CE Brands Inc.

MANAGEMENT'S DISCUSSION & ANALYSIS

FOR THE YEAR ENDED MARCH 31, 2022

The following Management's Discussion and Analysis ("**MD&A**") of the financial condition and results of the operations of CE Brands Inc. ("**CE Brands**", the "**Company**", "**us**", "**we**" or "**our**") (TSXV: CEBI; CEBI.WT) constitutes management's review of the Company's operations, financial performance and financial condition for the years ended March 31, 2022 and March 31, 2021. References in this MD&A to the "Company" refer to eBuyNow eCommerce Ltd. ("**EBN**") and its direct or indirect subsidiaries for information provided in respect of any period prior to June 18, 2021, which is the date on which the Qualifying Transaction (as defined below) was completed pursuant to which the business of EBN became the business of CE Brands. Subsequent to June 18, 2021, the "Company" refers to the consolidated operations of CE Brands Inc. and its direct or indirect subsidiaries and the historical operations of EBN and its direct or indirect subsidiaries. This MD&A should be read in conjunction with the Company's audited financial statements and accompanying notes for the years ended March 31, 2022 and March 31, 2021, together with the notes thereto. The audited financial statements of the Company for the years ended March 31, 2022, and March 31, 2021, have been prepared in accordance with International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board ("**IASB**"), respectively. The Company's financial statements are available on SEDAR at www.sedar.com.

This MD&A is dated June 22, 2022. All dollar amounts in this MD&A are in Canadian dollars unless otherwise indicated.

Forward-Looking Information

This MD&A contains "forward-looking information" within the meaning of applicable Canadian securities laws. In general, forward-looking information is disclosure about future conditions, courses of action, and events, including information about prospective financial performance or financial position. The use of any of the words "anticipates", "believes", "expects", "intends", "plans", "will", "would", and similar expressions are intended to identify forward-looking information. Forward-looking statements included or incorporated by reference in this MD&A include, without limitation, with respect to:

- the likelihood that global supply constraints will continue to occur and impact the Company;
- the need for the Company to pursue additional sources of financing;
- the Company's ability to access funding under the Choco Facility (as defined herein) and the Vesta Facility (as defined herein);
- the Company's expectations with respect to the entering into of a Definitive Kang-Shuo Agreement (as defined herein);
- the Company's expectations with respect to additional product launches in calendar year 2022;
- the level of demand for the Company's products and the Company's ability to increase production to meet such expected demand;
- the Company's expectations with respect to trends or fluctuations in liquidity as a result of seasonality;
- the Company's intention to focus on conserving cash and improving near-term profitability through streamlining its current product lines, lowering unit costs and better positioning the Company to meet delivery schedules for its current products;

- the Company's expectations with respect to liquidity risks associated with the financial instruments of the Company;
- the intention of the Company to manage its capital structure and make changes thereto in response to changes to economic conditions and risks associated with the nature of the business;
- the Company's ability to generate sufficient operating cash flows to pay for its expenditures and settle its obligations as they fall due subsequent to March 31, 2022, and the need for the Company to raise funds by way of equity or debt issuances or take other measures to improve profitability;
- the Company's intention to closely monitor cash and take necessary measures to manage its liquidity risk, such as reducing spending, improving profitability and raising funds as required;
- the likelihood of the Company employing the use of various financial instruments to manage exposure to foreign exchange risk;
- the use of funds from the Offering (as defined below); and
- estimated selling, general and administrative expenses.

The forward-looking information is based on certain key expectations and assumptions, including the continuance of manufacturing operations at the Company's partner factories in Asia, the timing of product launches, shipments and deliveries, forecast sales price and sales volumes of the Company's products and the ability of the Company to secure additional sources of financing in 2022.

There can be no assurance that the Company will be able to secure additional financing in the future and/or access funding under the Choco Facility and/or the Vesta Facility on the terms contemplated, in a timely manner or at all. If the Company fails to secure additional financing and/or access funding under the Choco Facility and/or the Vesta Facility, then the Company may have insufficient liquidity and capital resources to operate its business resulting in material uncertainty regarding the Company's ability to meet its financial obligations as they become due and continue as a going concern.

Although CE Brands believes that the expectations and assumptions on which such forward-looking information is based are reasonable, undue reliance should not be placed on the forward-looking information because CE Brands cannot give any assurance that it will prove to be accurate. By its nature, forward-looking information is subject to various risks and uncertainties, which could cause the actual results and expectations to differ materially from the anticipated results or expectations expressed in this press release. Such risks and uncertainties include, without limitation: the risks described in the "Other Risk Factors" section of this MD&A; the impact of the evolving Covid-19 pandemic on the Company's business, operations and sales; reliance on third party manufacturers and suppliers; the Company's ability to stabilize its business and secure sufficient capital, including the funding under the Choco Facility and/or the Vesta Facility, which may not be available in a timely manner or at all; the inability of the Company to enter into a Definitive Kang-Shuo Agreement; the Company's available liquidity being insufficient to operate its business and meet its financial commitments, which could result in the Company having to refinance or restructure its debt, sell assets or seek to raise additional capital, which may be on unfavorable terms, if available at all; the inability to implement the Company's objectives and priorities for 2022 and beyond, which could result in financial strain on the Company and continued pressure on the Company's business; risks associated with developing and launching new products; increased indebtedness and leverage; the fact that historical and projected financial information may not be representative of the Company's future results; the inability to position the Company for long-term growth; risks associated with issuing new equity including the possible dilution of the Company's outstanding common shares; the value of existing equity following the completion of any financing transaction; the Company defaulting on its obligations, which could result in the Company having to file for bankruptcy or undertake a restructuring proceeding; the Company being put into a bankruptcy or restructuring proceeding; and the risk factors included in CE

Brand's other continuous disclosure documents available on SEDAR at www.sedar.com. Readers are cautioned not to place undue reliance on this forward-looking information, which is given as of the date of this MD&A, and to not use such forward-looking information other than for its intended purpose. CE Brands undertakes no obligation to update publicly or revise any forward-looking information, whether as a result of new information, future events, or otherwise, except as required by applicable securities law.

Russia and Ukraine

The geopolitical situation in Eastern Europe intensified in February 2022, with Russia's invasion of Ukraine. The Russian war in Ukraine resulted in the U.S., UK, and the European Union member governments, among others, placing economic sanctions on numerous Russian entities, specific Russian-controlled entities, as well as Belarus. For the year ended March 31, 2022, sales to customers in Russia, Ukraine and Belarus made up approximately 3% of the Company's full year revenue; however, the Company's product may be sold by its customers to end users in these countries. The Company does not have significant contracts with customers in Russia and the Ukraine and the Company does not anticipate any material impact on the Company's future results of operations or financial position associated with these events. The long-term impacts of the Russian war in Ukraine remain uncertain and will continue to be assessed in future periods.

COVID-19

On January 31, 2020, the World Health Organization declared the coronavirus outbreak (COVID-19) a "Public Health Emergency of International Concern" and on March 11, 2020, declared COVID-19 a pandemic. The Company's operations have been negatively impacted by the regional and global outbreak of COVID-19, and the continued length of time of this impact is unknown. Any quarantines, supply chain and labor shortages or other disruptions to the Company's operations, or those of its customers, adversely impacted the Company's revenues, ability to provide its products and services and operating results in fiscal 2021 and in fiscal 2022 and may continue to adversely impact the Company going forward. The extent to which the coronavirus impacts the Company's results will depend on future developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning the severity of the coronavirus and actions taken to contain the coronavirus or its impact, among others.

