Vitalist Inc.

Consolidated Financial Statements
As at and for the years ended March 31, 2026 and 2025

(Expressed in Canadian Dollars)

DAVIDSON

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Vitalist Inc.

Opinion

We have audited the accompanying consolidated financial statements of Vitalist Inc., which comprise the consolidated statements of financial position as at March 31, 2026, and the consolidated statements of loss and comprehensive loss, changes in shareholders' deficit, and cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2026, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 2 in the consolidated financial statements which describes conditions and matters that indicate the existence of the material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined that there are no key audit matters to communicate in our auditor's report.

Other Matters

The consolidated financial statements of Vitalist Inc. for the year ended March 31, 2025 were audited by another auditor who expressed an unmodified opinion on those statements on June 26, 2025.

Other Information

Management is responsible for the other information. The other information obtained at the date of this auditor's report includes Management's Discussion and Analysis.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Yu Li.

Davidson & Company LLP

Chartered Professional Accountants — Vancouver, Canada

July 27, 2026

Vitalist Inc.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
Expressed in Canadian Dollars

As at	Notes	March 31, 2026	March 31, 2025
		$	$
ASSETS			
Current			
Cash and cash equivalents	5	**193,396**	235,232
Trade and other accounts receivable	5	**217,214**	607,749
Inventory	7	**48,921**	25,067
Prepaid expenses and deposits	6	**579,532**	259,741
Total assets		**1,039,063**	1,127,789
LIABILITIES AND SHAREHOLDERS' (DEFICIT)			
Current			
Accounts payable and accrued liabilities	8	**4,790,111**	3,810,794
Royalty liability	10	**434,754**	-
Current portion of long-term debt	9	**4,610,140**	10,733,335
		9,835,005	14,544,129
Non Current			
Royalty liability	10	**153,041**	-
Long-term debt	9	**6,492,230**	-
Total liabilities		**16,480,276**	14,544,129
Shareholders' deficit			
Share capital	11	**43,066,453**	40,990,794
Reserves	12	**11,992,339**	11,745,390
Accumulated other comprehensive income (loss)		**67,133**	(115,423)
Deficit		**(70,567,138)**	(66,037,101)
Total shareholders' deficit		**(15,441,213)**	(13,416,340)
Total liabilities and shareholders' deficit		**1,039,063**	1,127,789

See accompanying notes to the consolidated financial statements, including Going Concern (Note 2b), Commitments (Note 18), and Subsequent Events (Note 19).

Approved on behalf of the Board of Directors:

s/ Jared Wolk	*s/ Tyler Rice*
Director	*Director*

Vitalist Inc.
CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
Expressed in Canadian Dollars

	Notes	For the years ended **March 31, 2026**	 March 31 2025
		$	$
Revenue	13	**4,061,807**	4,751,802
Cost of products	14	**2,753,104**	3,185,534
Gross profit		**1,308,703**	1,566,268
Expenses			
Wages and contractors	17	**2,502,353**	1,940,494
Royalties and license fees		**1,165,799**	233,395
Marketing		**499,987**	244,635
General and administrative		**409,509**	317,887
Selling and distribution		**384,141**	48,096
Legal, accounting and other professional fees		**312,309**	312,364
Stock-based compensation	12 & 17	**220,738**	286,176
Technology and related		**186,961**	194,216
Loss on foreign exchange		**131,464**	66,825
Total expenses		**5,813,261**	3,644,088
Loss before other items		**(4,504,558)**	(2,077,820)
Interest & accretion	9	**(1,829,923)**	(1,382,600)
Other finance charges		**(21,493)**	(122,023)
Gain on modification of financial instruments	8 & 9	**2,163,269**	-
Loss on revaluation of royalty liability	10	**(337,332)**	-
Total other items		**(25,479)**	(1,504,623)
Net loss		**(4,530,037)**	(3,582,443)
Other comprehensive income (loss)			
Items that may be reclassified subsequently			
Gain (loss) on translation of foreign operations		**182,556**	(115,423)
Comprehensive loss		**(4,347,481)**	(3,697,866)
Net loss per share- basic and diluted		**(0.09)**	(0.08)
Weighted average shares – basic and diluted	11	**50,176,281**	44,726,479

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

Vitalist Inc.
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' DEFICIT
Expressed in Canadian Dollars (except for number of shares)

	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)
Stock-based compensation	12	-	-	-	-	286,176	286,176	-	-	286,176
Net loss		-	-	-	-	-	-	(3,582,443)	-	(3,582,443)
Loss on translation of foreign operations		-	-	-	-	-	-	-	(115,423)	(115,423)
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)
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	-	-	-	-	220,738	220,738	-	-	220,738
Net loss		-	-	-	-	-	-	(4,530,037)	-	(4,530,037)
Gain on translation of foreign operations		-	-	-	-	-	-	-	182,556	182,556
Balance at March 31, 2026		**51,081,679**	**43,066,453**	**1,429,773**	**8,084,364**	**2,478,202**	**11,992,339**	**(70,567,138)**	**67,133**	**(15,441,213)**

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

Vitalist Inc.
CONSOLIDATED STATEMENTS OF CASH FLOWS
Expressed in Canadian Dollars

