ELEMENT LIFESTYLE RETIREMENT INC.

Unaudited Condensed Consolidated Interim Financial Statements

Three Months Ended August 31, 2025 and 2024

NOTICE TO READERS

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the condensed consolidated interim financial statements, they must be accompanied by a notice indicating that the condensed consolidated interim financial statements have not been reviewed by an auditor. The accompanying unaudited condensed consolidated interim financial statements of the Company have been prepared by and are the responsibility of the Company's management. The unaudited condensed consolidated interim financial statements have been prepared using accounting policies in compliance with International Financial Reporting Standards for the preparation of unaudited condensed consolidated interim financial statements and are in accordance with International Accounting Standard 34 – Interim Financial Reporting. The Company's independent auditor has not performed a review of these unaudited condensed consolidated interim financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

ELEMENT LIFESTYLE RETIREMENT INC.

INDEX | Page

FINANCIAL STATEMENTS

ELEMENT LIFESTYLE RETIREMENT INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian dollars)

As at		Aug 31, 2025		May 31, 2025
ASSETS				
Current				
Cash	$	**73,855**	$	42,928
Accounts receivable and other receivables (*Note 5*)		**44,086**		43,369
Prepaid expenses		**4,100**		6,716
Total current assets		**122,041**		93,013
Long term investment		**69**		69
Long term receivables *(Note 5)*		**549,355**		521,215
Long term note receivable *(Note 6)*		**583,035**		566,748
Property and equipment (*Note 7*)		**16,903**		16,027
Trade-marks		**27,147**		27,147
Total assets	$	**1,298,550**	$	1,224,219
LIABILITIES				
Current				
Accounts payable and other payables (*Note 8*)	$	**97,404**	$	171,583
Due to related parties (*Note 11*)		**240,355**		138,343
Total current liabilities		**337,759**		309,926
Long term liabilities				
Convertible debentures (*Note 9*)		**1,684,308**		2,193,453
Total liabilities		**2,022,067**		2,503,379
SHAREHOLDERS' DEFICIT				
Share capital *(Note 10)*		**9,166,702**		9,166,702
Share issuance costs		**(260,385)**		(260,385)
Equity component of convertible debentures *(Note 9)*		**419,525**		473,860
Contributed surplus		**1,783,424**		1,309,564
Deficit		**(11,832,782)**		(11,968,901)
Total shareholders' deficit		**(723,516)**		(1,279,160)

Total liabilities and shareholders' deficit	$	**1,298,550**	$	1,224,219

On behalf of the Board

/s/ John Gilbert Director

/s/ Michael Diao Director

The accompanying notes are an integral part of these condensed interim financial statements.

ELEMENT LIFESTYLE RETIREMENT INC.
CONSOLIDATED STATEMENTS OF INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS)
(Expressed in Canadian dollars)

For the three months ended August 31		2025		2024
REVENUE				
Consulting fees	$	**150,000**	$	150,000
Management fees		**126,390**		114,750
		276,390		264,750
EXPENSES				
Accretion expense		**37,016**		36,825
Amortization (*Note 7*)		**1,618**		2,399
General & administration		**20,119**		38,625
Interest expense		**40,399**		39,533
Marketing and promotion		**427**		4,013
Professional fees		**4,182**		7,975
Salaries, wages and benefits		**203,454**		213,343
Travel		**4,177**		6,475
		311,392		349,188
LOSS FROM OPERATIONS		**(35,002)**		(84,438)
OTHER INCOME				
Other income		**15,955**		19,318
LOSS BEFORE INCOME TAXES		**(19,047)**		(65,120)
Provision for recovery of income taxes				
Deferred		**155,167**		-
INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD	$	**136,120**	$	(65,120)
Basic and diluted income (loss) per common share	$	**0.002**	$	(0.001)
Weighted average number of shares outstanding		**70,478,299**		70,478,299

The accompanying notes are an integral part of these condensed interim financial statements.

