



Vitalist Inc.

(Formerly CE Brands Inc.)

Condensed Consolidated Interim Financial Statements (Unaudited)

For the nine months ended December 31, 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 nine months ended December 31, 2025 have not been reviewed or audited by the Company’s independent auditor.

Vitalist Inc. (Formerly CE Brands Inc.)

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION (UNAUDITED)

Expressed in Canadian Dollars

		December 31, 2025	March 31, 2025
	Notes	\$	\$
ASSETS			
Current			
Cash and cash equivalents	5	127,776	235,232
Trade and other accounts receivable	5	432,219	607,749
Inventory	6	23,751	25,067
Prepaid expenses and deposits	7	772,211	259,741
Total assets		1,355,957	1,127,789
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT)			
Current			
Accounts payable and accrued liabilities	8	4,086,962	3,810,794
Royalty liability	10	455,651	-
Current portion of long-term debt	9	3,699,627	10,733,335
		8,242,240	14,544,129
Non Current			
Royalty liability	10	179,861	-
Long-term debt	9	6,259,786	-
Total liabilities		14,681,887	14,544,129
Shareholders' deficit			
Share capital	11	43,066,453	40,990,794
Reserves	12	11,959,066	11,745,390
Accumulated other comprehensive income (loss)		194,696	(115,423)
Deficit		(68,546,145)	(66,037,101)
Total shareholders' deficit		(13,325,930)	(13,416,340)
Total liabilities and shareholders' deficit		1,355,957	1,127,789

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

	Notes	For the three months ended		For the nine months ended	
		December 31,	December 31	December 31,	December 31
		2025	2024	2025	2024
		\$	\$	(revised- Note 2) \$	\$
Revenue	13	659,535	1,239,610	4,077,347	4,064,164
Cost of products		364,746	697,175	2,545,806	2,513,660
Gross profit		294,789	542,435	1,531,541	1,550,504
Expenses					
Wages and contractors		624,081	602,535	1,796,742	1,562,183
Royalties and license fees		715,513	63,125	941,689	204,092
Marketing		149,068	73,485	373,279	156,301
Selling and distribution		115,611	11,773	358,889	65,562
General and administrative		141,997	115,065	313,494	254,666
Stock-based compensation	12	33,282	107,316	187,465	178,860
Loss (gain) on foreign exchange		91,536	(148,225)	181,943	(137,496)
Legal, accounting and other professional fees		42,124	21,747	168,438	140,959
Technology and related		36,811	67,441	140,903	134,410
Total expenses		1,950,023	914,262	4,462,842	2,559,537
Loss before other items		(1,655,234)	(371,827)	(2,931,301)	(1,009,033)
Interest and accretion	9	(465,170)	(356,071)	(1,370,643)	(1,024,638)
Loss on revaluation of royalty liability	10	(71,215)	-	(353,071)	-
Other finance charges		(5,093)	(15,348)	(17,298)	(63,805)
Gain on modification of financial instruments	8 & 9	-	-	2,163,269	-
Total other items		(541,478)	(371,419)	422,257	(1,088,443)
Net loss		(2,196,712)	(743,246)	(2,509,044)	(2,097,476)
Other comprehensive income (loss)					
Gain (loss) on translation of foreign operations		119,744	(300,237)	310,119	(300,237)
Comprehensive loss		(2,076,968)	(1,043,483)	(2,198,925)	(2,397,713)
Net loss per share – basic & diluted		(0.04)	(0.02)	(0.05)	(0.05)
Weighted average shares – basic & diluted	11	51,081,679	44,726,479	49,879,969	44,726,479

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 CHANGES IN SHAREHOLDERS' DEFICIT (UNAUDITED)