		For the years ended	
	Notes	**March 31, 2026**	March 31, 2025
		$	$
Cash provided by (used in):			
Cash flows used in operating activities			
Net loss		**(4,530,037)**	(3,582,443)
Items not affecting cash:			
Interest & accretion	9	**1,829,923**	1,382,600
Stock based compensation		**220,738**	286,176
Gain on modification of financial instruments	8 & 9	**(2,163,269)**	-
Loss on revaluation of royalty liability	10	**337,332**	-
Unrealized loss on foreign exchange		**64,564**	62,100
Changes in non-cash working capital	16	**1,910,838**	344,371
Net cash used in operating activities		**(2,329,911)**	(1,507,196)
Cash flows provided by (used in) financing activities			
Proceeds from revolving credit facility	9	**-**	1,741,336
Proceeds from revolving credit facility (factored)		**6,573,628**	938,142
Proceeds from private placement (net)	10 & 11	**2,495,871**	-
Royalty payment to private placement unit holders	10	**(147,720)**	-
Repayment of revolving credit facility	9	**(573,688)**	(1,371,127)
Repayment of revolving credit facility (factored)	9	**(5,945,418)**	**-**
Repayment of choco facility	9	**(110,326)**	(102,962)
Net cash provided by financing activities		**2,292,347**	1,205,389
Effect of change in foreign exchange rates on cash		**(4,272)**	(6,029)
Decrease in cash and cash equivalents		**(41,836)**	(307,836)
Cash and cash equivalents, beginning of year		**235,232**	543,068
Cash and cash equivalents, end of the year		**193,396**	235,232

Refer to note 16 for supplemental cash flow information. The accompanying notes are an integral part of these consolidated financial statements.

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.

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

OTCQB Venture Market Listing

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

2. BASIS OF PRESENTATION AND GOING CONCERN

a) Basis of presentation

These consolidated financial statements have been prepared in accordance with IFRS Accounting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). These consolidated financial statements were authorized for issue by the Board of Directors of the Company on July 27, 2026.

b) Going concern

These consolidated financial statements have been prepared on a going concern basis which contemplates the realisation 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 realise 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 $70.57 million as at March 31, 2026 (March 31, 2025 - $66.04 million) and incurred a net loss of $4.53 million for the year ended March 31, 2026 (March 31, 2025 - $3.58 million net loss) and used cash flow in operating activities for the year ended March 31, 2026 of $2.33 million (March 31, 2025 - $1.51 million). At March 31, 2026, the Company had a working capital deficiency of $8.80 million which includes the current portion of long-term debt of $4.61 million (Note 9) (March 31, 2025 – $13.42 million). In addition, the Company has future minimum payments committed under non-cancellable agreements and towards debt balances of $21.90 million due in the next four years (Note 18).

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 July 27, 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 with a contractual breach in relation to any event prior to the date of 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 at that time, 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 crystallise 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**"). The Company and the Debenture notes holders entered a further amendment effective April 1, 2026 (Note 19)

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) revise 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 consolidated 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 realise its assets and discharge its liabilities in other than the normal course of business and at amounts different than those reflected in these consolidated financial statements. Such adjustments could be material.

c) 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. During late 2024, the Subsidiary incurred more lending in USD and 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 consolidated 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 income (loss) in the consolidated financial statements each period.

d) Basis of Consolidation

The Company, as the controlling company, consolidates its wholly-owned subsidiary. All intercompany balances and transactions have been eliminated on consolidation. Subsidiaries are those entities the Company controls by having the power to govern the financial and operating policies of the entity. The existence and effect of potential voting rights that are currently exercisable are considered when assessing whether the Company controls another entity. Subsidiaries are fully consolidated from the date the Company acquires control of them and are deconsolidated from the date control ceases.

The following entities' financial statements are consolidated to prepare the consolidated financial statements of Vitalist:

Entity Name	Functional Currency	Description	Ownership (%)
Vitalist Inc.	Canadian Dollar	Publicly listed holding company.	Parent
CE Brands International Inc.	United States Dollar	Wholly owned subsidiary of Vitalist Inc.	100%

e) Basis of measurement

These consolidated financial statements have been prepared on the historical cost basis except for items where an alternative basis is required or permitted by IFRS. Details on these items are included below in Material Accounting Policies. These consolidated financial statements have been prepared in Canadian dollars.

f) Accounting standards issued but not yet adopted

IFRS 18 Presentation and Disclosure in the Financial Statements

In April 2024, the IASB issued IFRS 18 Presentation and Disclosure in the Financial Statements, which replaced IAS 1 Presentation of Financial Statements. The new standard will establish a revised structure for the consolidated statements of comprehensive income (loss) and improve comparability across entities and reporting periods. IFRS 18 is effective for annual periods beginning on or after January 1, 2027. The standard will be applied retrospectively with certain transition provisions. The Company is currently evaluating the impact of adopting IFRS 18 on the consolidated financial statements.

IFRS 9 Financial Instruments

In May 2024, the IASB issued amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures to clarify the date of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled using an electronic payment system. The amendments are effective for reporting periods beginning on or after January 1, 2026, with early adoption permitted. The Company is currently evaluating the impact of these amendments on the consolidated financial statements.

g) Estimation of uncertainties relating to changes to macroeconomic environment

The Company’s business may be affected by changes in political and market conditions, such as interest rates, availability of credit, inflation rates, changes in laws, and national and international circumstances. Recent geopolitical events and potential global economic challenges, such as the risk of higher inflation and energy crises, may create further uncertainty and risk with respect to the prospects of the Company’s business.

