



# Vitalist Inc.

(Formerly CE Brands Inc.)

## Condensed Consolidated Interim Financial Statements (Unaudited)

For the three months ended June 30, 2025, and 2024

*(Expressed in Canadian Dollars)*

### NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim financial statements of Vitalist Inc. (the “**Company**”) have been prepared by and are the responsibility of management. These condensed interim financial statements for the three months ended June 30, 2025 have not been reviewed or audited by the Company’s independent auditors.

# Vitalist Inc. (Formerly CE Brands Inc.)

## CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION (UNAUDITED)

Expressed in Canadian Dollars

	Notes	June 30, 2025	March 31, 2025
<b>ASSETS</b>			
<b>Current</b>			
Cash and cash equivalents	5	888,490	235,232
Trade and other accounts receivable	5	1,433,665	607,749
Inventory	6	28,299	25,067
Asset for right of return	6	264,590	-
Prepaid expenses and deposits	7	1,413,266	259,741
<b>Total assets</b>		<b>4,028,310</b>	<b>1,127,789</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT)</b>			
<b>Current</b>			
Accounts payable and accrued liabilities	8	4,496,426	3,810,794
Royalty liability	10	157,261	-
Debt	9	9,897,168	10,733,335
		<b>14,550,855</b>	<b>14,544,129</b>
Royalty liability	10	257,017	-
Long-term debt	9	855,187	-
<b>Total liabilities</b>		<b>15,663,059</b>	<b>14,544,129</b>
<b>Shareholders' deficit</b>			
Share capital	11	42,597,714	40,990,794
Reserves	12	12,343,476	11,745,390
Accumulated other comprehensive loss		(74,310)	(115,423)
Deficit		(66,501,629)	(66,037,101)
<b>Total shareholders' deficit</b>		<b>(11,634,749)</b>	<b>(13,416,340)</b>
<b>Total liabilities and shareholders' deficit</b>		<b>4,028,310</b>	<b>1,127,789</b>

See accompanying notes to the condensed consolidated interim financial statements including Going concern (Note 2), Debt (Note 9), Commitments (Note 16) and Subsequent Events (Note 17).

Approved on behalf of the Board of Directors:

s/ Jared Wolk  
Director

s/ Tyler Rice  
Director

# Vitalist Inc. (Formerly CE Brands Inc.)

## CONDENSED CONSOLIDATED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS (UNAUDITED)

Expressed in Canadian Dollars

		For the three months ended	
	Notes	June 30, 2025	June 30 2024
<b>Revenue</b>	13	<b>1,669,805</b>	1,337,859
Cost of products and services		<b>1,222,454</b>	823,606
<b>Gross profit</b>		<b>447,351</b>	514,253
		26.79%	38.44%
<b>Expenses</b>			
Wages and contractors		<b>551,613</b>	425,477
Marketing		<b>111,845</b>	44,599
Stock-based compensation	12	<b>107,316</b>	-
Legal, accounting and other professional fees		<b>99,670</b>	16,431
General and administrative		<b>89,858</b>	64,908
Royalties and license fees		<b>76,108</b>	67,012
Technology and related		<b>68,347</b>	34,985
Selling and distribution		<b>38,376</b>	14,167
(Gain) loss on foreign exchange		<b>(94,739)</b>	29,233
<b>Total expenses</b>		<b>1,048,394</b>	696,812
<b>Loss before other items</b>		<b>(601,043)</b>	(182,559)
Interest & accretion	9	<b>(425,926)</b>	(330,051)
Loss on revaluation of royalty liability	10	<b>(16,095)</b>	-
Other finance charges		<b>(7,390)</b>	(31,210)
Gain on modification of debt	9	<b>585,926</b>	-
<b>Total other items</b>		<b>136,515</b>	(361,261)
<b>Net loss</b>		<b>(464,528)</b>	(543,820)
<b>Other comprehensive income</b>			
Gain on translation of foreign operations		<b>41,113</b>	-
<b>Comprehensive loss</b>		<b>(423,415)</b>	(543,820)
<b>Net loss per share – basic and diluted</b>		<b>(0.01)</b>	(0.01)
<b>Weighted average shares – basic and diluted</b>		<b>47,450,136</b>	44,726,479

The accompanying notes are an integral part of these condensed consolidated interim financial statement

# Vitalist Inc. (Formerly CE Brands Inc.)

## CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' DEFICIT (UNAUDITED)

Expressed in Canadian Dollars

		Number of shares #	Share capital \$	Equity component of debt \$	Warrants reserve \$	Contributed surplus \$	Reserves \$	Deficit \$	Accumulated other comprehensive loss \$	Total \$
	Notes									
Balance at March 31, 2024		44,726,479	40,990,794	1,429,773	8,058,153	1,971,288	11,459,214	(62,454,658)	-	(10,004,650)
Net loss		-	-	-	-	-	-	(543,820)	-	(543,820)
Balance at June 30, 2024		44,726,479	40,990,794	1,429,773	8,058,153	1,971,288	11,459,214	(62,998,478)	-	(10,548,470)
Balance at March 31, 2025		44,726,479	40,990,794	1,429,773	8,058,153	2,257,464	11,745,390	(66,037,101)	(115,423)	(13,416,340)
Private placement	10	6,355,200	1,636,670	-	499,855	-	499,855	-	-	2,136,525
Private placement issuance costs		-	(29,750)	-	(9,086)	-	(9,086)	-	-	(38,836)
Stock-based compensation	12	-	-	-	-	107,317	107,317	-	-	107,317
Net loss		-	-	-	-	-	-	(464,528)	-	(464,528)
Gain on translation of foreign operations		-	-	-	-	-	-	-	41,113	41,113
<b>Balance at June 30, 2025</b>		<b>51,081,679</b>	<b>42,597,714</b>	<b>1,429,773</b>	<b>8,548,922</b>	<b>2,364,781</b>	<b>12,343,476</b>	<b>(66,501,629)</b>	<b>(74,310)</b>	<b>(11,634,749)</b>