Expressed in Canadian Dollars

	Notes	Number of shares #	Share capital \$	Equity component of debt \$	Warrants reserve \$	Contributed surplus \$	Reserves \$	Deficit \$	Accumulated other comprehensive income (loss) \$	Total \$
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		-	-	-	-	-	-	(2,097,476)	-	(2,097,476)
Stock-based compensation	12	-	-	-	-	178,860	178,860	-	-	178,860
Loss on translation of foreign operations									(300,237)	(300,237)
Balance at December 31, 2024		44,726,479	40,990,794	1,429,773	8,058,153	2,150,148	11,638,074	(64,552,134)	(300,237)	(12,223,503)
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 & 11	6,355,200	2,136,525	-	26,211	-	26,211	-	-	2,162,736
Private placement issuance costs	10 & 11	-	(60,866)	-	-	-	-	-	-	(60,866)
Stock-based compensation	12	-	-	-	-	187,465	187,465	-	-	187,465
Net income		-	-	-	-	-	-	(2,509,044)	-	(2,509,044)
Gain on translation of foreign operations									310,119	310,119
Balance at December 31, 2025		51,081,679	43,066,453	1,429,773	8,084,364	2,444,929	11,959,066	(68,546,145)	194,696	(13,325,930)

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 nine months ended	
		December 31, 2025	December 31, 2024
			(adjusted note - 2)
	Notes	\$	\$
Cash provided by (used in):			
Cash flows used in operating activities			
Net income (loss)		(2,509,044)	(2,097,476)
Items not affecting cash:			
Interest & accretion	9	1,370,643	1,024,638
Stock based compensation		187,465	178,860
Gain on modification of financial instruments	8 & 9	(2,163,269)	-
Loss on revaluation of royalty liability	10	353,071	-
Unrealized loss (gain) on foreign exchange		207,163	(124,932)
Changes in non-cash working capital	14	943,003	(67,316)
Net cash used in operating activities		(1,610,968)	(1,086,226)
Cash flows provided by (used in) financing activities			
Proceeds from revolving credit facility	9	-	1,097,215
Proceeds from revolving credit facility (Factored)		5,278,255	583,766
Proceeds from private placement (net)	10 & 11	2,495,871	-
Royalty payment to private placement unit holders	10	(115,742)	-
Repayment of revolving credit facility	9	(560,744)	(959,578)
Repayment of revolving credit facility (Factored)	9	(5,534,572)	-
Repayment of choco facility	9	(55,165)	(82,800)
Net cash provided by financing activities		1,507,903	638,603
Effect of change in foreign exchange rates on cash		(4,391)	(4,599)
Decrease in cash and cash equivalents		(107,456)	(452,222)
Cash and cash equivalents, beginning of period		235,232	543,068
Cash and cash equivalents, end of the period		127,776	90,846

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 the nine months ended December 31, 2025 and 2024

Expressed in Canadian Dollars

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 and on the OTCQB Venture Market under the symbol VTLSF. The Company’s registered and head office is 2100 Livingston Place, 222 3rd Avenue SW, Calgary, AB T2P 0B4. The Company focuses on partnering with premium brands and supply chain providers to create and deliver smart wearable products globally in multiple sales channels, leveraging its proprietary VitalOS platform to deliver premium user experiences at mass-market prices.

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.

OTCQB Venture Market Listing

On October 9, 2025 the Company expanded its presence in the United States capital markets and began trading its common shares on the OTCQB Venture Market under the symbol VTLSF. The Company’s shares will continue to trade on its primary Canadian exchange, the TSX Venture Exchange, under its existing symbol VITA.

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.

Vitalist Inc. (Formerly CE Brands Inc.)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

For the nine months ended December 31, 2025 and 2024

Expressed in Canadian Dollars

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 February 12, 2026.

Correction of prior period misstatements

During the preparation of the condensed interim financial statements for the three and nine months ended December 31, 2025, management identified an error in the recognition of revenue and cost of products in the previously issued condensed interim financial statements for the three months ended June 30, 2025 and the three and six month periods ended September 30, 2025.

The misstatement resulted from a design deficiency in internal controls related to newly established accounting policies for product repurchase and resale, as well as return provisions and sales inducement cost recognition, whereby revenue and cost of products were overstated. The correction required a reclassification between revenue and cost of products with a small portion representing a repurchase premium being allocated to selling and distribution expenses. The corrections had no impact on previously reported net loss, earnings per share, cash flows, or the statement of financial position for any period.