During fiscal 2026, trade tensions between the United States of America and certain international trading partners, including the People’s Republic of China ("PRC"), continued to evolve through the implementation and expansion of tariffs and other trade measures. The Government of Canada and the Government of the PRC also continued to implement or consider responsive measures affecting imports and exports between these jurisdictions.

Vitalist, through its subsidiary CE Brands International Inc., manufactures products in the PRC and distributes products in various international markets, including the United States. Changes in tariffs, trade policies and related countermeasures may impact the Company’s supply chain, product costs, pricing, customer demand and overall financial performance.

Management continues to monitor developments relating to international trade policies and assess the potential impact on the Company’s operations and financial results. Due to the ongoing uncertainty surrounding the scope, timing and duration of such measures, the financial impact on the Company, if any, cannot be reasonably estimated at this time.

3. MATERIAL ACCOUNTING POLICIES

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

(a) Revenue recognition

Revenue is recognized in a manner that depicts the transfer of promised goods to the customer at an amount that reflects the consideration expected to be received in exchange for transferring those goods or services. For each contract with a customer, the Company recognizes revenue in accordance with IFRS 15. The Company’s sources of revenue consist of the following:

i Business-to-Business ("**B2B**") Product Sales

B2B product sales are recognized when control of the products has transferred, as defined under distribution agreements with customers. Payment of the transaction price is due as per the terms of the customer agreement.

ii Direct to Consumer ("**D2C**") Product Sales

The Company generates D2C sales over e-Commerce platforms. Sales are recognized at a point in time when control of the products has transferred, being when the products are shipped to the end customer; the customer has full discretion over the use of the products; and there is no unfulfilled obligation that could affect the customer's acceptance of the products. When the products have been shipped from the warehouse, the risks of damage and loss have been transferred from the Company, and either i) the customer has accepted the products in accordance with the sales contract or ii) objective evidence that all criteria for acceptance have been satisfied. Payment of the transaction price is due immediately when the customer purchases the product online. The Company does not grant any form of deferred payment terms to customers. The Company's cost of products and services from D2C sales consists of supplier product costs, shipping costs, import and duty fees, inventory management and product return handling costs.

Principal versus Agent

The determination of whether the Company is acting as the principal or agent in its arrangements and whether the Company should recognize revenue based on the gross amount billed is a matter of judgement that depends on the facts and circumstances of each arrangement. The Company recognizes revenue from B2B and D2C product sales on a gross basis, as the Company is primarily responsible for the fulfilment and has control of the promised goods in the arrangement with purchasers. Sales taxes collected from purchasers and remitted to government authorities are excluded from revenue.

Performance Obligations

The Company has a single performance obligation in the case of B2B as well as D2C sales, which is the supply of goods to the customers per the agreed-upon shipping terms. The Company also provides other ancillary services like warranty and customer support. But these services are provided in a bundled package along with the sale of goods and not separately. Hence, they are not considered a separate performance obligation per IFRS 15 but a consolidated one along with the sale of goods. The Company generally determines selling prices for its various products based on the prices agreed with the customer via a signed contract or a signed purchase order in the case there is no contract with a particular customer. Revenue is recognized in line with IFRS 15 when the performance obligation is completed from the Company's side and the control related to the goods is transferred to the buyer. The point of transfer of the control depends on the shipping terms, which are determined on a case-by-case basis.

Provision for refunds

The Company identifies contracts with customers that include a right of return, refund, or similar obligation and estimates the expected refunds based on historical data and relevant information. Revenue is recognized only to the extent that it is highly probable that a significant reversal will not occur, with a refund liability recognized for the amount of consideration the Company does not expect to be entitled to. The Company reviews and updates its estimates of expected refunds at each reporting date, adjusting the refund liability through revenue, with changes in measurement recognized as an adjustment to revenue in the period of the change.

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 or 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* expenses 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) - These payments are 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 on securing a specific contract. These costs are recognized as an expense when incurred.

(b) Cost of products

General

Cost of products and services consists of all the direct costs of procuring the goods and making them ready for sale. It mainly consists of material costs (i.e., the purchase cost of the goods), shipping and handling costs, warehouse storage costs, product development and validation costs and the provision for warranty. The warranty provision indicates an estimate of the cost involved in repair or replacement of the faulty products under standard warranty terms.

Warranty liabilities

The Company identifies all warranty obligations arising from the sale of products, including those implied by statutory requirements or customary business practices. A provision for warranties is recognized when there is a present obligation as a result of past sales, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made. The expected costs of fulfilling these warranty obligations are estimated based on historical data, the nature of the products, and relevant information, including direct and indirect costs. Warranty liabilities are measured at the best estimate of the expenditure required at the reporting date, considering risks, uncertainties, and the time value of money. The warranty provision is reviewed at each reporting date and adjusted to reflect the current best estimate, with any changes in cost or timing recognized in the period the changes are determined.

(c) Inventory

Inventory consists of finished goods that are stated at the lower of cost and net realizable value on an average cost basis. Costs of purchased inventory include purchase and delivery costs, net of rebates and discounts received or receivable. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

(d) Stock-based compensation valuation

The Company uses the fair value method for valuing stock-based compensation grants. Under this method, the cost attributed to stock options is measured at the fair value using the Black-Scholes-Merton option pricing model at the grant date. Compensation cost for options is expensed over the vesting period with a corresponding increase to the contributed surplus. A forfeiture rate is estimated on the grant date and is adjusted to reflect the actual number of options that vest. Upon the settlement of the stock options, the previously recognized value is recorded as an increase to share capital. When options are forfeited or expire unexercised, previously recognized value remains in contributed surplus.