Basis of Presentation

In this MD&A all references to: (a) "Q4 2022" are to the three month period ended March 31, 2022; (b) "Q4 2021" are to the three month period ended March 31, 2021; (c) "Fiscal 2022" are to the fiscal year ended March 31, 2022; and (d) "Fiscal 2021" are to the fiscal year ended March 31, 2021. The audited Annual Consolidated Financial Statements and the accompanying notes for the years ended March 31, 2022 and March 31, 2021, and this MD&A were reviewed by the audit committee (the "**Audit Committee**") of the Company's board of directors (the "**Board**") and approved by the Board on June 22, 2022 on the recommendation of the Audit Committee.

Going Concern

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

At March 31, 2022, the Company had not achieved profitable operations since its inception and had accumulated a deficit of $38,671,282 (March 31, 2021 – $28,335,419), incurred a net loss of $10,335,863 for the year ended March 31, 2022 (March 31, 2021 - $14,048,843), and cash flow used in operating activities for the year ended March 31, 2022 of $12,702,517 (March 31, 2021 - $4,621,904). At March 31, 2022, the Company had a working capital deficiency of $1,135,427 (March 31, 2021 – deficiency of $12,849,031), a current portion of long-term debt of $2,176,430 and commitments of $8,999,417 due in the next 12 months (note 24).

Whether and when the Company can generate sufficient operating cash flows to pay for its expenditures and settle its obligations as they fall due subsequent to March 31, 2022 is uncertain. Subsequent to March 31, 2022 the Company entered into a $1,000,000 private placement of convertible notes (refer to “Subsequent Events” below). The Company also entered into additional financing arrangements for an up to US$2,250,000 ($2,885,850) loan and separately, a binding term sheet with respect to a US$2,000,000 ($2,598,800) loan facility (refer to “Subsequent Events” below). These financing arrangements are subject to certain conditions in order for the Company to access funds as described in “Subsequent Events” below. The Company will require additional funds by way of debt or equity issuances to be able to continue to fund its operating and financing activities in the future.

There can be no assurance as to whether the Company will achieve profitable operations, that debt or equity financing will continue to be available or sufficient to meet the Company’s requirements or for other corporate purposes or, if debt or equity financing is available, that it will be available on terms acceptable to the Company or at all. Further, there can be no assurance that the Company will be able to access funding under the Choco Facility (as defined herein) and/or the Vesta Facility (as defined herein) on the terms contemplated, in a timely manner or at all. Moreover, future activities may require the Company to alter its capitalization significantly. The inability of the Company to achieve profitable operations or to access sufficient capital for its operations could have a material adverse effect on the Company’s financial condition, results of operations or prospects. These conditions create a material uncertainty which 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 realize its assets and discharge its liabilities in other than the normal course of business and at amounts different than those reflected in the consolidated financial statements. Such adjustments could be material.

Description of the Business

The Company is an *independent, data-driven consumer electronics company*. It works with proprietary tools to identify precise gaps in the consumer electronics industry, and then proceeds to *build*, *market*, and *distribute* promising consumer electronics goods with *a strictly results-oriented approach*. Through the use of sales data analytics, the Company selects growth consumer electronics products for sale through their direct-to-consumer e-commerce platforms via global retail channels in multiple countries.

The Company produces consumer electronics in multiple product categories under multiple licensed brands, and considers the brand of the product to simply be an additional feature. For this reason, the Company enters into multiple trademark brand licensing agreements, where it pairs a brand with a product line that is under development. Typical arrangements are based on royalty agreements, where the Company pays a royalty to the trademark holder for the authorization to produce, market, and sell products under the licensed trademark brand.

The Company has developed ProductLoop, a proprietary software platform, which is a market research and market intelligence platform that aggregates publicly available consumer reviews from multiple global third-party e-commerce platforms, with the goal of identifying trends in consumer sentiment and activity.

Using ProductLoop as a driver, the Company continually aims to identify product categories that show signs of growth, and identify the product features within each product category that lead to the growth of the product category. The Company uses the ProductLoop aggregated review data to identify changes in consumer patterns over time, in order to estimate sales trends, and gain insight into market conditions by product category and country.

The Company's headquarters are located in Calgary, Alberta and the address of its head office is 4310 Bankers Hall West, 888 - 3rd Street S.W., Calgary, Alberta, T2P 5C5.

On June 18, 2021, CE Brands acquired all of the outstanding shares of EBN by way of a three-cornered amalgamation (the "**Qualifying Transaction**"), with the resulting issuer being named CE Brands. Upon completion of the Qualifying Transaction, the shareholders of CE Brands held approximately 2% of the issued and outstanding shares of the Company and, as a result, EBN shareholders controlled the Company, resulting in a reverse take-over. The resulting financial statements are presented as a continuance of EBN (accounting acquirer), and comparative figures presented in the consolidated financial statements are those of EBN.

CE Brands Inc. was incorporated in the Province of Alberta on October 15, 2018 under the *Business Corporations Act* (Alberta).

Reverse Acquisition of CE Brands Inc. by eBuyNow eCommerce Ltd.

On January 28, 2021, CE Brands Inc. and EBN entered into an Amended and Restated Amalgamation Agreement (the "Amalgamation Agreement") in connection with the Amalgamation. Pursuant to the Amalgamation Agreement:

- The full corporate name of the resulting issuer was changed to "CE Brands Inc" (the "Resulting Issuer");
- The common shares of CE Brands were consolidated on a 20.75-for-one basis into shares of the Resulting Issuer;
- The class "A" common voting shares of EBN (the "EBN Shares") were consolidated on a five-for-one basis;
- A wholly-owned subsidiary of CE Brands and EBN amalgamated under the British Columbia Business Corporations Act and were continued as one corporation; and
- Pursuant to the amalgamation, the holders of EBN Shares exchanged EBN Shares for Resulting Issuer shares on a one-for-one basis

On June 18, 2021, EBN completed a reverse takeover transaction with CE Brands which constituted a Qualifying Transaction (as defined in the policies of the TSX Venture Exchange) for CE Brands.

Immediately before the Qualifying Transaction, CE Brands consolidated its common shares on a 20.75-for-one basis. The then outstanding stock options and warrants of CE Brands were also consolidated on a 20.75-for-one basis and holders were entitled to acquire shares in the capital of the resulting issuer for each stock option and warrant held immediately before the amalgamation.

In connection with the reverse takeover transaction, the following occurred:

- On June 18, 2021, the Company completed a public offering (the "**Offering**") of 4,156,626 subscription receipts (the "**Subscription Receipts**") for gross proceeds of $17,250,000, each subscription receipt entitled the holder to one common share and one common share purchase warrant. The Company converted the Subscription Receipts into a total of 4,156,626 common shares and 4,156,626 common share purchase warrants (the "**Underlying Warrants**"), each of which entitles the holder to purchase one common share of the Company (a "**Warrant Share**"), for a purchase of price of $7.50 per Warrant Share, for a period of 24 months following the date on which the Underlying Warrant was issued.
- Immediately before the Qualifying Transaction, holders of EBN common shares, warrants and stock options had their securities consolidated on a five-for-one basis. Pursuant to the Qualifying Transaction, the Company issued to former security holders of EBN: 18,141,970 Common Shares; 1,395,000 options to purchase Common Shares; 3,230,342 warrants to purchase Common Shares; US$1,388,888 ($1,964,629) aggregate principal amount of unsecured notes that were convertible into an aggregate of 624,721 Common Shares; and $1,174,785 aggregate principal amount of unsecured notes that are convertible into an aggregate of 313,277 Common Shares.