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

# Vitalist Inc. (Formerly CE Brands Inc.)

## CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS (UNAUDITED)

Expressed in Canadian Dollars

		For the three months ended	
	Notes	June 30, 2025	June 30, 2024
<b>Cash provided by (used in):</b>			
<b>Cash flows used in operating activities</b>			
Net loss		(464,528)	(543,820)
Items not affecting cash:			
Interest & accretion	9	425,926	330,051
Stock-based compensation		107,317	-
Gain on debt modification		(585,926)	-
Loss on revaluation of royalty liability	10	16,095	-
Unrealized loss (gain) on foreign exchange		(175,183)	31,207
Changes in non-cash working capital	14	(1,887,569)	173,681
<b>Net cash used in operating activities</b>		<b>(2,563,868)</b>	<b>(8,881)</b>
<b>Cash flows from financing activities</b>			
Proceeds from revolving credit facility	9	1,710,270	481,985
Proceeds from private placement (net)	10 & 11	2,495,872	-
Repayment of revolving credit facility	9	(987,380)	(956,801)
<b>Net cash provided by financing (used in) activities</b>		<b>3,218,762</b>	<b>(474,816)</b>
Effect of change in foreign exchange rates on cash		(1,636)	(1,974)
<b>Increase (decrease) in cash and cash equivalents</b>		<b>653,258</b>	<b>(485,671)</b>
<b>Cash and cash equivalents, beginning of year</b>		<b>235,232</b>	<b>543,068</b>
<b>Cash and cash equivalents, end of the quarter</b>		<b>888,490</b>	<b>57,397</b>

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

# Vitalist Inc. (Formerly CE Brands Inc.)

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

For three months ended June 30, 2025 and 2024

*Expressed in Canadian Dollars*

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### 1. OVERVIEW AND NATURE OF OPERATIONS

Vitalist Inc. (the “**Company**” or “**Vitalist**”) formerly known as CE Brands Inc. is a public company traded on the TSX Venture Exchange under the symbol VITA. The Company’s registered and head office is 2100 Livingston Place, 222 3rd Avenue SW, Calgary, AB T2P 0B4. Using sales data analytics, the Company selects growth products and partners in the consumer electronics space to develop and sell globally via multiple sales channels.

On June 27, 2023, the Company’s wholly owned Canadian subsidiary, eBuyNow eCommerce Ltd. (“**EBN**”) filed a voluntary assignment into bankruptcy under the Bankruptcy and Insolvency Act (the “**Act**”). Prior to June 27, 2023, all subsidiaries of the Company were wholly owned subsidiaries of EBN except for CE Brands International Inc., which is a wholly owned subsidiary of Vitalist incorporated on April 21, 2023. A licensed insolvency trustee was appointed on June 27, 2023 under section 49 of the Act to administer the bankruptcy, removing Vitalist's control of EBN. EBN was deconsolidated as of June 27, 2023 because Vitalist did not have the power to direct the relevant activities of EBN as of this date.

Vitalist was incorporated in the Province of Alberta on October 15, 2018 under the Business Corporations Act (Alberta).

#### **Change in name**

The Company changed its name from CE Brands Inc. to Vitalist Inc. on March 28, 2025 and announced the same via a press release dated April 4, 2025, when the Company's common shares began trading on the TSX Venture Exchange under the new ticker symbol "VITA" (TSXV: VITA).

The corporate name change was approved by shareholders at the Company's Annual General Meeting held on June 28, 2023, and has received all necessary approvals from the TSX Venture Exchange.

### 2. BASIS OF PRESENTATION, DECONSOLIDATION, GOING CONCERN

#### **Basis of presentation**

These financial statements have been prepared in accordance with International Accounting Standard (“**IAS**”) 34, Interim Financial Reporting using accounting policies consistent with International Financial Reporting Standards (“**IFRS**”) as issued by the International Accounting Standards Board. These financial statements are condensed as they do not include all the information required by IFRS for annual financial statements and therefore should be read in conjunction with the Company’s audited annual financial statements for the year ended March 31, 2025.

These financial statements have been prepared on a historical cost basis in Canadian dollars. All accounting policies, methods of computation, estimates and assumptions used in the preparation of these financial statements are consistent with those described in notes accompanying the Company’s annual consolidated financial statements for the year ended March 31, 2025. These financial statements have not been reviewed by the auditors of the Company. These consolidated financial statements were authorized for issue by the audit committee of the Company, on behalf of the board of directors, on August 20, 2025.

# Vitalist Inc. (Formerly CE Brands Inc.)

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

For three months ended June 30, 2025 and 2024

*Expressed in Canadian Dollars*

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### Deconsolidation

During the first quarter of fiscal 2024, the Company announced an internal reorganization, whereby its wholly owned subsidiary, EBN, made a voluntary assignment into bankruptcy under the Act. Harris & Partners Inc. (the “Trustee”) was appointed as EBN’s trustee in bankruptcy. Effective June 27, 2023, EBN made an assignment of all its property for the general benefit of its creditors. On June 27, 2023 VITA lost decision-making power over the relevant activities of EBN and its subsidiaries to the Trustee. The Company derecognized the assets and liabilities of EBN and its subsidiaries as of that date, resulting in a gain. After the deconsolidation of EBN, the Company’s investment in the shares of EBN were recorded at fair value through profit or loss in accordance with IFRS 9. The fair value of the investment in EBN at June 30, 2025 is nil.

### Shares consolidation transaction

On January 24, 2024, the Company consolidated its outstanding common shares (reverse split of shares) on a ratio of 10-to-1. Resultantly for every 10 existing outstanding common shares as on the mentioned date, 1 new common share was issued. IAS 33 *Earnings Per Share* requires retrospective adjustment to the number of shares and EPS in such cases even if such a transaction occurred after the reporting period. Hence, the number of common shares, warrants, options and earnings per share presented in these interim financial statements have been restated retrospectively for all the periods to reflect this consolidation transaction.