(e) Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The Company has an obligation to pay a royalty to Authentic Brands Group ("**Reebok**") and Motorola Mobility LLC ("**Motorola**") on its sales of various Reebok and Motorola products. This provision is recognized on the basis of net sales of Reebok and Motorola products made by the Company during its reporting period.

(f) Income taxes

Income tax expense or recovery consists of current and deferred tax. Income tax expense or recovery is recognized in profit or loss except to the extent that it relates to items recognized in equity, in which case it is recognized in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, plus any adjustment to tax payable in respect of previous years.

Deferred tax is recognized using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences, including carry-forward of non-capital losses, can be utilised.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset and they are related to income taxes levied by the same taxation authority on the same taxable entity, or on different tax entities, where the intention is to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is not probable that the related tax benefit will be utilised. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future profit will allow the deferred tax asset to be recovered.

(g) Loss per share

Basic earnings or loss per share is calculated by dividing net profit or loss for the period available to ordinary shareholders by the weighted-average number of ordinary shares outstanding during the year. Diluted earnings or loss per share is calculated using the weighted-average number of ordinary shares outstanding adjusted to include the potentially dilutive effect of common equivalent shares outstanding.

(h) Foreign currency

i Foreign currency transactions

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

ii Foreign operations

The assets and liabilities of foreign operations are translated into Canadian Dollars using the exchange rates at the financial year-end date. The revenues and expenses of foreign operations are translated into Canadian

Dollars using the average exchange rates, which approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognized in other comprehensive (loss) income.

(i) Cash and cash equivalents

Cash includes cash on hand and deposits held at call with financial institutions. Cash equivalents include other short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(j) Accounts receivable

Trade accounts receivable are initially recognized at fair value and subsequently measured at amortized cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 to 90 days based on the credit worthiness of the customer. In the event of the sale of receivables and factoring, the Company derecognizes receivables when the Company has given up control or continuing involvement, which is deemed to have occurred when the Company has transferred its rights to receive cash flows from the receivables and the Company has transferred substantially all of the risks and rewards of ownership of the receivables. Prior to transferring the risks and rewards of ownership of receivables, the Company's receivables are recognized to the extent of the Company's continuing involvement in the assets. In this case, the Company also recognizes an associated liability. The transferred receivable and associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

(k) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

<u>Financial assets</u>

The Company classifies its financial assets either as assets carried at amortized cost ("**Amortized Cost**"), or assets carried at fair value through profit and loss ("**FVTPL**").

The classification depends on both the Company's business model for managing the financial instrument and the contractual terms of the instrument itself.

Purchase and sale of financial assets are recognized on the settlement date, which is the date in which the asset is delivered to or by the Company. Financial assets are derecognized when the rights to receive cash flows have expired or are transferred and the Company has transferred substantially all risks and rewards of ownership.

<u>Financial liabilities</u>

Financial liabilities are initially measured at fair value net of transaction costs and subsequently measured at amortized cost using the effective interest method or FVTPL. The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that discounts the estimated stream of principal and interest cash flows, transaction costs and other premiums or discounts over the expected life of the financial liability, or where appropriate, a shorter period, to the net carrying amount on initial recognition.

When a financial liability carried at amortized cost is amended, the Company must determine if the amendment results in a substantial modification or an extinguishment. A substantial modification occurs if the present value of cash flows under the new terms, discounted using the original effective interest rate, differs by at least 10% from the original liability's remaining cash flows. Substantial modifications are accounted for as extinguishments, where the original liability is derecognised, a new liability is recognized at fair value, and the difference is recognized in profit or loss. Non-substantial modifications involve adjusting the carrying amount of the existing liability to reflect the revised cash flows, with adjustments recognized in profit or loss. Fees and costs are included in the gain or loss calculation for substantial modifications or extinguishments, while for non-substantial modifications, they adjust the carrying amount and are amortized over the remaining term using the effective interest method.

Financial liabilities are derecognised from the statement of financial position when the obligation specified in the contract is discharged, forgiven, cancelled, or expired or when the terms of an existing financial liability are substantially modified. The difference between the carrying amount of a financial liability extinguished or transferred to another party and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

<u>Compound financial instruments</u>

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 (see below under "Fair value determination") to prioritize allocation of value to equity components based on the reliability of the fair value inputs used for each component

The Equity Residual is first allocated to instruments fair valued using Level 1 inputs , 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.

<u>Measurement</u>

Financial assets carried at Amortized Cost are initially measured at their fair value plus transaction costs. Financial assets carried at FVTPL are initially measured at their fair value, with any associated transaction costs being immediately expensed through profit or loss. Subsequent measurement of financial assets depends on the category the asset has been assigned to.

Gains or losses on assets carried at Amortized Cost are recorded in profit or loss on derecognition, or earlier if the asset is impaired. Gains or losses on assets carried at FVTPL are recorded in profit or loss in the period in which they occur.

Classification

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. The components of compound instruments are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangement. The equity component is determined by deducting the liability component from the total fair value of the compound instrument and is recognized as equity, net of income tax effects, with no subsequent re-measurement.