ELEMENT LIFESTYLE RETIREMENT INC.
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Expressed in Canadian dollars)

	Common shares outstanding		Paid-in capital		Contributed surplus		Equity component of conertible debenture		Share issurance costs		Deficit		Total
Balance, May 31, 2024	70,478,299	$	9,166,702	$	1,309,564	$	473,860	$	(260,385)	$	(11,758,195)	$	(1,068,454)
Comprehensive loss for the period	-		-		-		-		-		(84,599)		(84,599)
Balance, Aug 31, 2024	70,478,299	$	9,166,702	$	1,309,564	$	473,860	$	(260,385)	$	(11,842,794)	$	(1,153,053)

	Common shares outstanding		Paid-in capital		Contributed surplus		Equity component of conertible debenture		Share issurance costs		Deficit		Total
Balance, May 31, 2025	70,478,299	$	9,166,702	$	1,309,564	$	473,860	$	(260,385)	$	(11,968,902)	$	(1,279,161)
Equity component of convertible debenture (*Note 13*)	-		-		473,860		(54,335)		-		-		419,525
Comprehensive loss for the period	-		-		-		-		-		136,120		136,120
Balance, Aug 31, 2025	70,478,299	$	9,166,702	$	1,783,424	$	419,525	$	(260,385)	$	(11,832,782)	$	(723,516)

The accompanying notes are an integral part of these unaudited condensed consolidated interim financial statements.

ELEMENT LIFESTYLE RETIREMENT INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in Canadian dollars)

For the three months ended August 31	**2025**	2024
CASH FLOWS USED IN OPERATING ACTIVITIES		
Loss for the year	$ **136,120**	$ (65,120)
Items not affecting cash:		
Amortization (*Note 7*)	**1,618**	2,399
Accretion expense	**37,016**	36,825
Deferred income tax (*Note 9*)	**(155,167)**	-
Changes in non-cash working capital:		
Accounts receivable and other receivables	**(717)**	(43,501)
Long term accounts receivable	**(15,895)**	(19,277)
Prepaid expenses	**2,613**	2,260
Accounts payable and other payables	**(74,179)**	(40,027)
	(68,591)	(126,440)
CASH FLOWS USED IN INVESTING ACTIVITIES		
Purchase of property and equipment	**(2,494)**	-
	(2,494)	-
CASH FLOWS PROVIDED BY FINANCING ACTIVITIES		
Due from related party	**102,012**	98,003
	102,012	98,003
CHANGE IN CASH DURING THE PERIOD	**30,927**	(28,437)
CASH, BEGINNING OF THE PERIOD	**42,928**	38,704
CASH, END OF THE PERIOD	$ **73,855**	$ 10,267

The accompanying notes are an integral part of these condensed interim financial statements.

1. NATURE OF OPERATIONS AND GOING CONCERN

Nature of operations

Element Lifestyle Retirement Inc. (the "Company" or "ELM") was incorporated under the British Columbia Company Act on May 31, 2007. The Company provides development management services for senior retirement communities. The head office and principal address of the Company is located at 438 W. King Edward Ave, Vancouver, BC, V5Y 0M5.

These unaudited condensed consolidated interim financial statements include the accounts of the Company and its wholly-owned subsidiaries, Element Lifestyle Management Inc., Element Lifestyle Retirement (Hong Kong) Ltd., Element Medical Equipment Inc., and Aquara GP Ltd.

These unaudited condensed consolidated interim financial statements have been prepared on the basis of accounting principles applicable to a going concern which assumes that the Company will continue in operation for the foreseeable future and be able to realize assets and satisfy liabilities in the normal course of business. If the going concern assumption was not appropriate for these unaudited condensed consolidated interim financial statements then adjustments would be necessary in the carrying value of assets and liabilities, the reported expenses and the statements of financial position classifications used.

2. STATEMENT OF COMPLIANCE

These unaudited condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34 – Interim Financial Reporting under International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB"). These condensed interim consolidated financial statements have been prepared on a basis consistent with the accounting policies disclosed in the May 31, 2025 audited annual consolidated financial statements. These condensed consolidated interim financial statements do not contain all of the information required for full annual financial statements. Accordingly, these unaudited condensed consolidated interim financial statements should be read in conjunction with the Company's May 31, 2025, annual consolidated financial statements, which were prepared in accordance with IFRS as issued by the IASB.