### Going Concern

The consolidated financial statements have been prepared on a going concern basis which contemplates the realization of assets and the payment of liabilities in the ordinary course of business. Should the Company be unable to continue as a going concern, it may be unable to realize the carrying value of its assets and meet its liabilities as they become due.

There is material uncertainty with respect to the Company’s ability to continue as a going concern. The Company has not yet achieved profitable operations and had a deficit of \$66.50 million as at June 30, 2025 (March 31, 2025 - \$66.04 million) and incurred a net loss of \$0.46 million for the three months ended June 30, 2025 (June 30, 2024 - \$0.54 million net loss) and used cash flow in operating activities for the three months ended June 30, 2025 of \$2.58 million (June 30, 2024 - \$0.01 million). At June 30, 2025, the Company had a working capital deficiency of \$10.52 million (March 31, 2025 – \$13.42 million) which includes the current portion of long-term debt of \$9.89 million (Note 9). In addition, the Company has future minimum payments committed under non-cancellable agreements and towards debt balances of \$23.05 million due in the next six years (Note 16).

On June 27, 2023, EBN filed a voluntary assignment into bankruptcy under the Act. There is uncertainty as to the duration and impact of the bankruptcy process and whether the process will impact the Company’s ability to continue to operate in the foreseeable future. The impacts of the bankruptcy filing on the Company may include, amongst others:

- the potential for litigation to arise from creditors in connection with the bankruptcy process may result in contingent liabilities and additional legal costs.
- the potential that certain liabilities of EBN and its wholly owned subsidiaries may not be extinguished in connection with the bankruptcy process.

# Vitalist Inc. (Formerly CE Brands Inc.)

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

For three months ended June 30, 2025 and 2024

*Expressed in Canadian Dollars*

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As of August 20 2025 the EBN bankruptcy process is ongoing and EBN has not been discharged from bankruptcy.

On January 29, 2024, the Company entered into a Debenture notes amendment agreement to (i) extend the maturity date of the Debenture notes from April 30, 2024 to October 1, 2025, (ii) waive any pre-existing rights associated with a contractual breach in relation to the bankruptcy of EBN, (iii) waive any pre-existing rights associated to a contractual breach in relation to any event prior to the date the definitive amending and waiver agreements, including any failure to pay interest or principal during such period, and (iv) amend the interest payment frequency to quarterly payments commencing on April 1, 2024.

On June 25 and 26, 2025, the Company signed letters of intent with the holders of the Debenture notes to crystalize all of the outstanding accrued interest as at June 30, 2025 into the principal balance of the Debenture notes (the "**Crystallized Face Value**"), extend the maturity date until June 30, 2027, adjust the interest rate to zero, and add a premium, where the premium will add 20% to any unpaid principal balance outstanding at June 30, 2026. The definitive agreements were not finalized as of the filing of these condensed consolidated interim financial statements.

During the three months ended June 30, 2025, the Company failed to make its contractual interest payments on the Debenture notes. The failure to make these payments was considered an event of default under these lending agreements providing the Debenture note holders the right to demand immediate repayment of all amounts outstanding.

Further, the Company did not meet its minimum repayment requirements under the Choco Facility, up until May 29, 2025. The failure to make these payments was considered an event of default providing Happy CP Company Limited ("**Choco**") the right to demand immediate repayment of all amounts outstanding.

Effective May 29, 2025, Choco entered into a revised repayment agreement with the Company (Note 9) to (i) waive any pre-existing rights associated with a contractual breach in relation to the bankruptcy of EBN, (ii) waive any pre-existing rights associated with a contractual breach in relation to any failure to pay interest or principal during such period, and (iii) revised the repayment schedule to quarterly payments, which will be made over a period of up to 36 months.

The Company's ability to continue operations and remain a going concern is impacted by achieving profitable operations, while securing additional funding through debt and equity financing, to fund its operating, investing, and financing activities in the foreseeable future. There can be no assurance that a financing will be completed or that it will be sufficient such that additional debt or equity financing is not required. Future financing activities may not be available on terms acceptable to the Company or at all. The inability of the Company to achieve profitable operations, successfully complete a bankruptcy process, or access debt or equity financing for its operations could have a material adverse effect on the Company's financial condition, or results of operations. These conditions create a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern.

These condensed consolidated interim financial statements do not give effect to any adjustments which would be necessary should the Company be unable to continue as a going concern and, therefore, be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different than those reflected in the condensed consolidated interim financial statements. Such adjustments could be material.



# Vitalist Inc. (Formerly CE Brands Inc.)

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

For three months ended June 30, 2025 and 2024

*Expressed in Canadian Dollars*

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### Change in functional currency

On October 1, 2024, the Company's wholly owned subsidiary CE Brands International Inc. (the "**Subsidiary**") completed a functional currency change from the Canadian Dollar ("**CAD**") to the United States Dollar ("**USD**"). Historically, the Subsidiary primarily carried debt and incurred expenditures in CAD. In recent periods, the Subsidiary incurred more lending in USD, and has experienced rising sales volumes increasing revenue and costs of goods, which are denominated in USD. The proportionate increase in USD transactions changed the primary economic environment in which the Subsidiary operates. Due to these factors, management determined that USD would be a more appropriate functional currency. There was no impact to the financial statements on October 1, 2024, or prior periods, as the change was accounted for prospectively. Moving forward the application of this standard will result in a gain/(loss) on translation of foreign operations being recognized through other comprehensive (loss) income in the consolidated financial statements each period.

### 3. MATERIAL ACCOUNTING POLICIES

The accounting policies used in the preparation of these condensed consolidated interim financial statements are consistent with those followed in the preparation of the Company's Annual Financial Statements.

### 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The critical estimates and judgements made in the preparation of these condensed consolidated interim financial statements are the same as those used in preparing the Company's Annual Financial Statements.