Immediately after the completion of the Qualifying Transaction and conversion of the Subscription Receipts, the issued and outstanding share capital of the Company consisted of 22,713,054 Common Shares, 1,793,073 options to purchase Common Shares, 7,386,969 warrants to purchase Common Shares, US$1,388,888 ($1,964,629) aggregate principal amount of unsecured notes that were convertible into an aggregate of 624,721 Common Shares, and $1,174,785 aggregate principal amount of unsecured notes that were convertible into an aggregate of 313,277 Common Shares.

Under IFRS, the share exchange was considered to be a share-based payment in substance. That is, the share exchange was measured at the fair value of the company acquired. Accordingly, the share exchange has been accounted for as a reverse acquisition and no goodwill has been recorded. Under reverse acquisitions, the post reverse acquisition comparative historical financial statements of the legal acquirer, CE Brands, are those of the legal acquiree, EBN, which is considered the accounting acquirer. The financial statements to which this MD&A relates reflect the statements of financial positions, the results of operations and the cash flows of EBN and its subsidiaries at their historical carrying amounts.

Through the Qualifying Transaction, CEBI acquired legal control of EBN by way of a share exchange and subsequent amalgamation. However, the shareholders of EBN gained voting control of CE Brands pursuant to the issuance of CE Brands' Common Shares to the shareholders of EBN, representing a 98% majority interest in CE Brands. It has been determined that EBN is the accounting acquirer and, consequently, the transaction has been accounted for as a reverse acquisition of CE Brands by EBN. As CE Brands does not meet the definition of a business, the Qualifying Transaction has been accounted for as a reverse acquisition of net assets, pursuant to IFRS 2 Share Based Payments.

The acquisition date fair value of the consideration transferred by the accounting acquirer, EBN for its interest in the accounting acquiree, CE Brands of $1,459,907 (or 414,458 common shares, 24,096 initial public offering options and 41,446 resulting issuer options) has been determined based on the fair value of the equity interest EBN would have had to give to the owners of CE Brands, before the reverse acquisition, to provide the same percentage equity interest in the combined entity that results from the reverse acquisition, and was recorded as an increase in common shares and contributed surplus respectively in the consolidated statement of financial position.

The net assets of CE Brands acquired on June 18, 2021 were as follows:

Cash	$25,000
Accounts receivable	25,000
Accounts payable	(6,500)
Net assets acquired	$43,500

In accordance with IFRS 2, Share-Based Payments, any excess of the fair value of the shares issued by the Company over the value of the net monetary assets of CE Brands, has been recognized in the consolidated statements of comprehensive loss.

The consideration transferred in excess of net assets acquired in connection with the reverse acquisition was $1,416,407.

Overall Performance

Select financial and operational highlights include the following:

- Total revenue of approximately $2.9 million in Q4 2022 from approximately $1.3 million in Q4 2021, representing an increase of approximately 121%. Total revenue of approximately $6.9 million in Fiscal 2022 from approximately $9.3 million in Fiscal 2021, representing a decrease of approximately 26%. The increase in total revenue for the three month period was primarily a result of the launch of the moto watch 100 late in the third quarter. Further contributing to the increase in total revenue was increased sales in smart home products, driven primarily by increased sales of air purifiers as well as sales of the KODAK Infinio F882 Outdoor Security Camera which was launched in January 2022. The decrease in total revenue in Fiscal 2022 compared to Fiscal 2021 was primarily attributable to constrained working capital within the three months period ended June 30, 2021 ("Q1 2021"), prior to the Qualifying Transaction, which resulted in the inability to procure inventory for sale, combined with the supply chain constraints which resulted in delays in the procurement of inventory for sale, as well as a reduction in Moto360 sales as the Company focused procurement efforts for the moto watch 100 launch. The decrease in total revenue year over year was offset by moto watch 100 sales and increased sales of air purifiers and security cameras.
- Gross profit of approximately $0.7 million in Q4 2022 from a gross loss of approximately $0.3 million in Q4 2021, representing an increase of approximately 305%. Gross profit of approximately $1.5 million in Fiscal 2022 from approximately $1.2 million in Fiscal 2021, representing an increase of approximately 19%. The increase in gross profit in the three month period was due to an increase in total sales with the incremental sales primarily coming from the moto watch 100 product line and increased sales of air purifiers and security cameras. Further contributing to the period over period increase was a recognition of a provision within cost of products and services in Q4 2021 which decreased the comparative period gross profit. The increase in gross profit in Fiscal 2022 was due to a higher proportion of total sales coming from the moto watch 100 and Kodak smart home products than the previous period where the majority of sales were from the Moto360 product line which had lower gross margins. The shift in sales to higher margin products as well as the recognition of a provision within cost of products and services in Fiscal 2021, more than offset the reduction in gross profit attributable to decreased total revenue.
- Net loss of approximately $2.9 million in Q4 2022 from approximately $3.5 million in Q4 2021, representing a decrease of approximately 15%. Net loss of approximately $10.3 million in Fiscal 2022 from approximately $14.0 million in Fiscal 2021, representing a decrease of approximately 26%. The decrease in net loss in the three month period was primarily due to the aforementioned increase in gross profit and a decrease in finance costs associated with lower corporate debt levels, offset primarily by increased marketing, selling and distribution and wages and contractor expenses in Q4 2022 associated with the launch of the moto watch 100 and the KODAK Infinio F882 Outdoor Security Camera. The decrease in net loss in Fiscal 2022 was primarily due to the aforementioned increase in gross profit, reduced marketing, selling and distribution, professional fees and finance costs and a fair value gain on financial instruments, offset in part by increased wages and contractor expenses, royalties, technology and related expenses and the listing expense on the reverse acquisition.

Selected Annual Information

The following tables summarize certain financial data derived from the financial statements of the Company for Fiscal 2022, Fiscal 2021 and for the financial year ended March 31, 2020:

	Year ended March 31, 2022	Year ended March 31, 2021	Year ended March 31, 2020
Total revenue	6,898,924	9,270,470	7,299,077
Net loss	(10,335,863)	(14,048,843)	(10,458,337)
Total comprehensive loss	(10,317,419)	(14,922,534)	(9,849,127)
Total assets	13,901,560	13,139,765	18,915,238
Total liabilities	9,168,228	17,072,413	14,672,718
Basic and Diluted Loss per share	(0.46)	(0.85)	(0.72)

Total revenue has decreased year over year as a result of constrained working capital within Q1 2022, prior to the Qualifying Transaction, which resulted in the inability to procure inventory for sale, combined with supply chain constraints experienced in the three months period ended October 31, 2021 ("Q2 2022") and the three month period ended December 31, 2021 ("Q3 2022") which resulted in delays in the Company procuring inventory for sale. Further contributing to the year over year decrease was a decrease in Moto360 watch sales as the Company allocated inventory purchasing working capital to the launch of the moto watch 100 in Q3 2022. Net loss and total comprehensive loss decreased year over year primarily as a result of increased gross profit due to lower cost of products and services, decreased marketing, selling and distribution and professional fee expenditures, reduced finance costs, as well as a fair value gain on financial instruments in the current fiscal year. The increase in total assets from the prior year was primarily attributable to increased inventories and the decrease in total liabilities was attributable to reduced accounts payable and long-term debt as the proceeds of the Qualifying Transaction were used to repay certain balances.