The unaudited condensed consolidated interim financial statements were approved by the Board of Directors for issue October 27, 2025.

3. BASIS OF PRESENTATION

The unaudited condensed consolidated interim financial statements have been prepared under the historical cost basis, except for certain financial instruments, which are measured at fair value. In addition, these unaudited condensed consolidated interim financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

Basis of consolidation

These unaudited condensed consolidated interim financial statements incorporate the financial statements of the Company and the entities controlled by the Company, which consist of:

- Element Lifestyle Management Inc., which was incorporated in British Columbia – owned 100% by the Company.
- Element Lifestyle Retirement (Hong Kong) Ltd., which was incorporated in Hong Kong – owned 100% by the Company.
- Element Medical Equipment Inc., which was incorporated in British Columbia – owned 100% by the Company.
- Aquara GP Ltd., which was incorporated in British Columbia – owned 100% by the Company.

Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the unaudited condensed consolidated interim financial statements from the date that control commences until the date that control ceases. All significant intercompany transactions and balances have been eliminated.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, JUDGMENTS AND ESTIMATION UNCERTAINTY

In preparing these condensed consolidated interim financial statements, the accounting policies utilized are consistent with those utilized in the preparation of the annual audited financial statements for the year ended May 31, 2025.

The significant judgments made by management in applying the Company's accounting policies and the key sources of estimating uncertainty were the same as those applied to the annual audited financial statements for the year ended May 31, 2025.

5. ACCOUNTS RECEIVABLE

Accounts receivable for the period ended August 31, 2025 and May 31, 2025 are as follows:

		Aug 31, 2025		May 31, 2025
Accounts receivable	$	**44,086**	$	43,369
	$	**44,086**	$	43,369

Discounted long term receivables for the period ended August 31, 2025 and May 31, 2025 are as follows:

		Aug 31, 2025		May 31, 2025
Accounts receivable	$	**245,000**	$	245,000
Interest receivables		**418,554**		402,667
	$	**663,554**	$	647,667

The total undiscounted long-term receivable balance of $663,554 (May 31, 2025: $647,667) comprises balances of interest receivable and accounts receivable from Aquara LP. The interest receivable of $418,554 (May 31, 2025: $402,667) pertains to the total outstanding balance since October 1, 2018 of the note receivable while the accounts receivable $245,000 (May 31, 2025: $245,000) relates to consulting fees. This balance has been discounted at twelve percent (12%), resulting in a carrying value of $549,355 (May 31, 2025: $521,215), with $12,245 going through accretion expense.

As of August 31, 2025, management has determined that all receivables are collectible and no allowance for doubtful accounts is necessary.

6. LONG TERM NOTE RECEIVABLES

The note receivable of $704,247 (May 31, 2025: $704,247) is a promissory note from Aquara LP. This balance has been discounted at twelve percent (12%), resulting in a carrying value of $583,035 (May 31, 2025: $566,748), with $16,286 going through accretion expense.

7. PROPERTY AND EQUIPMENT

Property and equipment for the six months ended August 31, 2025 and year ended May 31, 2025 were as follows:

	Funiture & fixtures	Computer equipment	Computer software	Total
Cost				
May 31, 2025	64,842	97,194	27,629	189,665
Additions	-	2,494	-	2,494
August 31, 2025	64,842	99,688	27,629	192,159
Accumulated amortization				
May 31, 2025	54,847	92,203	26,588	173,638
Additions	500	858	260	1,618
August 31, 2025	55,347	93,061	26,848	175,256
Net book value				
May 31, 2025	$ 9,995	$ 4,991	$ 1,041	$ 16,027
August 31, 2025	$ 9,495	$ 6,627	$ 781	$ 16,903

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	Aug 31, 2025	May 31, 2025
Accounts payable and accrued liabilities	**$ 52,544**	$ 82,658
Interest payable	**28,330**	67,862
GST payable	**8,814**	10,646
Salaries and benefits payable	**7,716**	10,417
	$ 97,404	$ 171,583

9. CONVERTIBLE DEBENTURES

On August 29, 2017, the Company issued $2,259,000 in unsecured convertible debentures (the "Debentures"). It matured on August 29, 2025. On August 28, 2025, The Debentures were extended to August 29, 2028, bearing interest at 7% per annum with a term of three years. Each Debenture is convertible into common shares of the Company at a price of $0.30 per share.