### 5. FINANCIAL RISK MANAGEMENT

#### Overview

The Company's operations expose it to credit, liquidity, interest rate and foreign exchange rate risks which are all financial risks that arise as a result of its operating and financing activities. The Company employs risk management strategies and policies to ensure that any exposure to risk complies with the Company's business objectives and risk tolerance levels. While the directors have the overall responsibility for the establishment and oversight of the Company's risk management framework, management has the responsibility to administer and monitor these risks.

# Vitalist Inc. (Formerly CE Brands Inc.)

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

For three months ended June 30, 2025 and 2024

Expressed in Canadian Dollars

### Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The maximum exposure to credit risk is as follows:

	June 30, 2025	March 31, 2025
	\$	\$
Cash	869,883	215,838
Guaranteed investment certificates	18,607	19,394
Trade accounts receivable	1,348,254	597,880
<b>Total</b>	<b>2,236,744</b>	<b>833,112</b>

The Company manages the credit exposure related to cash and cash equivalents by selecting financial institutions with high credit ratings. Given these credit ratings, management does not expect any counterparty to fail to meet its obligations. The Company entered into an accounts receivable factoring arrangement with a financial services firm (the "Factor"). Under this agreement, the Company transfers eligible trade receivables to the Factor, with recourse, in exchange for cash. These trade receivables have not been derecognized from the consolidated statement of financial position as the Company retains late payment and credit risk. The Company therefore continues to recognize the transferred receivables in their entirety on the consolidated statement of financial position. Trade accounts receivable worth \$1,343,980 (98.12%) are factored under the Revolving credit facility with Vesta, as at June 30, 2025.

The aging of the Company's receivables is as follows:

	June 30, 2025	March 31, 2025
	\$	\$
Not past due	1,296,520	403,713
1-30 days past due	888	194,167
31-60 days past due	50,846	-
<b>Total trade receivables</b>	<b>1,348,254</b>	<b>597,880</b>
GST and other receivable	85,411	9,869
<b>Total trade and other accounts receivables</b>	<b>1,433,665</b>	<b>607,749</b>

### Liquidity risk

Liquidity risk includes the risk that, as a result of the Company's operational liquidity requirements: (a) the Company will not have sufficient funds to settle a transaction on the due date; (b) the Company will be forced to sell financial assets at a value which is less than the fair value; or, (c) the Company may be unable to settle or recover a financial asset at all. As discussed in the Basis of Presentation – Going concern note above, certain debt obligations of the Company have been classified as current on the statements of financial position. The Company will require additional funding to reduce its exposure to liquidity risk (Note 2).

# Vitalist Inc. (Formerly CE Brands Inc.)

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

For three months ended June 30, 2025 and 2024

Expressed in Canadian Dollars

The Company continuously monitors its actual and forecasted cash flows to review whether there are adequate reserves to meet the maturing profiles of its liabilities. The Company closely monitors its cash and manages liquidity risk by reducing spending, and raising funds as required via equity or debt financing. It can not be said with certainty whether the Company will be able to manage its liquidity requirements successfully in the near future.

The following table outlines the maturities of the Company's liabilities:

	Less than 1 year	1-3 years	Total
	\$	\$	\$
Accounts payable and accrued liabilities	2,658,161	-	2,658,161
Interest payable on outstanding debt	1,838,265	-	1,838,265
Long-term debt (1)	9,992,474	1,412,924	11,405,398
<b>As at June 30, 2025</b>	<b>14,488,900</b>	<b>1,412,924</b>	<b>15,901,824</b>

(1) This amount is included in "Accounts payable and accrued liabilities" in the consolidated statement of financial position

(2) Balances represent the undiscounted contractual amounts payable.

### Market risk

Market risk is the risk that changes in market prices, such as interest rates and foreign currency exchange rates, will affect the fair value of financial instruments. The objective of the Company is to manage and mitigate market risk exposures within acceptable limits, while maximizing returns.

**Interest rate risk:** Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Company is not exposed to interest rate risk as all debt instruments are carried at fixed interest rates.

**Foreign exchange risk:** The Company's financial performance is closely linked to foreign exchange rates. The Company has significant debt balances, accounts receivables and accounts payables in foreign currencies (mainly in USD) exposing the Company to foreign exchange risk. While the Company may employ the use of various financial instruments in the future to manage these price exposures, the Company is not currently using any such instruments.

A 1% change in the exchange rate would have a \$60,044 impact on the net (loss) income in terms of gain or loss on foreign exchange and accumulated deficit of the Company for the three months ending June 30, 2025 (June 30, 2024 - \$18,988).

### Capital management

The Company's capital management policy is to maintain a capital base that optimizes the Company's ability to grow, maintain investor and creditor confidence and to provide a platform to create value for its shareholders. The Company intends to maintain a flexible capital structure to maximize its ability to pursue additional investment opportunities, which considers the Company's early stage of development and the requirement to sustain future development of the business. The Company will manage its capital structure and make changes to it in light of changes to economic conditions and the risk characteristics of the nature of the business. The Company considers its capital structure to include shareholders' deficit and working capital deficit. In order to

# Vitalist Inc. (Formerly CE Brands Inc.)

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

For three months ended June 30, 2025 and 2024

*Expressed in Canadian Dollars*

maintain or adjust the capital structure, the Company may from time to time issue shares and adjust its capital spending to manage its current and projected capital structure. The Company is not subject to externally restricted capital requirements.

### 6. INVENTORY

As at June 30, 2025, the Company had \$28,299 (March 31, 2025 - \$25,067) in finished goods inventory. The Company did not recognise any provision for non-moving, slow-moving, or damaged goods inventory during the three months ended June 30, 2025.

As at June 30, 2025, the Company has made a provision for customer right of returns for unsold products worth \$264,590. This provision represents the value of inventory anticipated to be returned in sellable condition by the customers to the Company.

