deferred tax asset	**(19,328)**	(24,360)
Deferred income tax expense	**-**	-

The components of the net deferred tax asset (liability) as at December 31 are as follows:

	2025	2024 (Unaudited)
	$	$
Deferred tax assets		
Non-capital losses	**3,256**	3,708
Deferred tax liability		
Equipment	**(3,256)**	(3,708)
Net deferred tax liability	-	-

Estimated unrecognized deductible temporary (taxable) differences (tax pools) as at December 31, are as follows:

	2025	2024 (Unaudited)
	$	$
Non-capital losses	**1,045,375**	1,103,765
Lease liability	**10,481**	12,478
	1,055,856	1,116,243

As at December 31, 2025, the Company had accumulated Canadian non-capital losses of approximately $1.1 million expiring between 2039 and 2045.

15. SUBSEQUENT EVENT

Holy Crap Disposition

On February 27, 2026, Happy Belly Food Group Inc. (“Happy Belly”), the ultimate parent of Holy Crap, has completed the sale of its 100% stake in the Company, for $1,000,000 in cash, plus an asset-secured, first-position promissory note, due within 12-months post close, in the amount of working capital transferred on close.