The Company has corrected these errors by revising the comparative figures presented in these condensed interim financial statements.

The following table summarizes the adjustments for the three months ended June 30, 2025:

	As Previously Reported	Adjustment	As Revised
	\$	\$	\$
Revenue	1,669,805	(189,923)	1,479,882
Cost of products	1,222,454	(199,419)	1,023,035
Gross profit	447,351	9,496	456,847
Expenses			
Selling and distribution	38,376	9,496	47,872
Net loss	(464,528)	-	(464,528)

Vitalist Inc. (Formerly CE Brands Inc.)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

For the nine months ended December 31, 2025 and 2024

Expressed in Canadian Dollars

The following table summarizes the cumulative adjustments for the six months ended September 30, 2025:

	As Previously Reported	Adjustment	As Revised
	\$	\$	\$
Revenue	3,786,968	(369,156)	3,417,812
Cost of products	2,568,674	(387,614)	2,181,060
Gross profit	1,218,294	18,458	1,236,752
Expenses			
Selling and distribution	224,820	18,458	243,278
Net loss	(312,332)	-	(312,332)

Immaterial reclassification

Certain prior period amounts in the Condensed Consolidated Statements of Cash Flows have been reclassified to conform to the current period's presentation. For the nine months ended December 31, 2024, the Company reclassified \$22,225 related to interest repayments on its revolving credit facility from a discrete line item within operating activities to 'Changes in non-cash working capital.' This reclassification was made to maintain consistency with the presentation adopted in the March 31, 2025 annual financial statements and has no impact on the previously reported net cash provided by operating activities, the Condensed Consolidated Interim Statements of Financial Position, Condensed Consolidated Interim Statements of Loss and Comprehensive Loss, nor the Condensed Consolidated Interim Statements of Changes in Shareholders' Deficit.

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 December 31, 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.

Vitalist Inc. (Formerly CE Brands Inc.)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

For the nine months ended December 31, 2025 and 2024

Expressed in Canadian Dollars

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 \$68.55 million as at December 31, 2025 (March 31, 2025 - \$66.04 million) and incurred a net loss of \$2.51 million for the nine months ended December 31, 2025 (December 31, 2024 - \$2.10 million net loss) and used cash flow in operating activities for the nine months ended December 31, 2025 of \$1.61 million (December 31, 2024 - \$1.09 million). At December 31, 2025, the Company had a working capital deficiency of \$6.89 million (March 31, 2025 - \$13.42 million) which includes the current portion of long-term debt of \$3.70 million (Note 9). In addition, the Company has future minimum payments committed under non-cancellable agreements and towards debt balances of \$21.02 million due in the next four 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.

As of February 12, 2026 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.

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 July 1, 2025, the Company amended the agreement with the Debenture notes holders to crystalize all of the outstanding accrued interest as at June 30, 2025 into the principal balance, extend the maturity date until June 30, 2027, adjust the interest rate to zero, and add a premium adjustment, which will add 20% of any unpaid balance outstanding at June 30, 2026 to the principal (the "**Second Debenture Amendment**").

Vitalist Inc. (Formerly CE Brands Inc.)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

For the nine months ended December 31, 2025 and 2024

Expressed in Canadian Dollars

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.

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 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.

The material accounting policies adopted in the preparation of these interim consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Vitalist Inc. (Formerly CE Brands Inc.)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

For the nine months ended December 31, 2025 and 2024

Expressed in Canadian Dollars

(a) Revenue recognition

Sales Channel Incentives and inducements

The transaction price for recognizing revenue is subject to adjustment for estimated variable consideration that represents price concessions or sales incentives provided within the distribution chain whether implicit in any contract, implied, or commonly undertaken in practice, in accordance with IFRS 15 *Revenue from Contracts with Customers*. These expenditures are classified as a reduction of net revenue, as they are not in exchange for a distinct good or service transferred to the Company, and instead for part of the net transfer price of the goods sold. This category includes, but is not limited to, payments and liabilities related to:

- Back-End Rebates - Retrospective discounts or price reductions offered to the distributor or retailer.
- Promotional Costs & Sales Inducements - Funding provided to the distributor or retailer for specific promotional programs, such as promotional discounts, the provision of Point of Sale (POS) Materials, and payments for Marketing Placements (e.g., website banners, physical fliers).