### 7. PREPAID EXPENSES AND DEPOSITS

As at June 30, 2025 and March 31 2025 prepaid expenses, deposits, and deferred expenses consisted of:

	June 30, 2025	March 31, 2025
	\$	\$
Prepaid expenses	1,169,715	36,363
Vendor prepayments	238,101	218,147
Deposits	5,450	5,231
<b>Total</b>	<b>1,413,266</b>	<b>259,741</b>

### 8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	June 30 2025	March 31 2025
	\$	\$
Accounts payable	1,142,762	1,153,154
Interest payable	1,838,265	1,528,835
Contract liability	-	42,860
Amount due to tax authorities	63,951	28,111
Accrued liabilities	1,451,448	1,057,834
<b>Total</b>	<b>4,496,426</b>	<b>3,810,794</b>

Accounts payable are unsecured and are usually paid within 30 days of recognition. The interest payable balance is the amount payable on various debt balances outstanding as at June 30, 2025. Accrued liabilities include payroll costs, employee reimbursements and other accrued expenses.

# Vitalist Inc. (Formerly CE Brands Inc.)

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

For three months ended June 30, 2025 and 2024

Expressed in Canadian Dollars

### 9. DEBT

The changes in the carrying value of current and non-current notes and debt facilities are as follows:

Instrument	Opening March 31, 2025 \$	Additions \$	Paid/Payable/ Accrued <sup>(1)</sup> \$	Non-cash items			Closing June 30, 2025 \$
				Accretion \$	Foreign exchange \$	Gain \$	
Debenture notes	4,840,840	-	(187,500)	264,960	-	-	4,918,300
Choco facility	1,753,703	-	(13,677)	18,630	(86,228)	(585,926)	1,086,502
Revolving credit facility	4,138,792	1,710,270	(1,129,716)	142,336	(114,129)	-	4,747,553
<b>Total long-term debt</b>	<b>10,733,335</b>	<b>1,710,270</b>	<b>(1,330,893)</b>	<b>425,926</b>	<b>(200,357)</b>	<b>(585,926)</b>	<b>10,752,355</b>
<b>Less: current portion</b>	<b>10,733,335</b>						<b>9,897,168</b>
Non-current portion of debt	-						855,187

(1) \$987,380 of principal and \$26,704 of interest was repaid during the period, while \$316,809 of unpaid interest was transferred to Accounts payable and accrued liabilities.

Instrument	Opening March 31, 2024 \$	Additions \$	Paid/Payable/ Accrued <sup>(1)</sup> \$	Non-cash items			Closing June 30, 2024 \$
				Accretion \$	Foreign exchange \$	Gain \$	
Debenture notes	4,693,411	-	-	253,833	-	-	4,947,244
Choco facility	1,749,521	-	-	-	17,557	-	1,767,078
Revolving credit facility	2,766,740	481,985	(1,033,018)	76,218	11,858	-	2,303,783
<b>Total long-term debt</b>	<b>9,209,672</b>	<b>481,985</b>	<b>(1,033,018)</b>	<b>330,051</b>	<b>29,415</b>	<b>-</b>	<b>9,018,105</b>
<b>Less: current portion</b>	<b>5,397,310</b>						<b>5,139,409</b>
<b>Non-current portion of debt</b>	<b>3,812,362</b>						<b>3,878,696</b>

(1) \$956,801 of principal was repaid during the period, while \$76,217 of unpaid interest was transferred to Accounts payable and accrued liabilities.

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### Debenture notes (formerly “Convertible debenture notes”)

On November 12, 2021 and May 26, 2022 the Company entered into convertible debenture notes with an aggregate principal amount of \$4,000,000 and \$1,000,000 respectively subject to delayed draws to address the Company's working capital needs. The convertible notes bore an interest rate of 15.0% per annum on outstanding principal amounts, payable on the first and second anniversary of the issue date, unless redeemed or converted early. The convertible notes were senior secured obligations of the Company and matured on the second anniversary of the issue date. The notes are collateralized under a general securities agreement, which includes all assets of the business except certain factoring assets, such as future receivables, and certain foreign movable and intangible assets. The convertible debentures were issued in tranches as follows:

Tranche	Issue date	Maturity date	Amount drawn \$	Liability value \$	Equity value \$
Tranche 1	Nov. 12, 2021	Nov. 30, 2023	1,000,000	964,454	35,545
Tranche 2	Dec. 14, 2021	Nov. 30, 2023	1,000,000	966,933	33,067
Tranche 3	Jan. 25, 2022	Nov. 30, 2023	1,000,000	964,150	35,851
Tranche 4	Feb. 22, 2022	Nov. 30, 2023	1,000,000	961,561	38,439
Tranche 5	May 26, 2022	May 26, 2024	1,000,000	938,664	61,336
<b>Total</b>			<b>5,000,000</b>	<b>4,795,762</b>	<b>204,238</b>

Prior to maturity, the Convertible debenture notes were convertible into common shares of the Company, at the option of the holders, at a conversion price per share of \$15.00. The Convertible debenture notes were not redeemable by the Company prior to the first anniversary of the issue date. The Company issued 200,000 and 50,000 warrants as part of the financing. Each warrant is exercisable at \$10.00 per common share for a period of 24 months from the issuance dates of November 12, 2021, and May 26, 2022, respectively. The fair value of each issuance of warrants were \$355,760 and \$21,206 respectively, determined using a Black-Scholes-Merton model. Further, \$243,528 and \$19,905 of transaction costs were recorded at the funding date respectively. The fair value of the warrants and the transaction costs were recorded pro-rata on a net basis to the liability and equity components of the Convertible debenture notes.