The following table indicates the method of measurement of various financial assets and liabilities of the Company:

Financial instrument name	Subsequent measurement
Cash and cash equivalents	Amortized Cost
Trade accounts receivable	Amortized Cost
Accounts payable and accrued liabilities	Amortized Cost
Royalty liability	FVTPL
Debt	Amortized cost

Fair value determination

Certain accounting policies and disclosures of the Company require the determination of fair value for financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the methods defined below. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

The fair values of cash and cash equivalents, trade accounts receivable, accounts payable and accrued liabilities, and debt approximate their carrying value because of their short-term nature and approximation to market interest rate. The significance of inputs used in making fair value measurements for assets and liabilities measured at fair value is examined and classified according to a fair value hierarchy which has the following levels:

- 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.

Impairment

The Company recognizes loss allowances for expected credit losses on its financial assets measured at amortized cost. Expected credit losses exist if, after initial recognition of the financial asset, one or more indicators exist that reduce estimated future cash flows from the financial asset and that impact can be reliably measured. The Company applies the simplified approach to expected credit loss measurement, which uses a lifetime expected impairment to determine the expected credit loss. The Company uses a combination of historical and forward-looking information to determine the appropriate expected credit loss. The carrying amount of the asset is reduced through an allowance account, and the loss is recognized in general and administrative expenses.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the Company’s consolidated financial statements, in accordance with IFRS, requires management to make estimates, judgements and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Significant estimates, judgements and assumptions in these financial statements are discussed below. Actual results may differ from the estimates made by management.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Accounting estimates will, by definition, seldom equal the actual results. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future years affected.

The following are the significant judgements, estimates and assumptions that management has made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognized:

a) Functional currency

Management considers the functional currency applied to each entity to be the currency that most faithfully represents the economic effect of the underlying transactions, events and conditions of that entity. This determination factors in the currency in which the entities measure their performance and report results, as well as the currency in which they receive equity injections from investors and obtain credit facilities. This determination also considers the competitive environment in which the entities operate. The timing of any such changes in functional currency is based on when there are changes in the underlying transactions, events and conditions of an entity and requires judgement.

b) Cash-Generating Unit ("**CGU**") determination

For assessing impairment of non-financial assets, the Company must determine its CGUs. Assets and liabilities are grouped into CGUs at the lowest level of separately identified cash flows. Determination of what constitutes a CGU is subject to management judgement. The asset composition of a CGU can directly impact the recoverability of assets included within the CGU. Management has determined that the Company consists of one CGU.

c) Reportable segments

The Company has one reportable segment, consumer electronics. Management uses judgements in considering the information that allows users to understand the entity's main activities in determining the reportable segments of the business.

d) Refund and warranty provision

Management estimates the amount of refund and warranty provision based on the past data, such as "Return to sales" ratio of past years. Such an amount is calculated using the average cost of units that need to be given as a replacement (replacement cost). In case of a product which is no longer available in stock, the average cost of the best alternative product to be given a replacement is considered to calculate such a provision.

e) Estimated credit losses

The estimated credit losses ("**ECL**") are estimated based on the ageing of trade accounts receivable and the historical data of the customers (i.e., the ratio of ECL to the AR balance of customers). Management considers receivable balances older than "60 days past due" as indicators of possible credit loss.

f) Stock-based compensation

The amounts recognized relating to the fair value of stock options and warrants are based on estimates of future volatility in the Company's share prices, the expected lives of options and warrants, the risk-free interest rate, and other relevant assumptions. Volatility is estimated based on the average price volatility of common shares of a comparative group of public companies over the preceding period equalling the expected lives of the Company's options. Expected future forfeiture rates are based on a combination of historical forfeiture rates, comparable industry rates, and management expectations regarding staff attrition.

g) Royalty liability

The fair value of the Royalty Liability is determined using a discounted cash flow model based on projected gross receipts from smartwatch sales on the VitalOS ecosystem over the remaining royalty period. The key estimates and judgements involved in this valuation are: (i) projected net sales, which are derived from management's best estimates of future revenues; and (ii) the risk-adjusted discount rate applied to present value the expected royalty cash flows. Both inputs are unobservable and are reassessed at each reporting date, with changes in fair value recognised in profit or loss. A change in either of these assumptions could result in a material adjustment to the carrying amount of the Royalty Liability in future reporting periods.

5. FINANCIAL RISK MANAGEMENT

Overview

The Company's operations expose it to credit risk, liquidity risk and market risk, 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 is in compliance with the Company's business objectives and risk tolerance levels. While the Board of Directors has 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.

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:

	March 31, 2026	March 31, 2025
	$	$
Cash	**174,492**	215,838
Guaranteed investment certificates	**18,904**	19,394
Trade accounts receivable	**202,578**	607,937
Total	**395,974**	843,169

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 $132,904 (66%) are factored under the Revolving credit facility with Vesta as of March 31, 2026 ($589,191 (98.5%) as of March 31, 2025).