These estimated costs may ultimately be incurred and settled as payments to third parties, retailers, or via the Company's direct customers. The Company estimates these variable amounts at each reporting date using the expected value method. The estimates are constrained to ensure that it is highly probable that a significant reversal in revenue will not occur when the uncertainty is ultimately resolved.

Sales Acquisition and Other Selling Costs

Costs incurred by the Company related to securing contracts and general sales operations are classified as *Selling and distribution* expense within operating expenditures (Expenses). These expenses represent costs to perform the core selling function, segregated from the price concessions.

i Commissions

Commission payments are classified as an expense. These payments are treated either as incremental costs of obtaining a contract or as the purchase of a distinct service at fair value. Commissions are paid to:

- Internal Sales Staff and External Contractors - Commissions paid to these parties are recognized as incremental costs of obtaining the contract.
- Distributor Commissions (Securing Retailers) - This payment is treated as the purchase of a distinct service from the customer (the distributor), specifically for finding and securing retailers. The payment is fully recognized as an expense because the rate is identical to the rate paid to unrelated third parties for the same service, establishing fair value.

The Company utilizes the practical expedient and recognizes all commission costs as an expense immediately upon revenue recognition, consistent with the contractual terms of each individual purchase order.

ii General Selling and Marketing Costs

General marketing costs, which include expenditures on brand-building campaigns, general advertising, market research, and fixed sales and marketing department salaries, are not sales inducements, nor are they contingent

Vitalist Inc. (Formerly CE Brands Inc.)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

For the nine months ended December 31, 2025 and 2024

Expressed in Canadian Dollars

on securing a specific contract. These costs are recognized as an expense when incurred.

(b) Compound Financial Instruments

When the Company issues financial instruments that contain both a financial liability and an equity component, the components are separately classified and accounted for in accordance with the applicable guidance for each component.

On initial recognition, the total proceeds received are allocated between the liability and equity components. The fair value of the liability component is determined first using a valuation technique, such as a discounted cash flow model, based on available inputs. The remaining residual amount of the total proceeds is allocated to the equity component(s) (the “**Equity Residual**”).

Where multiple equity components exist, the Company utilizes the fair value hierarchy under IFRS 13 *Fair Value Measurement* to prioritize allocation of value to equity components based on the reliability of the fair value inputs used for each component:

- Level 1 - valuations based on quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 - valuations based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3 - valuations based on inputs for the asset or liability that are not based on observable market data and are significant to the overall fair value measurement.

Instruments fair valued using Level 1 inputs are first allocated to the Equity Residual, then any remaining residual amount is allocated to the equity components valued using lower-level inputs (Level 2 or 3). If no residual value remains after the Level 1 allocation, the lower-level components are recorded at a nominal value of \$0.

Transaction costs are allocated to all components of a compound financial instrument pro-rata based on their relative allocation of the gross proceeds.

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.

Vitalist Inc. (Formerly CE Brands Inc.)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

For the nine months ended December 31, 2025 and 2024

Expressed in Canadian Dollars

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.

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:

	December 31, 2025	March 31, 2025
	\$	\$
Cash	109,051	215,838
Guaranteed investment certificates	18,725	19,394
Trade accounts receivable	417,268	597,880
Total	545,044	833,112

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. All of the trade accounts receivable are factored under the Revolving credit facility with Vesta, as at December 31, 2025.

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

	December 31, 2025	March 31, 2025
	\$	\$
Not past due	321,313	403,713
1-30 days past due	8,353	194,167
31-60 days past due	87,602	-
Total trade receivables	417,268	597,880
GST and other receivables	14,951	9,869
Total trade and other accounts receivables	432,219	607,749

Vitalist Inc. (Formerly CE Brands Inc.)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

For the nine months ended December 31, 2025 and 2024

Expressed in Canadian Dollars

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).