Fourth Quarter

The following table summarizes certain financial data derived from the financial statements of the Company for the three months ended March 31, 2022 and March 31, 2021:

	Q4 2022	Q4 2021	$ Change	% Change
Total revenue	2,892,645	1,309,586	1,583,059	121%
Gross profit	658,890	(320,996)	979,886	305%
Operating loss	(2,502,220)	(2,358,689)	(143,531)	6%
Net loss	(2,930,663)	(3,119,339)	188,676	6%

Total revenue increased primarily as a result of the launch of the moto watch 100 in late November 2021 with the first full quarter of sales being realized in Q4 2022. Gross profit increased due to lower cost of products and services on the moto watch 100 and the recognition of a provision within cost of products and services in Q4 2021. The decrease in operating loss in Q4 2022 from Q4 2021 was primarily attributable to the increase in gross profit, offset in part by increased marketing and wages and contractors expenses associated with the roll out of the moto watch 100. The decrease in net loss in Q4 2022 from Q4 2021 was attributable to the aforementioned factors contributing to the change in operating loss as well as reduced financing costs and fair value losses on financial instruments as compared to Q4 2021.

Outlook

Following the launch of moto watch 100, which was announced in mid-November 2021, and the KODAK Infinio F882 Outdoor Security Camera (announced on January 20, 2022), the Company anticipates launching an additional three new smart watch products in 2022.

The Company continues to take steps to mitigate the impacts of the ongoing supply constraints on semiconductor chip manufacturing and global supply chain disruptions through supply-chain improvements, reductions in SG&A and strategically prioritizing the Company's product portfolio to conserve cash and improve near-term profitability. The Company continues to believe it is in the early stages of improved sales momentum through increased product deliveries and sales. In order to continue to meet customer demand and fulfill growing order backlog, the Company anticipates pursuing additional financing for working capital and general corporate purposes, principally to ensure the Company has sufficient financing on hand for the purchase of inventory.

Due to the working capital and liquidity constraints that the Company has faced and a slower than anticipated return to full operations in our partner factories, the Company has determined to withdraw all previously disclosed financial guidance due to the uncertainty in forecasting operating results, including the previously stated revenue guidance of $30-40 million for calendar 2022. We are confident that we will continue to achieve revenue growth in fiscal 2023 as we execute on our stated new product launches and commercial partnerships.

The Company anticipates that it will require additional financing to address the Company's working capital and other financing needs and support the Company's product launches and sales. See "Forward-Looking Information", "Going Concern" and "Other Risk Factors".

Results of Operations

The following section provides an overview of our financial performance during the fiscal year ended March 31, 2022 as compared to the fiscal year ended March 31, 2021.

	Year ended March 31	Year ended March 31
	2022	**2021**
Total revenue	**6,898,924**	**9,270,470**
Cost of products and services	5,412,921	8,022,667
Gross Profit	**1,486,003**	**1,247,803**
Expenses		
Marketing	1,117,633	1,649,690
Selling and distribution	853,164	1,186,794
Wages and contractors	3,976,621	3,290,982
Royalties and license fees	1,262,241	918,663
Technology and related	488,549	282,743
Professional fees	924,466	1,354,023
General and administrative	639,790	433,742
Depreciation	279,813	259,007
Amortization	700,203	1,045,206
Stock-based compensation	204,141	390,314
(Gain) Loss on foreign exchange	128,412	163,956
Operating loss	**(9,089,030)**	**(9,727,317)**
Finance costs	(2,075,605)	(3,778,059)
Fair value gain on financial instruments	2,209,402	(310,277)
Gain on warrant obligation settlement	-	(273,084)
Listing expense	(1,416,407)	-
Other income -		39,893
Loss before income tax	**(10,371,640)**	**(14,048,844)**
Income tax expense (recovery)	(35,777)	-
Net loss	**(10,335,863)**	**(14,048,844)**

Revenues

Total revenue for the year ended March 31, 2022 decreased by approximately 26% compared to the year ended March 31, 2021. The decrease in revenue year over year was primarily attributable to decreased sales in the Moto360 watch and baby monitors. The decrease in sales in the Moto360 watch was attributable to the allocation of inventory purchasing working capital to the launch of the moto watch 100 in Fiscal 2022. The decrease in baby monitor sales was primarily attributable to constrained working capital within Q1 2022, prior to the Qualifying Transaction, which resulted in the inability to procure inventory for sale, combined with global supply chain issues experienced by the Company during Fiscal 2022 which resulted in delays in procuring inventory for sale. These factors decreasing revenue were offset in part by the sales associated with the Company's new moto watch 100 which launched late in the third quarter of fiscal 2022, increased sales of air purifiers and increased sales of security cameras driven by the launch of the KODAK Infinio F882 Outdoor Security Camera in January 2022.

Cost of products and services

Cost of products and services for the year ended March 31, 2022 decreased by approximately 33% compared to the year ended March 31, 2021. Cost of products and services as a percentage of sales for the year were approximately 78% compared to approximately 87% in the comparative period. The decrease in cost of products and services year over year was attributable to decreased sales in Fiscal 2022 as compared to Fiscal 2021. The decrease in cost of products as a percentage of sales in Fiscal 2022 compared to Fiscal 2021 was due to an increased proportion of total sales coming from higher margin products such as the moto watch 100, and Kodak smart home products, versus the prior year where there was a higher proportion of total sales coming from the Moto360 watch line which had a comparatively lower gross margin. This was offset in part by increased per shipment inbound freight costs in the current year as a result of global supply chain constraints and the upward pricing pressures on inbound shipping resulting from increased fuel costs.

Marketing

Marketing expenses for the year ended March 31, 2022 decreased by approximately 32% compared to the year ended March 31, 2021. The decrease in marketing expenses was primarily a result of reduced new product marketing expenditures as the Company achieved meaningful reductions in product launch expenditures for the moto watch 100 launch and the Kodak F882 as compared to the launch of the Moto360 watch line in the comparative period. Further contributing to the decrease are lower third party pay-per-click marketing expenditures on online marketplace sales channels which are a result of decreased online sales traffic in the current fiscal period.

Selling and distribution

Selling and distribution expenses for the year ended March 31, 2022 decreased by approximately 28% compared to the year ended March 31, 2021. The decrease in selling and distribution costs is primarily attributable to decreased Amazon marketplace fees associated with decreased sales in the current year period.

Wages and contractors

Wages and contractors expenses for the year ended March 31, 2022 increased by approximately 21% compared to the year ended March 31, 2021. The increase was primarily due to the closing of the Qualifying Transaction in June of 2021, leading to an increase in hiring as the company began to scale up staffing requirements to support expected future growth. This was offset in part by previously disclosed reductions in wage and contractor expenses in the third quarter of fiscal 2022 focused primarily around reductions in corporate salaries.

Royalties and license fees

Royalties for the year ended March 31, 2022 increased by approximately 37% compared to the year ended March 31, 2021. The increase in royalties was due to contractual royalty payment increases for both the Kodak and Motorola brand licenses.

Technology and related

Technology expenses for the year ended March 31, 2022 increased by approximately 73% compared to the year ended March 31, 2021. The increase in technology expenses as compared to prior year is primarily a result of a migration of corporate servers to a cloud based arrangement and cost increases to key software licensing agreements.

Professional fees

Professional fees for the year ended March 31, 2022 decreased by approximately 32% compared to the year ended March 31, 2021. The decrease in professional fees as compared to the prior year is primarily a result of professional fees associated with the reverse acquisition of CE Brands being classified as share issue costs in Q1 2022 which resulted in lower professional fees as compared to the prior year, which offset the increase in professional fees in the current year for accounting consulting services as well as legal fees associated with the November 2021 Private Placement.

General and administrative

General and administrative expenses for the year ended March 31, 2022 increased by approximately 48% compared to the year ended March 31, 2021. The increase in general and administrative expenses in Fiscal 2022 versus Fiscal 2021 was primarily attributable to increased insurance expenses and expenses associated with the listing for trading of CE Brands' Common Shares on the TSX Venture Exchange in June 2021. Further contributing to the year over year increase was increased rent expenses associated with the expansion of operations in Europe and China to facilitate expected future demand and a provision for late tax filings recognized in 2022.