On January 13, 2023, the Company and the holders of the Convertible debenture notes amended the terms of the instruments to remove the holders' right to convert into shares, to remove the option of the holders to request that interest be payable in common shares, and to extend the maturity date of all tranches to April 30, 2024 (collectively, the “**Debenture notes**”). The amended terms represented a substantial modification and the Convertible debenture notes were extinguished resulting in a loss of \$34,266. The Debenture notes, with a principal value of \$5,000,000, were initially recorded at fair value of \$4,565,673 on the date of the amended agreement and were thereafter measured at amortized cost.

On October 12, 2023, the Company entered into definitive agreements to issue shares to settle its accrued interest balance on the Debenture notes. Under this agreement, interest of \$1,270,685 was settled with the issuance of 6,353,425 common shares to the Debenture note holders at a price of \$0.20.

On January 29, 2024, the Company amended the agreement with the Debenture notes holders. The revisions consisted of extending the maturity date from April 30, 2024 to October 1, 2025, waiving the pre-existing rights

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associated with a contractual breach in relation to the bankruptcy of EBN, waiving any pre-existing rights associated to a contractual breach in relation to any event prior to the date the amendment, including any failure to pay interest or principal during such period and amending the interest payment frequency to a quarterly basis commencing on April 1 2024 (the **"Debenture Amendment"**). The Debenture Amendment was not substantial as it did not change the future cash flows of the Debenture notes by more than 10%, and the Company applied modification accounting, recognizing a \$376,824 gain in relation to the change in carrying value on the amendment date.

Considering the short-term nature of the debt, management has determined that its fair value closely approximates its book value as at June 30, 2025.

### **Choco Facility**

On May 24, 2022, the Company entered an agreement for the sale of US\$2,475,000 (\$3,174,435) of future receivables for net proceeds of up to US\$2,250,000 (\$2,885,850) (the **"Choco Facility"**). This is a financing agreement based on future receivables where the retrieval percentage represents the deferred financing cost.

The funds committed under the Choco Facility were drawn in three tranches with an initial tranche of US\$1,250,000 (\$1,693,162) of proceeds available to the Company on close for future receivables of US\$1,375,000 on June 22, 2022. The initial tranche was to be repaid over eight months with a retrieval percentage of 15.6%, subject to maximum payments of US\$154,688 per month for the first four months and US\$252,083 per month for the remaining four months.

On August 26, 2022, the second tranche of US\$500,000 (\$677,265) was funded. The second tranche provided proceeds of US\$500,000 for future receivables of US\$550,000. This tranche was to be repaid over eight months with a retrieval percentage of 6.3% and maximum payments of US\$61,875 per month for the first four months and US\$100,833 per month for the remaining four months.

On October 31, 2022, the third tranche of US\$500,000 (\$677,265) was funded. The third tranche provided proceeds of US\$500,000 for future receivables of US\$550,000. The third tranche was to be repaid over eight months with a retrieval percentage of 6.3% and maximum payments of US\$61,875 per month for the first four months and US\$100,833 per month for the remaining four months.

On November 15, 2023, the Company signed an amendment agreement with Choco (the **"Choco Amendment"**), which was subject to the closing of the prospectus financing. The Choco Amendment affirmed Choco's waiver of past non-compliance with minimum repayment requirements and revised the repayment schedule of the Choco Facility. The prospectus financing did not close and the Choco Amendment was never made effective.

The Company signed a second amendment agreement with Choco on May 20, 2025 (the **"Second Choco Amendment"**) which was subject to the Company closing a private placement and securing the Reebok brand licensing agreement, both of which were completed on May 29, 2025. The Second Choco Amendment cancelled the Choco Amendment, and amended the Choco Facility to affirm the lenders (i) waive any pre-existing rights associated with a contractual breach in relation to the bankruptcy of EBN, (ii) waive any pre-existing rights associated with a contractual breach in relation to any failure to pay interest or principal during such period, and (iii) revised the repayment schedule to quarterly payments, which will be made over a period of up to 36 months. The Second Choco Amendment was substantial as it changed the present value of the future cash flows

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of the Choco Facility by more than 10%. The Company applied extinguishment accounting, recognizing a gain of \$585,926 in relation to the change in carrying value on the amendment date.

As at June 30, 2025, the fair value of the Choco Facility closely approximates its book value on June 30, 2025 since it was already calculated at the time of debt modification.

### **Revolving Credit Facility**

On December 13, 2022, the Company entered into a revolving credit facility agreement of \$12,000,000 to be advanced in stages based on eligible customer purchase orders (the “**Revolving Credit Facility**”). The contract has an interest rate of 1.0% of all outstanding amounts per month. The closing fee was \$10,000 and servicing fees are \$1,000 per month. The Revolving Credit Facility has an initial term of two (2) years and is advanceable in either USD or CAD.

On October 12, 2023, VITA entered into definitive agreements with the Revolving Credit Facility holders to settle \$3,580,793 of principal and \$288,178 of accrued interest with the issuance of 19,344,855 common shares at a price of \$0.20.

On December 13, 2024, the initial term of the Revolving Credit Facility expired. The Company signed a term sheet on July 16, 2025 to add an extension period of two (2) years to the initial agreement, amending the expiry date to December 13, 2026.

The outstanding principal balance of the Revolving Credit Facility at June 30, 2025 was \$4,747,553 (CAD\$2,513,286 and US\$1,642,192).

Considering the short term nature of this debt, management has determined that the fair value of the debt approximates its book value on June 30, 2025.

## **10. ROYALTY LIABILITY**

On May 23, 2025 the Company completed a financing (the “Closing”) of 6,355,200 units at a price of \$0.40 per unit for gross proceeds of \$2,542,080 by way of a non-brokered private placement (the “Royalty Unit Offering”). The Company incurred \$46,208 in financing costs associated with the Royalty Units Offering for net proceeds of \$2,495,872. Each unit consists of one common share of the Company, one common share purchase warrant of the Company, and one fractional royalty interest of the Company. Each warrant entitles the holder to purchase one additional common share of the Company for a period of 24 months after Closing at a strike price of \$0.50. Each royalty interest entitles the holder, for a period of 24 months following the Closing, to its proportionate share of 3.85% of the aggregate gross receipts (excluding taxes and other governmental charges) from the sale of smartwatches on the VitalOS ecosystem, less sales expenses, refunds and credits (the “Royalty Liability”).