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	3,369,960	-	3,369,960
Interest payable on outstanding debt ⁽¹⁾	717,002	-	717,002
Long-term debt ⁽²⁾	3,619,158	8,781,631	12,400,789
As at December 31, 2025	7,706,120	8,781,631	16,487,751

(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.

Vitalist Inc. (Formerly CE Brands Inc.)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

For the nine months ended December 31, 2025 and 2024

Expressed in Canadian Dollars

A 1% change in the exchange rate would have a \$39,835 impact on the net loss in terms of gain or loss on foreign exchange and accumulated deficit of the Company for the nine months ending December 31, 2025 (December 31, 2024 - \$82,129).

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 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 December 31, 2025, the Company had \$23,751 (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 nine months ended December 31, 2025.

7. PREPAID EXPENSES AND DEPOSITS

	December 31, 2025	March 31, 2025
	\$	\$
Prepaid expenses	512,828	36,363
Vendor prepayments	255,183	218,147
Deposits	4,200	5,231
Total	772,211	259,741

Vitalist Inc. (Formerly CE Brands Inc.)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

For the nine months ended December 31, 2025 and 2024

Expressed in Canadian Dollars

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	December 31, 2025	March 31, 2025
	\$	\$
Accounts payable	741,926	1,153,154
Interest payable	717,002	1,528,835
Contract liability	-	42,860
Amount due to tax authorities	-	28,111
Accrued liabilities	2,628,034	1,057,834
Total	4,086,962	3,810,794

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 December 31, 2025. Accrued liabilities includes payroll costs, employee reimbursements, expected future selling retail selling costs, and other accrued expenses.

During the nine months ended December 31, 2025, the Company entered into arrangements with certain vendors to settle outstanding payables. Settlement resulted in a gain on the extinguishment of \$384,103.

Vitalist Inc. (Formerly CE Brands Inc.)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

For nine months ended December 31, 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 Mar. 31, 2025	Additions ⁽¹⁾	Paid/Payable/ Accrued ⁽²⁾	Non-cash items			Closing Dec. 31, 2025
				Accretion	Foreign exchange	Gain	
	\$	\$	\$	\$	\$	\$	\$
Debenture notes	4,840,840	1,102,966	-	804,682	-	(1,193,240)	5,555,248
Choco facility	1,753,703	-	(55,165)	135,092	(78,392)	(585,926)	1,169,312
Revolving credit facility	4,138,792	5,278,255	(6,526,185)	430,869	(86,878)	-	3,234,853
Total long-term debt	10,733,335	6,381,221	(6,581,350)	1,370,643	(165,270)	(1,779,166)	9,959,413
Less: current portion	-	-	-	-	-	-	3,699,627
Non-current portion of debt	-	-	-	-	-	-	6,259,786

(1) \$1,102,966 addition represents the amount of interest converted to principal as a result of amendment agreement signed for Debenture notes effective July 1, 2025.

(2) \$6,150,481 of principal and \$132,960 of interest was repaid during the period, while \$297,909 of unpaid interest was transferred to Accounts payable and accrued liabilities. The \$132,960 of interest paid during the period was recognized as a change in non-cash working capital.

Instrument	Opening Mar. 31, 2024	Additions	Paid/Payable/ Accrued ⁽¹⁾	Non-cash items			Closing Dec. 31, 2024
				Accretion	Foreign exchange	Gain	
	\$	\$	\$	\$	\$	\$	\$
Debenture notes	4,693,411	-	-	784,380	-	-	5,477,791
Choco facility	1,749,521	-	(82,800)	-	107,084	-	1,773,805
Revolving credit facility	2,766,740	1,680,981	(1,199,836)	240,258	63,622	-	3,551,765
Total long-term debt	9,209,672	1,680,981	(1,282,636)	1,024,638	170,706	-	10,803,361
Less: current portion	5,397,310	-	-	-	-	-	10,803,361
Non-current portion of debt	3,812,362	-	-	-	-	-	-

(1) \$1,042,378 of principal and \$22,255 of interest was repaid during the period, while \$218,003 of unpaid interest was transferred to Accounts payable and accrued liabilities.