Depreciation

Depreciation expenses for the year ended March 31, 2022 increased by approximately 8% compared to the year ended March 31, 2021. The increase in depreciation expense is primarily a result of capital additions during Q3 2021 which have increased the depreciable base of the Company's property, plant and equipment ("PP&E") in the current year as compared to the prior year periods.

Amortization

Amortization expenses for the year ended March 31, 2022 decreased by approximately 33% compared to the year ended March 31, 2021. The decrease in amortization expense in the current year as compared to the prior year period is due to the Customer Relationships intangible asset being fully amortized during Q4 2022.

Stock-based compensation

Stock based compensation for the year ended March 31, 2022 decreased by approximately 48% compared to the year ended March 31, 2021. The decrease in stock-based compensation as compared to the prior year was primarily due to fewer options being issued in the current year and adjustments to stock-based compensation expense for forfeitures in the period.

Finance costs

Finance costs for the year ended March 31, 2022 decreased by approximately 45% compared to the year ended March 31, 2021. The decrease in finance costs year over year is due to the repayment of various debt instruments at the end of Q1 2022, resulting in lower costs associated with amortization of deferred financing costs and interest. This was offset in part by financing costs associated with the November 2021 Private Placement (as defined below).

Fair value gain/loss on financial instruments

Fair value gain/loss on financial instruments for the year ended March 31, 2022 increased by approximately 812% compared to the year ended March 31, 2021 from a fair value loss of approximately $0.3 million in Fiscal 2021 to a fair value gain of approximately $2.2 million in Fiscal 2022. The increase is due to the maturation of a convertible debenture note during the first quarter of 2022 and the fair value gain of approximately $1.7 million on the derecognition of the embedded derivatives associated with this convertible debenture. In addition, there was a fair value gain of approximately $0.5 million on warrant obligations associated with the liability warrants granted to certain convertible debenture holders.

Listing expense

Listing expense increased 100% in Fiscal 2022 from Fiscal 2021 due to closing of the Qualifying Transaction.

Summary of Quarterly Results

	Q4 2022	Q3 2022	Q2 2022	Q1 2022
Total revenue	2,892,645	1,495,965	1,395,170	1,115,143
Gross profit	658,890	255,710	453,671	117,730
Net loss	(2,930,663)	(2,604,135)	(2,072,350)	(2,689,563)
Total comprehensive loss	(2,938,435)	(2,570,909)	(2,010,062)	(2,755,889)
Basic and Diluted Loss per share	(0.12)	(0.11)	(0.09)	(0.14)

Quarterly information prior to Q1 2022 has not been provided because quarterly financial statements were not previously prepared for each of the four most recently completed quarters prior to that period.

Total revenue has increased quarter over quarter primarily as a result of the launch of the moto watch 100 late in the third quarter. Further contributing to the increase in total revenue was increased sales in smart home products, driven primarily by increased sales of air purifiers as well as sales of the KODAK Infinio F882 Outdoor Security Camera which was launched in January 2022.

Gross profit has increased as compared to Q3 2022 due to the increase in sales of moto watch 100 units in the quarter. Additionally, the quarter over quarter increase was due to the seasonally high cost of products and services as a percentage of revenue realized in Q3 2022 which were not realized in Q4 2022. This was attributable to discounted sales associated with promotional events during Q3 2022 such as Black Friday, Cyber Monday and Boxing Day. Further contributing to the increase in gross profit were changes in provisions recorded for inventory refurbishment in Q3 2022 which resulted in an increase in cost of products and services in Q3 2022.

The decrease in net loss in Q4 2022 as compared to Q3 2022 is primarily attributable to increased gross profit (refer to the discussion on gross profit above for factors responsible for the increase in gross profit quarter over quarter) and reduced general and administrative, amortization and depreciation expenses. The reduction in quarter over quarter net loss attributable to these categories more than offset the quarterly increases in marketing, selling and distribution and wages and consulting fees associated with the increased sales volumes in the quarter, as well as the quarter over quarter increase in professional fees and interest expense associated with the November 2021 Private Placement.

Liquidity and Capital Resources

The Company's liquidity and capital resources are as follows:

	March 31, 2022	March 31, 2021
Cash	715,796	397,337
Total current assets	4,642,272	2,834,632
Total current liabilities	5,777,700	15,683,663
Working capital (deficiency)	(1,135,428)	(12,849,031)

The Company's capital management policy is to maintain a capital base that optimizes its ability to grow, maintain investor and creditor confidence and to provide a platform to create value for its shareholders. The Company intends to maintain a flexible capital structure to maximize its ability to pursue additional investment opportunities, which considers the Company's early stage of development and the requirement to sustain future development of the business.

The Company will manage its capital structure and make changes to it in light of changes to economic conditions and the risks associated with the nature of the business. In order to maintain or adjust the capital structure, the Company may from time-to-time issue shares, seek debt financing and adjust its spending to manage its current and projected capital structure.

The Company does not expect significant trends or fluctuations in liquidity as a result of seasonality. Fluctuations in liquidity and the Company's working capital requirements are primarily related to the capital needs required to purchase inventory to meet demand for sales. The Company does not currently have any inventory commitments which require a maintenance of inventory in order to meet customer delivery requirements but has committed purchase orders from factories of approximately $7.2 million (refer to "Commitments" below) in the next 12 months.

The Company currently has a working capital deficiency and whether and when the Company can generate sufficient operating cash flows to pay for its expenditures and settle its obligations as they fall due subsequent to March 31, 2022 is uncertain. Until the Company can generate sufficient operating cash flows to pay for its expenditures and settle its obligations, including commitments due in the next 12 months, as they fall due, management will have to attempt to raise funds by way of debt or equity issuances, which may not be possible on acceptable terms, in a timely manner or at all, or attempt to take further measures to improve profitability. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Refer to "Going Concern".

Operational and Financial Update

As previously announced by CE Brands on October 21, 2021, the COVID-19 pandemic has had far-reaching impacts on the manufacturing and production of consumer electronics in Asia. For CE Brands, this has resulted in lower volumes of inventory being available for sale and associated delays in new product launches. Recently, the Company has also experienced increases in production, labor and shipping costs. The Company has implemented a number of proactive initiatives to address these issues, as further described below.

The Company is proactively working with its manufacturing partners to improve production and minimize further disruptions. As part of our new profitability improvement program and to mitigate the headwinds that the Company continues to face, CE Brands intends to focus on conserving cash and improving near-term profitability through streamlining its current product lines, lowering unit costs and better positioning the Company to meet delivery schedules for its current products

November 2021 Private Placement

On November 12, 2021, the Company closed a private placement of November 2021 Convertible Notes for aggregate committed capital of $4,000,000, with a potential upsize in the amount of $2,000,000 (the "**November 2021 Debt Financing**"). The November 2021 Convertible Notes bear interest at a rate of 15.0% per annum on outstanding principal amounts, payable on the first and second anniversary of the issue date, unless earlier redeemed or converted. Subject to approval of the TSXV, interest may be payable, at the option of the holders, either in cash or through the issuance of common shares of the Company based on the then market price of the Company's common shares. The November 2021 Convertible Notes are senior secured obligations of the Company and mature on the second anniversary of the issue date. Prior to maturity, the November 2021 Convertible Notes are convertible into common shares of the Company, at the option of the holders, at a conversion price per share of $1.50. The November 2021 Convertible Notes are not redeemable by the Company prior to the first anniversary of the issue date. At March 31, 2022, the full $4,000,000 of the committed capital of the November 2021 Debt Financing had been drawn.