The Royalty Liability component is classified as a financial liability measured at fair value through profit or loss (FVTPL). It was valued at \$0.064 per unit on May 23, 2025 by using a discounted cash flow (DCF) model based on 3.85% of the projected smartwatch sales over 24 months, and applying a risk adjusted discount rate. The residual value of the net proceeds were allocated to the equity components of the Royalty Unit Offering. The Royalty Liability was \$398,183, after allocating transaction costs of \$7,372 to the value of \$405,555 at Closing.



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The Royalty Liability is classified as Level 3 in the fair value hierarchy because its valuation is based on significant unobservable inputs. The significant unobservable inputs used in the valuation of the royalty liability are:

- Projected net sales: projected net sales of approximately \$14,301,550 were expected over the 24-month period.
- Discount rate: A single risk adjusted discount rate of 22.7% was used to determine the present value of the projected royalty cash flows.

A change in either of these inputs would significantly impact the fair value of the liability. For example, a 10% change in projected net sales or a 10% change in the discount rate used would result in a fair value difference of \$41,428. A 10% increase or decrease in the discount rate used would result in a fair value decrease or increase of \$10,305 and \$10,792 respectively.

The following table reconciles the carrying amount of the Royalty Liability for the period:

	\$
Fair value of royalty liability as on May 23, 2025	398,183
Loss on revaluation of royalty liability	16,095
<b>Fair value of royalty liability as on June 30, 2025</b>	<b>414,278</b>
Less: current portion	157,261
<b>Non-current portion of royalty liability as on June 30, 2025</b>	<b>257,017</b>

### 11. SHARE CAPITAL AND LOSS PER SHARE

#### Share capital

	Shares #	Amount \$
<b>Balance at March 31, 2025</b>	<b>44,726,479</b>	<b>40,990,794</b>
Private placement of shares	6,355,200	1,636,670
Less: Share issuance cost	-	(29,750)
<b>Balance at June 30, 2025</b>	<b>51,081,679</b>	<b>42,597,714</b>

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

The holders of common shares are entitled to dividends, if, and when declared by the board of directors, to one vote per share at meetings of the shareholders of the Company and, upon dissolution, to share equally in such assets of the Company as are distributable to the holders of common shares.

On May 23, 2025 the Company completed the Royalty Unit Offering (Note 10) and, after deducting the Royalty Liability value, allocated the residual value of the net proceeds (\$2,136,525 or \$0.336 per unit) to the equity components. The common shares were valued at the Volume weighted average price (VWAP) over 20

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consecutive trading days ending on the fifth trading day before the Closing date, which equals \$0.401. The warrants were valued using the Black-scholes Merton model (\$0.122 - Note 12). The residual equity value was allocated pro-rata to each equity component based on each components relative fair value, resulting in an allocation of \$1,636,670 (\$0.257 per unit) to the common shares and \$499,855 (\$0.078 per unit) to the share purchase warrants.

### Loss per share

The weighted average number of common shares used to calculate basic and diluted net loss per share was 47,450,136 for the three months ended June 30, 2025 (44,726,479 - June 30, 2024). The Company excluded warrants and stock options from the calculation of diluted net loss per share as they would be anti-dilutive.

## 12. RESERVES

### Warrants

On May 23, 2025, the Company issued 6,355,200 warrants in association with the Royalty Unit Offering (Note 10). The key assumptions underlying the valuation of warrants issued were as follows:

	May 23, 2025
Current share price	\$0.40
Strike price	\$0.50
Time to expiry (years)	2
Volatility	65.8%
Variance	43.2%
Risk-free rate	2.7%
Dividend yield	0.0%
<b>Fair value per option</b>	<b>\$0.1224</b>

The changes in share purchase warrants are summarized as follows:

	Warrants	Weighted average exercise price
	#	\$
<b>Balance at March 31, 2024</b>	<b>259,563</b>	<b>3.39</b>
Warrants expired	(259,563)	3.39
<b>Balance at March 31, 2025</b>	<b>-</b>	<b>-</b>
Warrants issued	6,355,200	0.50
<b>Balance at June 30, 2025</b>	<b>6,355,200</b>	<b>0.50</b>

The Company's outstanding warrants consist of the following:

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Issue date	Expiry date	Exercise price	June 30, 2025	March 31, 2025
		\$	#	#
May 23, 2025	May 23, 2027	0.50	6,355,200	-
<b>Total Outstanding Warrants</b>			<b>6,355,200</b>	<b>-</b>

### Contributed surplus and stock-based compensation

Under the Company's 2024 Omnibus Equity Incentive Plan (the "**Omnibus Plan**"), the Board of Directors may grant stock options, restricted share awards, restricted share units and deferred share units ("**Equity Awards**") to eligible directors, officers, employees, and consultants of the Company and its subsidiaries. On October 31, 2024, the shareholders approved the Company's Omnibus Plan. The Omnibus Plan is a 10% fixed plus rolling 10% plan, and allows the company to issue stock-based awards, including stock options to purchase common shares, provided that the number of common shares reserved for issuance do not exceed 4,472,648 plus 10% of the Company's issued and outstanding common shares. The total number of options issued may not exceed 10% of the Company's issued and outstanding common shares.

The exercise price of stock options issued pursuant to the Omnibus Plan is determined by the Board of Directors. The options vest and become exercisable as determined by the Board of Directors at the time of the grant, but such expiry shall not exceed 10 years.