Vitalist Inc. (Formerly CE Brands Inc.)
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
For the nine months ended December 31, 2025 and 2024
Expressed in Canadian Dollars

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
Total			5,000,000	4,795,762	204,238

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

Vitalist Inc. (Formerly CE Brands Inc.)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

For the nine months ended December 31, 2025 and 2024

Expressed in Canadian Dollars

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.

Effective July 1, 2025, the Company amended the agreement with the Debenture notes holders to crystalize all of the outstanding accrued interest as at June 30, 2025 into the principal balance, extend the maturity date until June 30, 2027, adjust the interest rate to zero, and add a premium adjustment, which will add 20% of any unpaid balance outstanding at June 30, 2026 to the principal. The Second Debenture Amendment was considered to be substantial, as the change in fair value of the modified debt was greater than 10% of the fair value of the original debt, and the Company applied extinguishment accounting, recognizing a gain of \$1,193,240.

As at December 31, 2025, the fair value of the Debenture notes was \$5,657,283.

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

Vitalist Inc. (Formerly CE Brands Inc.)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

For the nine months ended December 31, 2025 and 2024

Expressed in Canadian Dollars

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 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 December 31, 2025, management determined the fair value of the Choco Facility closely approximates the book value on December 31, 2025.

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 December 31, 2025 was \$3,234,853 (CAD\$2,513,286 and US\$525,723).

Considering the short term nature of this debt, management has determined that the fair value of the debt approximates its book value on December 31, 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 \$46,209 in financing costs associated with the Royalty Units Offering for net cash proceeds of \$2,495,871. Additionally, the Company issued 105,520 warrants to finders as consideration for completing the offering transaction. The financing costs related to finder’s warrants were valued at \$26,211 (Note 12). 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

Vitalist Inc. (Formerly CE Brands Inc.)
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
For the nine months ended December 31, 2025 and 2024
Expressed in Canadian Dollars

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. The Royalty liability 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 revenues over the subsequent 24 months, and applying a risk adjusted discount rate. The net Royalty Liability was recorded at \$398,183, after allocating transaction costs of \$11,553 to the DCF value of \$405,555 on May 23, 2025.

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: As on December 31, 2025 projected net sales for the subsequent 18-month period were \$19,139,970 (as at May 23, 2025 - \$14,301,550).
- Discount rate: A risk adjusted discount rate of 22.5% was used to determine the present value of the projected royalty cash flows (as at May 23, 2025 - 22.7%).

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 would result in a fair value difference of \$63,552. A 10% increase or decrease in the discount rate used would result in a fair value decrease or increase of \$10,689 and \$11,107 respectively.

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

	\$
Initial fair value of royalty liability as on May 23, 2025	398,183
Loss on revaluation of royalty liability ⁽¹⁾	353,071
Payments made	(115,742)
Fair value of royalty liability as on December 31, 2025	635,512
Less: current portion	455,651
Non-current portion of royalty liability as on December 31, 2025	179,861

11. SHARE CAPITAL AND INCOME (LOSS) PER SHARE

Share capital

	Shares #	Amount \$
Balance at March 31, 2025	44,726,479	40,990,794
Private placement of shares	6,355,200	2,136,525
Less: Share issuance cost	-	(60,866)
Balance at December 31, 2025	51,081,679	43,066,453

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

Vitalist Inc. (Formerly CE Brands Inc.)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

For the nine months ended December 31, 2025 and 2024

Expressed in Canadian Dollars

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. As the common shares are publicly traded, the fair value input for the common shares represents an unadjusted quoted price in an active market, qualifying it as a Level 1 input in the fair value hierarchy. Due to the certainty and reliability of the Level 1 input, the fair value of the common shares a Closing (\$0.45 per share), which exceeded the residual value (\$0.336 per unit), was fully allocated from the residual equity proceeds first. No residual proceeds remained to be allocated to the share purchase warrants. The net share capital addition was \$2,075,659, after netting transaction costs of \$60,866.