The Company also completed a non-brokered private placement equity financing (the "**November 2021 Equity Financing**") with existing institutional investors for aggregate gross proceeds of $1,400,000 at a price of $0.56 per common share, representing the closing price on the TSX Venture Exchange on October 29, 2021.

In addition, 2,000,000 common share purchase warrants (the "**November 2021 Warrants**") have been issued to the holders of the November 2021 Convertible Notes with each November 2021 Warrant having an exercise price of $1.00 per share and being exercisable on or before the second anniversary of the issue date. 112,000 finder's warrants (the "**November 2021 Finder's Warrants**") have been issued to certain eligible finders under the November 2021 Equity Financing with each November 2021 Finder's Warrant having an exercise price of $1.00 per share and being exercisable on or before the second anniversary of the issue date.

A cash fee of $112,000 was paid to certain eligible finders in connection with the November 2021 Equity Financing.

Choco-Up Financing, May 2022 Debt Financing, Vesta Facility and Kang-Shuo LOI

As announced on May 24, 2022, the Company secured additional non-dilutive funding—subject to further due diligence and certain conditions and repayment terms being met—of up to US$2,250,000 ($2,885,850) through its existing credit facility with Choco-Up ("Choco"). In addition, as announced on May 26, 2022, the Company closed a non-brokered private placement of convertible notes having an aggregate principal amount of $1,000,000 (the "May 2022 Debt Financing"). Refer to the "Subsequent Events" section below for additional details.

Effective June 22, 2022, the Company entered into a binding financing arrangement with Vesta Global Stability Fund ("Vesta Fund"), pursuant to which Vesta Fund agreed to advance a senior secured loan facility (the "Vesta Facility") in the maximum amount of US$2,000,000 ($2,598,800) to the Company to fund working capital and for other general corporate purposes, including the purchase of inventory and shipping and duty expenses. The foregoing description of the Vesta Facility is qualified in its entirety by the full text of the Vesta Facility, which is available under the Company's corporate profile on SEDAR at www.sedar.com.

Effective June 22, 2022, the Company entered into a letter of intent (the "**Kang-Shuo LOI**") with Beijing KangShuo Information Technology Co., Ltd. ("**Kang-Shuo**") regarding a proposed Wearables Development and Sales Agreement (the "**Definitive Kang-Shuo Agreement**") between eBuyNow eCommerce Ltd., a wholly-owned subsidiary of CE Brands, and Kang-Shuo with respect to smartwatch and wearables engineering, design and manufacturing. The Kang-Shuo LOI contemplates that, among other things, pursuant to the Definitive Kang-Shuo Agreement, eBuyNow eCommerce Ltd. will nominate Kang-Shuo as its exclusive sourcing and manufacturing agent to cooperate in the development and production of the full existing and future wearables ranges to eBuyNow eCommerce Ltd. under certain wearables licences for Motorola and LifeQ. Under the proposed Definitive Kang-Shuo Agreement, eBuyNow eCommerce Ltd. would grant Kang-Shuo exclusive selling rights for certain regions for the Motorola and LifeQ product sales. In addition, eBuyNow eCommerce Ltd. would grant Kang-Shuo and its affiliates the exclusive first right of refusal for all current and future models of wearables products under certain eBuyNow eCommerce Ltd. Motorola and LifeQ brand licence agreements.

There can be no assurance that the Definitive Kang-Shuo Agreement will be entered into on the terms contemplated, in a timely manner or at all. See "Forward-Looking Information".

Refer to the "Subsequent Events" section below for additional details on the Vesta Facility.

Cash Flows

	Year ended March 31, 2022	**Year ended March 31, 2021**
Cash flow from (used) in:		
Operating activities	(12,702,517)	(4,621,904)
Investing activities	40,062	(89,526)
Financing activities	12,985,126	4,384,624
Effect of change in foreign exchange rates on cash	(4,212)	203,083
Net increase (decrease) in cash	318,459	(123,723)
Cash, beginning of period	397,337	521,060
Cash, end of period	715,796	397,337

Operating Activities

During the year ended March 31, 2022, cash used in operating activities was approximately $12.7 million, compared to approximately $4.6 million for the year ended March 31, 2021. The change in cash flow used in operating activities was due primarily to changes in non-cash working capital associated with the repayment of accounts payable balances, purchasing of inventories and increased prepaids balances versus the comparative period. Offsetting this year over year decrease in cash flow used in operating activities attributable to changes in non-cash working capital was a reduction in operating loss year over year driven primarily through increased gross profit associated with Fiscal 2022 sales.

Investing Activities

During the year ended March 31, 2022, cash from investing activities was approximately $0.04 million, compared to cash used in investing activities of approximately $0.1 million for the year ended March 31, 2021. The change was due to a non-core asset disposal in the current year period as compared to a purchase of PP&E in the prior year period.

Financing Activities

During the year ended March 31, 2022, cash from financing activities was approximately $13.0 million, compared to approximately $4.4 million for the year ended March 31, 2021. The increase in cash flow from financing activities was due primarily to proceeds received in connection with the Offering which was completed in conjunction with the Qualifying Transaction (as defined herein) and the November 2021 Private Placement, offset in part by repayments of various long-term debt instruments.

Commitments

The Company has entered into key licensing contracts on substantially all products. Under these arrangements, the Company is required to make future minimum royalty payments, excluding any optional renewal periods.

	Less than 1 year	1-3 years	3-5 years	Total
Royalty payments	1,771,021	5,269,294	1,688,175	8,728,490
Purchase orders placed	7,228,397	-	-	7,228,397
	8,999,418	5,269,294	1,688,175	15,956,887

Outstanding Share Data

The following equity or voting securities, and securities that are convertible into, or exercisable or exchangeable for, voting or equity securities, of CE Brands were outstanding as at March 31, 2022:

- 25,260,554 Common Shares;
- $1,174,785 in convertible founders loans which can be converted into 313,277 Common Shares of the Company;
- $4,000,000 in November 2021 Convertible Notes which can be converted into 2,666,667 Common Shares of the Company;
- 7,096,667 warrants to purchase one Common Share; and
- 2,474,573 options to purchase one Common Share.

The following equity or voting securities, and securities that are convertible into, or exercisable or exchangeable for, voting or equity securities, of CE Brands were outstanding as at June 22, 2022:

- 25,260,554 Common Shares;
- $1,174,785 in convertible founders loans which can be converted into 313,277 Common Shares of the Company;
- $5,000,000 in senior secured convertible notes which can be converted into 3,333,334 Common Shares of the Company;
- 7,547,680 warrants to purchase one Common Share; and
- 1,805,709 options to purchase one Common Share.

Off Balance Sheet Arrangements

As at the date of this MD&A, the Company has not entered into any off-balance sheet arrangements.

Transactions Between Related Parties

The amounts due to related parties include amounts due to shareholders, directors and a company controlled by directors and are non-interest bearing, unsecured and have no fixed terms of repayment.

	March 31, 2022	**March 31, 2021**
Due to current/former shareholders and officers	320,767	318,684

At March 31, 2022, accounts payable and accrued liabilities includes $291,672 of amounts owed to directors and officers of the Company (March 31, 2021 – $418,608).

At March 31, 2022, accounts receivable includes $17,956 of amounts owed to officers of the Company (March 31, 2021 - $17,956).