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

	March 31, 2026	March 31, 2025
	$	$
Not past due	**64,579**	403,713
1-30 days past due	**68,409**	194,167
31-60 days past due	**69,590**	-
Total trade receivables	**202,578**	597,880
GST and other receivables	**14,636**	9,869
Total trade and other accounts receivables	**217,214**	607,749

Expressed in Canadian Dollars

There is credit risk with respect to trade accounts receivable, as the Company has a small number of customers that are internationally dispersed. The Company has policies in place to monitor this credit risk and based on the history of collections with these customers, the Company does not consider this risk to be significant. As of March 31, 2026, two customers accounted for approximately 90% of the Company's trade accounts receivable (March 31, 2025 – two customers accounted for 66%).

The Company considers accounts greater than 60 days old to be overdue. The Company has not recognized any expected credit loss as at March 31, 2026 and March 31, 2025.

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 above, certain debt obligations of the Company have been classified as current on the statement 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	3,974,662	-	3,974,662
Interest payable on outstanding debt (1)	815,449	-	815,449
Debt (2)	4,588,316	8,672,542	13,260,858
As at March 31, 2026	**9,378,427**	**8,672,542**	**18,050,969**

(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 any kind of interest rate risk since all the debt instruments of the Company carry 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 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.

Expressed in Canadian Dollars

A 1% change in the exchange rate would have a $18,824 impact on the net (loss) income in terms of gain or loss on foreign exchange and accumulated deficit of the Company for the year ended March 31, 2026 (March 31, 2025 – $18,575).

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 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. There were no changes to the Company's approach to capital management during the year.

6. PREPAID EXPENSES AND DEPOSITS

As of March 31, 2026 and 2025, prepaid expenses and deposits consisted of the following:

	March 31, 2026	March 31, 2025
	$	$
Prepaid expenses	**331,360**	36,363
Vendor prepayments	**243,972**	218,147
Deposits	**4,200**	5,231
Total	**579,532**	259,741

7. INVENTORY

As of March 31, 2026, the Company had $48,921 (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 years ended March 31, 2026 and 2025.

Expressed in Canadian Dollars

8. ACCOUNT PAYABLE AND ACCRUED LIABILITIES

	March 31, 2026	March 31, 2025
	$	$
Accounts payable	**980,601**	1,153,154
Interest payable	**815,449**	1,528,835
Contract liability	**-**	42,860
Amount due to tax authorities	**-**	28,111
Accrued liabilities	**2,994,061**	1,057,834
Total	**4,790,111**	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 March 31, 2026. Accrued liabilities include payroll costs, payroll taxes, employee reimbursements and other accrued expenses as of year end.

During the year ended March 31, 2026, the Company entered arrangements with certain vendors to settle outstanding payables, which resulted in a gain on extinguishment of $384,103.

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[(1)]	Paid/Payable/ Accrued[(2)]	Non-cash items: Interest & accretion	Non-cash items: Foreign exchange	Non-cash items: Gain	Closing March 31, 2026
	$	$	$	$	$	$	$
Debenture notes	**4,840,840**	1,102,966	-	1,095,946	-	(1,193,240)	**5,846,512**
Choco facility	**1,753,703**	-	(172,894)	194,319	(62,836)	(585,926)	**1,126,366**
Revolving credit facility	**4,138,792**	6,573,628	(7,058,763)	539,658	(63,823)	-	**4,129,492**
Total long-term debt	**10,733,335**	**7,676,594**	**(7,231,657)**	**1,829,923**	**(126,659)**	**(1,779,166)**	**11,102,370**
Less: current portion	**10,733,335**						**4,610,140**
Non-current portion of debt	**-**						**6,492,230**

(1) $1,102,966 addition represents the amount of interest converted to principal as a result of the amendment agreement signed for Debenture notes effective July 1, 2025.
(2) $6,629,432 of principal and $146,024 of interest was repaid during the period. While $393,633 of unpaid interest and $62,567 of unpaid principal was transferred to Accounts payable and accrued liabilities. The $146,024 of interest paid during the period was recognized as a change in non-cash working capital.

Instrument	Opening March 31, 2024	Additions	Paid/Payable/ Accrued(1)	Non-cash items: Interest & accretion	Non-cash items: Foreign exchange	Non-cash items: Gain	Closing March 31, 2025
	$	$	$	$	$	$	$
Debenture notes	**4,693,411**	-	(881,048)	1,028,477	-	-	**4,840,840**
Choco facility	**1,749,521**	-	(102,962)	-	107,144	-	**1,753,703**
Revolving credit facility	**2,766,740**	2,679,478	(1,725,250)	354,123	63,701	-	**4,138,792**
Total long-term debt	**9,209,672**	**2,679,478**	**(2,709,260)**	**1,382,600**	**170,845**	-	**10,733,335**
Less: current portion	**5,397,310**						**10,733,335**
Non-current portion of debt	**3,812,362**						**-**

(1) $1,474,089 of principal and $28,125 of interest was repaid during the year, while $1,207,046 of unpaid interest was transferred to accounts payable and accrued liabilities

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	35,546
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	35,850
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 was $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 a 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 associated with a contractual breach in relation to the bankruptcy of EBN; waiving any pre-existing rights associated with a contractual breach in relation to any event prior to the date of 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 crystallise 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. The Debenture notes were further amended after year end (Note 19).

As of March 31, 2026, the fair value of the Debenture notes was $5,946,400.

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 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 of March 31, 2026, management determined the fair value of the Choco Facility closely approximates the book value on March 31, 2026.

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 agreement 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, CEBI 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.