Loss per share

The weighted average number of common shares used to calculate basic and diluted net loss per share was 51,081,679 for the three months ended December 31, 2025 and 49,879,969 for the nine months ended December 31, 2025 (44,726,479 - for three and nine months ended December 31, 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 6,460,720 warrants in association with the Royalty Unit Offering (Note 10). No value was left to allocate to the 6,355,200 share purchase warrants issued to investors after the proceeds were allocated to the Royalty Liability (Note 10) and common shares (Note 11). The 105,520 finder's warrants issued as compensation were valued using the Black-Scholes-Merton model, using the following key assumptions:

	May 23, 2025
Current share price	\$0.45
Strike price	\$0.50
Time to expiry (years)	2
Volatility	110%
Risk-free rate	2.7%
Dividend yield	0.0%
Fair value per option	\$0.2484

The fair value of the finders warrants (\$26,211) was considered a financing cost and was apportioned to each component of the Royalty Unit Offering on May 23, 2025.

Vitalist Inc. (Formerly CE Brands Inc.)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

For the nine months ended December 31, 2025 and 2024

Expressed in Canadian Dollars

The changes in share purchase warrants are summarized as follows:

	Warrants #	Weighted average exercise price \$
Balance at March 31, 2024	259,563	3.39
Warrants expired	(259,563)	3.39
Balance at March 31, 2025	-	-
Warrants issued	6,460,720	0.50
Balance at December 31, 2025	6,460,720	0.50

The Company's outstanding warrants consist of the following:

Issue date	Expiry date	Exercise price \$	December 31, 2025 #	March 31, 2025 #
May 23, 2025	May 23, 2027	0.50	6,460,720	-
Total Outstanding Warrants			6,460,720	-

Contributed surplus and stock-based compensation

Under the Company's Amended and Restated 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 to eligible directors, officers, employees, and consultants of the Company and its subsidiaries. On September 30, 2025, 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 5,108,168 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.

Vitalist Inc. (Formerly CE Brands Inc.)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

For the nine months ended December 31, 2025 and 2024

Expressed in Canadian Dollars

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

	Options #	Weighted average exercise price \$
Balance at March 31 2024	44,350	7.38
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
Balance at March 31 2025	4,443,675	0.22
Granted during the year	360,000	1.04
Expired during the year	(18,675)	5.32
Balance at December 31 2025	4,785,000	0.26

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 Company granted 360,000 common share purchase options to its employees and contractors on September 8, 2025. These options were granted with an exercise price of \$1.04, vest on September 8, 2027, and expire 36 months after the options vest. The key assumptions underlying the valuation of options issued were as follows:

	September 8, 2025	August 1, 2024
Exercise price	\$1.04	\$0.20
Annualized volatility ⁽¹⁾	109.02%	108.87%
Expected life	5 Years	5 Years
Estimated forfeiture rate ⁽²⁾	10.26%	15%
Risk-free rate ⁽³⁾	2.77%	3.02%
Dividend yield	0%	0%
Fair value per option	\$0.824	\$0.114

(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.

Vitalist Inc. (Formerly CE Brands Inc.)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

For the nine months ended December 31, 2025 and 2024

Expressed in Canadian Dollars

The following table provides information on stock options outstanding and exercisable as at December 31, 2025:

Expiry date	Options outstanding		Options exercisable	
	Options	Exercise price	Options	Exercise price
	#	\$	#	\$
August 1, 2029	4,425,000	0.20	4,425,000	0.20
September 8, 2030	360,000	1.04	-	1.04
	4,785,000	0.26	4,425,000	0.20

13. REVENUE

The top two customers of the Company accounted for \$2.01 million or 49% of the Company's total revenue for the nine months ended December 31, 2025 (\$2.56 million or 63% for the nine months ended December 31, 2024). The Company's revenues from the transfer of goods are recognized at a point in time and derived from the following geographical regions by the location of the customer purchasing the goods:

Region	Three months ended		Nine months ended	
	December 31,	December 31,	December 31,	December 31,
	2025	2024	2025	2024
	\$	\$	\$	\$
			(revised-Note 2)	
North America	1,014,526	1,237,867	3,656,471	3,394,625
South and Central America	1,199	-	164,101	308,494
Europe	-	664	50,757	1,587
Asia	(356,190)	1,044	206,018	233,232
Other Countries	-	35	-	126,226
Total	659,535	1,239,610	4,077,347	4,064,164

- (1) Revenue for the Asia segment for the three and nine month period ended December 31, 2025, includes a reduction of revenue resulting from the repurchase of inventory previously sold to a customer in that region in a prior period (Note 2)
- (2) The Company repurchased this inventory at a premium to its original selling price, and subsequently resold it within the North America segment during the current quarter. Excluding the impact of this repurchase and reallocation, Asia revenue for the three and nine month period ended December 31, 2025 would have been \$nil and \$931,364 respectively

Vitalist Inc. (Formerly CE Brands Inc.)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

For the nine months ended December 31, 2025 and 2024

Expressed in Canadian Dollars

14. SUPPLEMENTAL CASH FLOW INFORMATION

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

	December 31, 2025	December 31, 2024
	\$	\$
Accounts receivable	175,530	(38,469)
Inventory	1,316	(26,342)
Prepaid expenses and deposits	(489,860)	(7,754)
Accounts payable and accrued liabilities	1,256,017	5,249
Change in non-cash working capital	943,003	(67,316)

Interest of \$132,960 was repaid during nine months period ending December 31, 2025 on factoring credit facility and \$297,909 of unpaid interest was transferred to Accounts payable and accrued liabilities.

15. RELATED PARTY TRANSACTIONS

On December 31, 2025, Accounts payable and accrued liabilities included \$581,922 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.

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:

	Nine months ended	
	December 31, 2025	December 31, 2024
	\$	\$
Wages and contractors	926,670	929,533
Stock-based compensation	104,288	148,550
Total	1,030,958	1,078,083

Vitalist Inc. (Formerly CE Brands Inc.)
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
For the nine months ended December 31, 2025 and 2024
Expressed in Canadian Dollars

16. COMMITMENTS

As at December 31, 2025, future minimum payments committed under purchase orders, indebtedness, and non-cancellable agreements are as follows:

	Less Than 1 Year	1-3 Years	After 3 years	Total
	\$	\$	\$	\$
Committed purchase orders	1,086,991	-	-	1,086,991
Debenture notes ⁽¹⁾	-	7,548,559	-	7,548,559
Choco facility	384,306	1,233,072	-	1,617,379
Revolving credit facility ⁽²⁾	3,951,854	-	-	3,951,854
License fees ⁽³⁾⁽⁴⁾	1,409,409	3,686,079	1,715,653	6,811,140
As at December 31, 2025	6,832,560	12,467,711	1,715,653	21,015,923

(1) Balance includes \$1,290,466 of crystallised interest added to the outstanding principal balance of the Debenture notes.

(2) Balance includes interest of \$717,002 on the Revolving credit facility held in accounts payable and accrued liabilities.

(3) The non-cancellable amount of guaranteed minimum royalties for the brand licenses as on December 31, 2025 is US\$3,625,000.

(4) The non-cancellable portion of software license fees as on December 31, 2025 is US\$1,287,500. If the Company continues the license agreement beyond March 2028 (Notice required December 2027), it would have to pay additional license fees of US\$2,415,000 if beyond March 2030 (Notice required December 2029), then the Company would need to pay additional license fees worth US\$2,375,000 through March 15, 2032.

17. SUBSEQUENT EVENTS

Approval of Revision Restatement

On February 3, 2026, the Board of Directors approved a "Revision Restatement" to correct accounting misstatements identified in the Company's previously issued Q1 and Q2 2025 financial statements. These misstatements resulted in an overstatement of revenue and cost of products sold in the Company's previously filed statements, with a net-zero impact on net income.

The independent, disinterested members of the Board of Directors reviewed management's materiality assessment and in consultation with the Company's advisors concluded that a Revision Restatement in the Q3 2025 filings was the appropriate corrective action to provide full and plain disclosure while minimizing market disruption.