As further described under "Liquidity and Capital Resources" above and "Subsequent Events" below , on November 12, 2021 and May 26, 2022 CE Brands completed the November 2021 Debt Financing (as defined previously) and the May 2022 Debt Financing (as defined previously), both of which the Board determined constituted "related party transactions" for the purposes of Multilateral Instrument 61-101 - *Protection of Minority Security Holders in Special Transactions* ("**MI 61-101**"), as they involved the Company issuing securities to and borrowing money from entities over which Vesta Wealth Partners Ltd. ("Vesta") exercises certain discretionary control. The Board determined Vesta to be a related party of the Company pursuant to MI 61-101 as a result of Mr. Jared Wolk, a director of the Company, having certain discretionary investment decision-making control in respect of Vesta. The November 2021 Debt Financing and the May 2022 Debt Financing were each exempt from both the formal valuation requirements and minority approval requirements of MI 61-101 for related party transactions by virtue of Sections 5.5(g) and 5.7(e) of MI 61-101. A further discussion and description of the review and approval process adopted by the independent and disinterested members of the Board (the "**Independent Directors**") and other information required by MI 61-101 in connection with the November 2021 Debt Financing and the May 2022 Debt Financing is set forth in the Company's material change reports dated November 9, 2021 and June 3, 2022, respectively, and filed under the Company's SEDAR profile at www.sedar.com.

The Board has also determined that the entering into of the Vesta Facility (as defined herein) will constitute a "related party transaction" for the purposes of MI 61-101, as it will involve the Company borrowing money from an entity, Vesta Fund, over which Vesta, a "related party" of the Company pursuant to MI 61-101, exercises certain discretionary control. The Board has determined that the entering into of the Vesta Facility is exempt from both the formal valuation requirements and minority approval requirements of MI 61-101 for related party transactions by virtue of Sections 5.5(g) and 5.7(e) of MI 61-101. A further discussion and description of the review and approval process adopted by the Independent Directors and other information required by MI 61-101 in connection with the entering into of the Vesta Facility will be set forth in the Company's material change report to be filed under the Company's SEDAR profile at www.sedar.com.

Financial Instruments and Other Instruments

The Company has classified cash, accounts receivable and amounts due from related parties as financial assets carried at amortized cost. The Company has classified accounts payable and accrued liabilities, due to related parties, senior secured debentures, promissory notes, other long-term debt and convertible debenture notes as financial liabilities carried at amortized cost. The Company has classified warrant obligations and convertible debenture derivatives as financial liabilities measured at fair value through profit and loss at the end of each reporting period.

Financial Risk Management

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 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.

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 Company provides credit to its customers in the normal course of its operations, the maximum exposure to credit risk at March 31, 2022 and March 31, 2021 is as follows:

	March 31, 2022	**March 31, 2021**
Cash	715,796	397,337
Accounts receivable	765,107	243,490
Total	1,480,903	640,827

There is credit risk with respect to accounts receivables, as the Company has a small number of customers, 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 at March 31, 2022, two customers accounted for approximately 60% of the Company's accounts receivable (March 31, 2021 – three customers accounted for approximately 62% of accounts receivable) and these two customers accounted for approximately 25% of the Company's revenue (year ended March 31, 2021 – three customers accounted for approximately 9% of revenue). The Company considers accounts greater than 60 days old overdue. Accounts receivable includes $87,273 and $213,366 of accounts that are greater than 60 days old as at March 31, 2022 and March 31, 2021, respectively. The Company has recognized an expected credit loss of $22,105 and $2,359 on the accounts receivable at March 31, 2022 and March 31, 2021, respectively.

Liquidity Risk

Liquidity risk includes the risk that, as a result of the Company's operational liquidity requirements, the Company: (a) will not have sufficient funds to settle a transaction on the due date; (b) will be forced to sell financial assets at a value which is less than the fair value; or (c) may be unable to settle or recover a financial asset at all.

The Company's operating cash requirements are continuously monitored and adjusted as input variables change. The Company continuously monitors its actual and forecast cash flows to review whether there are adequate reserves to meet the maturing profiles of its liabilities. The Company will closely monitor its cash and will take the necessary measures to manage its liquidity risk, such as reducing spending, improving profitability and raising funds as required. As these variables change, liquidity risks may necessitate the Company to issue additional equity or obtain debt financing.

The Company has not achieved profitable operations since inception and has not currently generated sufficient operating cash flows to sustain business operations. The continuation of the Company as a going concern is dependent on completing financings, raising sufficient working capital to maintain operations, reducing operating expenses, and increasing revenues. There can be no assurance that additional financing will be available to the Company, or, if available, that any such financing will be on acceptable terms or completed in a timely manner or at all. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. See "Going Concern".

Market risk

Market risk is the risk that changes in market prices, such as interest rates, will affect the Company's net income or the 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 exposed to interest rate risk on the operating line of credit and long-term debt that bear interest at variable rates of interest. A 1% increase in the interest rate would have an $55,461 increase on the net loss and accumulated deficit of the Company.
>
> ***Foreign exchange risk.*** The Company's financial performance is closely linked to foreign exchange currency. 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. The Company currently has not obtained any hedging instruments to mitigate the potential effects of price fluctuations. A 1% increase in the exchange rate would have a $47,219 increase on the comprehensive loss and accumulated deficit of the Company.

Use of Proceeds from Offering

	Offering and Over-Allotment	**Actual Use of Proceeds**
Gross proceeds	17,250,000	17,250,000
Agent fees	(1,380,000)	(1,380,000)
	15,870,000	15,870,000
Payment of expenses of the offering	(750,000)	(934,260)
Net financing proceeds	15,120,000	14,935,740
Repayment of EBN Secured Debentures	(3,425,040)	(3,401,057)
Repayment of EBN Secured Note	(320,254)	(248,433)
Repayment of Cinatic Shareholder Loans	(249,000)	(250,000)
Repayment of EBN Credit Facility	(650,000)	(301,351)
Repayment of short-term debt	(3,180,746)	(3,515,587)
Working capital and general corporate purposes	(4,134,000)	(6,905,342)
Inventory	(2,546,000)	(254,958)
Product management, development and testing	(170,000)	(59,012)
Execution of new brand licenses	(344,960)	-
Unallocated funds	(100,000)	-

		-	-

The variances from the previously disclosed use of proceeds from the Offering and the actual use of proceeds is primarily attributable to an increase in funds required for working capital and general corporate purposes which were previously planned to be incurred on purchasing of inventory. This was a result of delays in inventory available for sale and higher than anticipated operating costs. These factors have resulted in lower revenues and increased expenses than previously disclosed. The Company has taken measures to address these issues, refer to "*Operational and Financial Update*" in the Liquidity and Capital Resources section.

Update on Previously Disclosed Material Forward-Looking Information

Estimated Source of Funds	**Prospectus**	**As at March 31, 2022***	**Expected differences**
Revenues during next 12 months	45,359,495	11,018,885	(34,340,610)
Change in non-cash working capital during next 12 months	(5,418,712)	(5,418,712)	-
Net proceeds of the Offering	13,800,000	15,870,000	2,070,000
Total Sources of Funds	53,740,783	21,470,173	(32,270,610)
Estimated Use of Funds			
Repayment of EBN Secured Debentures	(3,425,040)	(3,401,057)	23,983
Repayment of EBN Secured Note	(320,254)	(248,433)	71,821
Repayment of Cinatic Shareholder Loans	(249,000)	(250,000)	(1,000)
Repayment of EBN Credit Facility	(650,000)	(301,351)	348,649
Repayment of short-term debt	(2,680,746)	(3,515,587)	(834,841)
Execution of new brand licenses	(134,000)	-	134,000
Estimates expenses of the Offering	(750,000)	(934,260)	(184,260)
Estimated cost of products and services	(30,597,017)	(8,172,268)	22,424,749
Estimated selling, general, and administrative expenses	(9,545,340)	(9,808,295)	(262,955)
Estimated interest expenses	(46,181)	(452,830)	(406,649)
Estimated R&D expenses	(170,000)	(186,671)	(16,671)
Estimated net repayment of debt	(2,557,482)	(1,456,555)	1,100,927
Estimated capital expenditures	(313,088)	-	313,088
Estimated income tax expenditures	(219,719)	-	219,719
Total Uses of Funds	(51,657,867)	(28,727,307)	22,930,560

* Figures as at March 31, 2022 include actual figures from July 1, 2021 to March 31, 2022 and forecasted figures for the period from April 1, 2022 to June 30, 2022.