The Company has granted options to purchase common shares under the Omnibus Plan as follows:

	Options	Weighted average exercise price
	#	\$
<b>Balance at March 31 2024</b>	<b>44,350</b>	<b>7.38</b>
Granted during the year	4,425,000	0.20
Expired during the year	(20,675)	9.59
Forfeited during the year	(5,000)	5.90
<b>Balance at March 31 2025</b>	<b>4,443,675</b>	<b>0.22</b>
Expired during the year	(6,000)	5.90
<b>Balance at June 30 2025</b>	<b>4,437,675</b>	<b>0.21</b>

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On August 1, 2024 the Company granted 4,425,000 common share purchase options to employees, officers, and directors of the Company. The options were granted with an exercise price of \$0.20, vest on August 1, 2025, and expire 48 months after the options vest. The key assumptions underlying the valuation of options issued were as follows:

	August 1, 2024
Exercise price	\$0.20
Annualized volatility <sup>(1)</sup>	108.87%
Expected life	5 Years
Estimated forfeiture rate <sup>(2)</sup>	15%
Risk-free rate <sup>(3)</sup>	3.02%
Dividend yield	0%
<b>Fair value per option</b>	<b>\$0.114</b>

(1) The annualized volatility to determine fair value per option was calculated by taking an average of the annualized volatility of peer companies.

(2) The estimated forfeiture rate is based on expected future employee turn-over.

(3) The risk free rate is taken based on 5 year Government of Canada benchmark bond yields.

The following table provides information on stock options outstanding and exercisable as at June 30, 2025:

Expiry date	Options outstanding		Options exercisable	
	Options	Exercise price	Options	Exercise price
	#	\$	#	\$
November 1, 2025	2,000	0.50	2,000	0.50
December 29, 2025	10,675	5.90	10,050	5.90
August 1, 2029	4,425,000	0.20	-	0.20
	<b>4,437,675</b>		<b>12,050</b>	

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### 13. REVENUE

All of the Company's revenue until June 27, 2023 was derived from EBN and its wholly owned subsidiaries (Note 2). All revenue after June 27, 2023 was derived by CE Brands International Inc. The top two customers of the Company accounted for \$1.295 million (78%) of the Company's total revenue for the three months ended June 30, 2025. While the top 2 customers accounted for \$1.119 (89%) of the total revenue for the year ended March 31, 2025. The Company's revenues from the transfer of goods and services are recognized at a point in time and derived from the following geographical regions by the location of the customer purchasing the goods and services:

Region	Three months ended	
	June 30, 2025	June 30, 2024
	\$	\$
North America	837,198	1,248,904
South and Central America	148,317	61,805
Europe	41,196	287
Asia	643,094	26,724
Other Countries	-	139
<b>Total</b>	<b>1,669,805</b>	<b>1,337,859</b>

### 14. SUPPLEMENTAL CASH FLOW INFORMATION

Changes in non-cash working capital for the three months ended consists of the following:

	June 30, 2025	June 30, 2024
	\$	\$
Accounts receivable	(825,934)	372,036
Inventory	(3,232)	(12,537)
Asset for right of return	(264,590)	-
Prepaid expenses and deposits	(1,153,525)	23,774
Accounts payable and accrued liabilities	359,712	(209,592)
<b>Change in non-cash working capital - operating</b>	<b>(1,887,569)</b>	<b>173,681</b>

### 15. RELATED PARTY TRANSACTIONS

On June 30, 2025, Accounts payable and accrued liabilities included \$595,828 of amounts owed to directors and officers of the Company (March 31, 2025 - \$597,805). The amounts due to related parties are unsecured, do not bear interest and have no stated terms of repayment.

In addition, the Debenture notes and Revolving Credit Facility (Note 9) constitute related party transactions as they involve the Company borrowing money from an entity, over which Vesta Wealth Partners Ltd., a "related party" of the Company, exercises certain discretionary control.

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Key management personnel include directors, CEO, CFO, CPO, CMO and general manager (“Key Personnel”) of the Company. In addition to their salaries, Key Personnel participate in the Company’s share option program. Key Personnel compensation is comprised of the following:

	Three months ended	
	June 30, 2025	June 30, 2024
	\$	\$
Wages and contractors	294,420	199,275
Stock-based compensation	78,216	-
<b>Total</b>	<b>372,636</b>	<b>199,275</b>

### 16. COMMITMENTS

As at June 30, 2025, future minimum payments committed under purchase orders, indebtedness, and non-cancellable agreements are as follows:

	Less than 1 Year	1-3 Years	Total
	\$	\$	\$
Committed purchase orders	1,102,840	-	1,102,840
Debenture notes <sup>(1)</sup>	6,290,466	-	6,290,466
Choco facility	244,921	1,412,924	1,657,845
Revolving credit facility <sup>(2)</sup>	5,281,745	-	5,281,745
License fees <sup>(3)(4)</sup>	191,345	8,526,333	8,717,678
<b>As at June 30, 2025</b>	<b>13,111,317</b>	<b>9,939,257</b>	<b>23,050,574</b>

(1) Balance includes interest of \$1,290,466 on the Debenture notes held in accounts payable and accrued liabilities.

(2) Balance includes interest of \$507,069 on the Revolving credit facility held in accounts payable and accrued liabilities.

(3) The non-cancellable amount of guaranteed minimum royalties for the brand license as on June 30, 2025 is US\$3,600,000.

(4) The non-cancellable amount of software license fees as on June 30, 2025 is US\$1,297,500. If the Company continues the license agreement beyond December 2027, it would have to pay total minimum license fees of US\$3,712,000, if beyond December 2029, then the Company would need to pay the full amount of license fees worth US\$6,087,500.

### 17. SUBSEQUENT EVENTS

On August 18, 2025, the Board of Directors approved an amendment to the Omnibus Plan reserving the number of common shares for issuance not to exceed 5,108,168 plus 10% of the Company’s issued and outstanding common shares (the “**Amended and Restated 2024 Omnibus Plan**”). The total number of options issued may not exceed 10% of the Company’s issued and outstanding common shares. Effectiveness of the Amended and Restated 2024 Omnibus Plan is subject to shareholder approval.