The following table summarizes the Company's convertible debentures as at August 31, 2025 and May 31, 2025:

		Aug 31, 2025		May 31, 2025
Issued	**$**	**2,259,000**	$	2,259,000
Equity portion of convertible loan - Gross		**(574,692)**		(657,511)
Financing fees		**-**		(14,915)
Accretion expense		**-**		606,879
Loan portion of convertible loan	**$**	**1,684,308**	$	2,193,453

		Aug 31, 2025		May 31, 2025
Equity portion of convertible loan - Gross	**$**	**574,692**	$	657,511
Equity portion of financing cost		**-**		(6,123)
Deferred tax related to conversion feature		**(155,167)**		(177,528)
Equity portion of convertible loan - net	**$**	**419,525**	$	473,860

10. SHARE CAPITAL

Authorized: unlimited number of common shares with no par value.

Issued or allotted and fully paid:

a) Common shares

During the period ended August 31, 2025, the Company did not issue any new shares.

11. RELATED PARTY TRANSACTIONS

During the period ended August 31, 2025, the Company:

(a) received management fee revenue of $126,390 (2024: $114,750) from a company controlled by a director;

(b) received consulting fee revenue of $150,000 (2024: $150,000) from Aquara Development Corporation;

(c) accrued interest receivable of $15,887 (2024: $19,679) on the promissory note issued from Aquara LP;

(d) incurred director fees of $6,000 (2024: $6,000) regarding the Company's independent directors;

(e) paid subcontractor fees $22,500 (2024: $22,500) to a company controlled by a certain officer;

(f) paid $28,605 (2024: $11,645) for the expenses on behalf of Aquara Development Corporation;

(g) Element Lifestyle (Vic Harbour West) Inc. paid $751(2024: $nil) for the expenses on behalf of the Company;

(h) companies controlled by a certain director paid $83,888 (2024: $80,698) on behalf of the Company, and

As of August 31, 2025, $13,862 (May 31, 2025: $13,754) was receivable from a certain director for travel expenses and $780,259 (May 31, 2025: $705,857) was payable from the companies controlled by certain directors.

As of August 31, 2025, $439,355 (May 31, 2025: $439,355) was receivable from Aquara LP for the development costs and fundraising costs paid on behalf of Aquara project and outstanding accounts receivable of $245,000 (May 31, 2025: $245,000). In addition, $704,247 (May 31, 2025: $704,247) of note receivable and $418,554 (May 31, 2025: $402,667) of interest receivable are still outstanding. $5,607 (May 31, 2025: $43,369) was receivable from Aquara Development Corporation for the development costs paid on behalf of Aquara project.

As of August 31, 2025, $81,080 (May 31, 2025: $81,831) was receivable from Element Lifestyle (Vic Harbour West) Inc..

These transactions are in the normal course of business and have been valued in these consolidated financial statements at the exchange amount which is the amount of consideration established and agreed to by the related parties. The amounts due to related parties are unsecured, non-interest bearing, and have no specific terms of repayment.

12. KEY MANAGEMENT COMPENSATION

The compensation paid or payable to key management personnel during the three months ended August 31, 2025 and 2024 were as follows:

		2025		2024
Salaries and short-term employee benefits	**$**	**109,466**	**$**	85,212
Consulting fees		**22,500**		22,500
Total	**$**	**131,966**	**$**	107,712

13. FINANCIAL INSTRUMENTS

Fair value of financial instruments

As at August 31, 2025, the Company's financial instruments consisted of cash, accounts receivable and other receivables except GST receivable, due from related parties, long term receivables, long term note receivables, account payables and other payables except GST payable, and convertible debentures. The carrying value of cash, accounts receivable and other receivable, due from related parties, and account payables and other payables approximate their fair values because of their current nature. Long-term receivables, long-term nots receivables, and convertible debentures less any finance costs are recorded at fair value. Subsequent to initial recognition, long-term receivables, long-term notes receivables, and convertible debentures are measured at fair value with changes in fair value recognized in the consolidated statement of operations and comprehensive loss based on discounted cash flows using effective interest rate, which is consistent with Level 3 of the fair value hierarchy.