Effective August 21, 2025, the lender and Vitalist formalized the terms of the Revolving Credit Facility. Under the amended terms, the revolving credit facility permits maximum borrowings up to $12,000,000, with advances granted at the lender's sole discretion. Borrowing availability for eligible customer purchase orders is restricted to 90% of the value of eligible customer accounts receivable. Additionally, the lender may advance up to 15% of the value of eligible accounts receivable prior to product or service delivery, and up to 75% of the value following delivery. Advances accrue interest at 1.0% per month, calculated daily, and are payable upon the earlier of the collateral due date or 120 days after the advance. Any past-due interest is subject to a default interest rate of 2.0% per month, calculated daily.

The outstanding principal balance of the Revolving Credit Facility at March 31, 2026 was $4,129,492 (CA$2,513,286 and US$1,160,435).

Considering the short-term nature of this debt, management has determined that the fair value of the debt approximates its book value on March 31, 2026.

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 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**").

Expressed in Canadian Dollars

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 $7,372 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 of March 31, 2026 projected net sales for the subsequent 15-month period were $18,295,684 (as at May 23, 2025 - $14,301,550).
- Discount rate: A risk-adjusted discount rate of 22.76% 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 $58,779. A 10% increase or decrease in the discount rate used would result in a fair value decrease or increase of $10,197 and $10,593 respectively.

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

	$
Initial fair value of royalty liability as at May 23, 2025	398,183
Loss on revaluation of royalty liability	337,332
Payments made	(147,720)
Fair value of royalty liability as at March 31, 2026	**587,795**
Less: current portion	**434,754**
Non-current portion of royalty liability as at March 31, 2026	**153,041**

11. SHARE CAPITAL AND LOSS PER SHARE

Share capital

	Shares #	Amount $
Balance at March 31, 2024 and 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 March 31, 2026	**51,081,679**	**43,066,453**

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, as 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.

Expressed in Canadian Dollars

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 at 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 loss per share is 50,176,281 for the year ended March 31, 2026 (2025 – 44,726,479). The Company excluded warrants and stock options from the calculation of diluted loss per share, as their inclusion 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 finder's warrants ($26,211) was considered a financing cost and was apportioned to each component of the Royalty Unit Offering on May 23, 2025.

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 March 31, 2026	**6,460,720**	**0.50**

The Company's outstanding warrants consist of the following:

Issue date	Expiry date	Exercise price	March 31, 2026	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, deferred share units, and other share based awards ("**Share Based Awards**") 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 Share 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.

The Company recognized stock-based compensation expense of $220,738 during the year ended March 31, 2026 ($286,176 - March 31, 2025).

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 March 31 2026	**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 annualised volatility to determine fair value per option was calculated by taking an average of the annualised 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.

Expressed in Canadian Dollars

The following table provides information on stock options outstanding and exercisable as at March 31, 2026:

	Options outstanding			**Options exercisable**		
Expiry date	**Options**	**Exercise price**	**Weighted average life**	**Options**	**Exercise price**	**Weighted average life**
	#	**$**	**Years**	**#**	**$**	**Years**
August 1, 2029	4,425,000	0.20	3.34	4,425,000	0.20	3.34
September 8, 2030	360,000	1.04	4.44	-	-	-
	4,785,000	**0.26**	**3.42**	**4,425,000**	**0.20**	**3.34**

13. REVENUE

The top two customers of the Company accounted for $2,763,018 (68%) of the Company's total revenue for the year ended March 31, 2026. The top customer accounted for $1,781,004 (44%) of the total revenue for the year ended March 31, 2026. During the year ended March 31, 2025, the top two customers of the Company accounted for $2,789,410 (59%) and the top customer accounted for $2,515,258 (53%) of the total revenue. 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:

	Year ended	
Region	**March 31, 2026**	March 31, 2025
	$	$
North America	**3,629,949**	3,889,970
South and Central America	**175,503**	374,512
Europe	**50,815**	7,017
Asia	**205,540**	233,936
Other Countries	**-**	246,367
Total	**4,061,807**	4,751,802

Expressed in Canadian Dollars

14. COST OF PRODUCTS AND SERVICES

The cost of products and services includes the direct material costs, costs related to bringing goods in the sellable condition (shipping inbound, freight, etc.) and a provision related to warranty. The table shown below gives the allocation of cost of the Company's products:

	Year ended	
	March 31, 2026	March 31, 2025
	$	$
Material costs	**2,237,446**	2,693,991
Direct purchase costs	-	13,236
Warranty provision	**119,010**	107,179
Other direct costs	**396,648**	371,128
Total	**2,753,104**	3,185,534

15. INCOME TAX

The provision for income taxes recorded in the financial statements differs from the amount which would be obtained by applying the combined Canadian federal and provincial statutory corporate income tax rate as follows:

	Year ended	
	March 31, 2026	**March 31, 2025**
	$	$
Loss before income tax	**(4,530,037)**	(3,582,443)
Statutory income tax rate	**23.00%**	23.00%
Expected income tax recovery	**(1,041,908)**	(823,962)
Difference resulting from:		
True-up from previous year	**31,389**	(91,902)
Non-deductible items	**82,455**	119,690
Debt conversion adjustments	**(253,682)**	-
Other	**(97,952)**	-
Change in unrecognized tax assets	**1,279,698**	796,174
Income tax expense (recovery)	**-**	**-**

Expressed in Canadian Dollars

The following is analysis of recognized deferred tax assets and deferred tax liabilities:

	Year ended	
	March 31, 2026	**March 31, 2025**
	$	$
Deferred tax liabilities		
Long Term Debt	**(62,617)**	(36,607)
Deferred tax assets		
Non-capital losses	**62,617**	36,607
Net deferred tax assets (liabilities)	-	-

The significant components of the Company's unrecognized deductible temporary differences and unused tax losses are as follows:

	March 31, 2026	**Expiry dates**	**March 31, 2025**	**Expiry dates**
Share issuance costs	**51,805**	**2027 to 2030**	22,258	2026 to 2028
Royalty liability	**587,795**	**2027 to 2028**	-	
Warranty, refund and other reserves	**2,394,617**	**2027**	119,483	2026
Non-capital losses	**11,195,616**	**2044 to 2046**	8,178,084	2044 to 2045
Taxable capital losses	**708,040**	**None**	708,040	None
	14,937,873		9,027,865	

16. SUPPLEMENTAL CASH FLOW INFORMATION

Net changes in non-cash working capital consist of the following:

	March 31, 2026	March 31, 2025
	$	$
Trade and other accounts receivable	**390,535**	(52,906)
Inventory	**(23,854)**	(25,067)
Prepaid expenses and deposits	**(319,791)**	19,273
Accounts payable and accrued liabilities	**1,863,948**	403,071
Change in non-cash working capital	**1,910,838**	344,371

Interest and principal of $146,024 and $6,629,432 was repaid during fiscal 2026 (fiscal 2025 - $28,125 and $1,474,089), respectively. Interest and principal of $393,633 and $62,567 was unpaid and transferred to Accounts payable and accrued liabilities (fiscal 2025 - $1,207,046 and $nil), respectively.

Expressed in Canadian Dollars

17. RELATED PARTIES AND KEY MANAGEMENT PERSONNEL

At March 31, 2026, accounts payable and accrued liabilities included $640,500 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, the CEO, CFO, CPO, CMO and the 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:

	Year ended	
	March 31, 2026	March 31, 2025
	$	$
Wages and contractors	**1,250,400**	1,091,754
Stock-based compensation	**104,288**	208,576
Total	**1,354,688**	1,300,330

18. COMMITMENTS

The Company has future minimum payments committed under non-cancellable agreements and towards debt balances that are due as follows:

	Less Than 1 Year	**1-3 Years**	**After 3 years**	**Total**
	$	**$**	**$**	**$**
Committed purchase orders	988,922	-	-	988,922
Debenture notes (1)	-	7,548,559	-	7,548,559
Choco facility	458,826	1,123,983	-	1,582,809
Revolving credit facility (2)	4,944,940	-	-	4,944,940
License fees (3)(4)	1,797,068	3,649,750	1,390,381	6,837,199
As at March 31, 2026	**8,189,756**	**12,322,292**	**1,390,381**	**21,902,429**

(1) Balance includes $1,290,466 of crystallised interest added to the outstanding principal balance of the Debenture notes.
(2) Balance includes interest of $815,449 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 at March 31, 2026 is US$3,650,000.
(4) The non-cancellable amount of license fees as at March 31, 2026 is U$1,267,500. 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 2032.

19. SUBSEQUENT EVENTS

a) Debenture Note Amendment

Effective April 1, 2026, the Company amended its outstanding Debenture notes to extend the maturity date by twelve months to July 1, 2028. The amendment also extends the 20% principal penalty premium timeline by twelve months, now applicable only to the unpaid principal balance as of July 1, 2027, and maintains the interest-free provision on the outstanding principal through the revised term.

b) Acquisition of Somatix

On April 30, 2026, the Company acquired 100% of the issued and outstanding equity securities of Somatix, Inc. ("Somatix"), a medical technology company focused on AI-powered remote patient monitoring and gesture recognition. The transaction was structured as a reverse triangular merger under the Delaware General Corporation Law, with Somatix continuing as a wholly-owned subsidiary of the Company.

As consideration for the acquisition, the Company issued 15,581,854 common shares to the former stockholders of Somatix. The shares were measured at their acquisition-date fair value, determined by reference to the closing price of the Company's common shares on the TSX Venture Exchange on April 30, 2026 of $0.71 per share. This resulted in total consideration transferred of approximately $11.06 million.

The transaction constitutes a business combination. Due to the timing of the acquisition, the initial accounting for the business combination was incomplete at the time these financial statements were authorized for issue. A formal purchase price allocation ("PPA") will be finalized within 12 months of the acquisition date.

The preliminary provisional PPA, based on management's best estimates of the fair values of assets acquired and liabilities assumed on the acquisition date, is summarized as follows:

Expressed in Canadian Dollars

	April 30, 2026
	$
ASSETS	
Current	
Cash and cash equivalents	4,693,557
Prepaid expenses and deposits	41,327
Deferred income tax asset	24,087
	4,758,971
Non Current	
Equipment, net	34,722
Intangible Assets	3,615,182
Total assets	**8,408,875**
LIABILITIES	
Current	
Accounts payable and accrued liabilities	795,030
Current portion of long-term debt	13,624
	808,654
Non Current	
Long-term debt	332,371
Total liabilities	**1,141,025**
Net identifiable assets acquired	**7,267,850**
Goodwill	3,795,266
Total net assets acquired	**11,063,116**
Total share consideration	**11,063,116**