The Company classifies its fair value measurements in accordance with the three-level fair value hierarchy as follows:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities

Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly, and

Level 3 – Inputs that are not based on observable market date.

The following table sets forth the Company's financial assets measured at fair value by level within the fair value hierarchy as follows:

	Level 1	Level 2	Level 3	Aug 31, 2025	May 31, 2025
Financial Assets:					
Cash	$ 73,855	$ -	$ -	$ 73,855	$ 42,928
Accounts receivable and other receivables	44,086	-	-	44,086	43,369
Long term receivables	-	-	549,355	549,355	521,215
Long term note receivables	-	-	583,035	583,035	566,748
Total financial assets	$ 117,941	$ -	$ 1,132,390	$ 1,250,331	$ 1,174,260
Financial Liabilities:					
Accounts payable and other payables	$ 88,590	$ -	$ -	$ 88,590	$ 160,937
Due to related parties	240,355	-	-	240,355	138,343
Convertible debentures	-	-	1,684,308	1,684,308	2,193,453
Total financial liabilities	$ 328,945	$ -	$ 1,684,308	$ 2,013,253	$ 2,492,733

The Company's financial instruments are exposed to risks that are summarized below:

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company's concentrations of credit risks consist principally of cash, accounts receivable and other receivables and notes receivable. To minimize the credit risk on cash, the Company places the instrument with a high credit quality financial institution. The Company assesses collectability of specific accounts receivable and note receivable and also, assesses the requirement for a provision based on historical experience.

Liquidity Risk

Liquidity risk is the risk the Company may encounter difficulties in meeting its obligations associated with financial liabilities and commitments. The Company managements liquidity risk through the management of its capital structure. The Company's approach to managing liquidity is to ensure that it will have sufficient liquidity to settle obligations and liabilities when due.

Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. For the period ended August 31, 2025, the Company's revenues and expenses were recorded in Canadian dollars. Management has determined that the Company is not exposed to significant currency risk because most transactions are in Canadian dollars.

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 is not exposed to significant interest rate risk as the Company's mortgage loan and debentures are all at fixed interest rates.

Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer or by factors affecting all similar financial instruments traded in the market. The Company is not exposed to significant other price risk as the Company earns contractually agreed fixed management fees and consulting fees that do not fluctuate based on market prices.

14. CAPITAL MANAGEMENT

The Company defines its capital as items included in shareholders' equity and debt, net of cash.

The Company's objectives when managing capital are to: (i) maintain a capital structure that provides financing options to the Company for accessing capital, on commercially reasonable terms, without exceeding its debt capacity, or taking on undue risks; (ii) maintain financial flexibility in order to preserve its ability to meet financial obligations; and (iii) deploy capital to provide an appropriate investment return to its shareholders.

The Company's financial strategy is designed to maintain a flexible capital structure consistent with the objectives stated above and to respond to changes in economic conditions. In order to maintain or adjust its capital structure, the Company has issued additional shares. The Company's financing and refinancing decisions are made on a specific transaction basis and depend on such things as the Company's needs and market and economic conditions at the time of the transaction.

The Company manages capital through its operating and financial budgeting and forecasting processes on a regular basis. The Company reviews its working capital and forecasts its future cash flows, based on actual and forecasted operating results and other investing and financing activities. This information along with possible alternatives are reviewed by management and the Board of Directors of the Company on a regular basis to ensure the best mix of capital resources meet the Company's needs. The Company makes strategic and financial adjustments according to market conditions in an effort to meet its objectives given the Company's operating and financial performance and the current outlook for the business and for the industry in general.

15. SUBSEQUENT EVENT

There were no subsequent events that need disclosure.