The sources of funds are reasonably likely to differ materially from forward-looking information disclosed in the prospectus as a result of lower expected revenues in the period. The decrease in revenues is primarily due to manufacturing delays caused by COVID-19 restrictions in factories and rolling power disruptions in China resulting in down time for factories, global supply chain issues in obtaining long-lead time items, shipping delays due to COVID-19 restrictions at shipping ports and a reduction in forecast sales revenues associated with delays in the launch of the Smart Home: Smart Lighting and Forced Air product categories as the Company has strategically prioritized its product portfolio to conserve cash and improve near-term profitability.

The uses of funds are reasonably likely to differ materially from forward-looking information disclosed in the prospectus as a result of lower estimated cost of products and services as a result of expected lower revenues in the period. Estimated selling, general and administrative expenses are likely to be materially higher than disclosed in the prospectus primarily as a result of increased shipping costs and upward revisions in expected selling, distribution and marketing costs.

Subsequent Events

Choco Facility

On May 24, 2022, the Company entered into an agreement (the "**Choco Agreement**") with Choco for the sale of up to 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**"). The funds committed under the Choco Facility may be drawn in three tranches— subject to further due diligence and certain conditions and repayment terms being met—with an initial tranche of US$1,250,000 of proceeds available to the Company on May 25, 2022 for future receivables of US$1,375,000 and is 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. The second tranche is expected to be available on or before August 31, 2022, subject to the Company having repaid 22% of the future receivables due on the first tranche. The second tranche is expected to provide proceeds of US$500,000 for future receivables of US$550,000. The second tranche is 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. The third tranche is expected to be available on or before October 31, 2022, subject to the Company having repaid 45% of the future receivables on the first tranche and 22.5% of future receivables on the second tranche. The third tranche is expected to provide proceeds of US$500,000 for future receivables of US$550,000. The third tranche is 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. Subsequent to March 31, 2022, the initial tranche of US$1,250,000 (CAD$1,616,125) was funded. The funding of tranche 2 and tranche 3 is subject to the approval of the lender. There can be no assurance that the Company will be able to access funding under the Choco Facility on the terms contemplated, in a timely manner or at all. See "Forward-Looking Information".

The foregoing description of the Choco Agreement is qualified in its entirety by the full text of the Choco Agreement, a copy which has been filed on the Company's profile on SEDAR.

May 2022 Debt Financing

On May 26, 2022, the Company closed a private placement of convertible notes (the "**May 2022 Convertible Notes**") having an aggregate principal amount of $1,000,000 (the "**May 2022 Debt Financing**"). The May 2022 Convertible Notes bear interest at a rate of 15.0% per annum on outstanding principal amounts, payable on the first and second anniversary of the issue date, unless earlier redeemed or converted. Subject to approval of the TSXV, interest may be payable, at the option of the holders, either in cash or through the issuance of Common Shares of the Company based on the then market price of the Company's Common Shares. The May 2022 Convertible Notes are senior secured obligations of the Company and mature on the second anniversary of the issue date. Prior to maturity, the May 2022 Convertible Notes are convertible into Common Shares of the Company, at the option of the holders, at a conversion price per share of $1.50. The Convertible Notes are not redeemable by the Company prior to the first anniversary of the issue date.

In addition, 500,000 common share purchase warrants ("**May 2022 Warrants**") have been issued to the holders of the May 2022 Convertible Notes with each May 2022 Warrant having an exercise price of $1.00 per share and being exercisable on or before the second anniversary of the issue date.

Vesta Facility

On June 21, 2022, the Company entered into a binding financing arrangement with Vesta Fund, pursuant to which Vesta Fund has agreed to advance a senior secured loan in the maximum amount of US$2,000,000 to the Company to fund working capital and for other general corporate purposes, including the purchase of inventory and shipping and duty expenses. Funding under the Vesta Facility will be available at any time after June 30, 2022 and before July 1, 2023 (the "**Funding Period**"), subject to receipt of regulatory and exchange approvals, if any.

The Vesta Facility will be a senior secured obligation of the Company, and Vesta Fund will be provided with security ranking *pari passu* with the holders of the November 2021 Convertible Notes and the May 2022 Convertible Notes.

Under the Vesta Facility, the Company will be entitled to periodically draw funds available under the Vesta Facility up to the aggregate total amount of US$2,000,000, to be drawn in three tranches, with the first tranche amount of US$500,000 being available on July 1, 2022, the second tranche amount of US$500,000 being available on August 1, 2022, and the third tranche amount of US$1,000,000 being available on October 1, 2022. The availability of funding under the Vesta Facility is subject to there being no material changes in the business or operations of CE Brands during the Funding Period. Pursuant to the Vesta Facility, CE Brands must inform Vesta Fund within five business days in writing of any material changes which may result in the termination of the Vesta Facility and the Company's ability to access any undrawn amounts under the Vesta Facility. Termination of the Vesta Facility will result in CE Brands being required to fully repay within 30 days of termination any drawn amounts plus accrued interest.

The Vesta Facility will have a maturity date of 12 months following the commencement of the Funding Period (the "**Maturity Date**"). The Vesta Facility is callable at any time by Vesta Fund with 30 days' written notice at Vesta Fund's full discretion. If Vesta Fund calls the Vesta Facility, the Company will have 30 days to repay any drawn amounts plus accrued interest.

The Vesta Facility will have an effective annual interest rate of 18% (the "**Interest Rate**"). The principal amount outstanding will accrue interest at the Interest Rate, which interest will be paid on the last day of each month in arrears based on the total drawn amount of the Vesta Facility and shall be calculated on a daily basis on the principal amount outstanding in such period based on the actual number of days elapsed

in the period for which such interest is payable. There will be no standby fee or interest due on undrawn amounts.

In addition, the Vesta Facility provides that in order to make a draw on the Vesta Facility, the following conditions must be met or waived by Vesta Fund on or before July 1, 2022: (i) the Kang-Shuo LOI (as defined herein) having been entered into by the Company and Kang-Shuo; and (iii) confirmation of the availability of the US$1,250,000 draw under the initial tranche of the Choco Facility (as defined herein).

The Vesta Facility further provides that the Vesta Facility will contemplate customary events of default, including with respect to the bankruptcy or insolvency of CE Brands. If an event of default occurs, Vesta Fund may accelerate the entire principal amount outstanding under the Vesta Facility, and interest, by written notice to the Company, and the entire principal amount and interest will become immediately due and payable in immediately available Canadian funds upon receipt by the Company of such notice.

There can be no assurance that the Company will be able to access funding under the Vesta Facility on the terms contemplated, in a timely manner or at all. See “Forward-Looking Information” below. See also the “Forward-Looking Information”, “Going Concern” and “Other Risk Factors” sections of the MD&A.

As further described under “Transactions Between Related Parties” above, the Board has determined that the entering into of the Vesta Facility will constitute a “related party transaction” for the purposes of MI 61-101, as it will involve the Company borrowing money from an entity, Vesta Fund, over which Vesta, a “related party” of the Company pursuant to MI 61-101, exercises certain discretionary control. The Board has determined that the entering into of the Vesta Facility will be exempt from both the formal valuation requirements and minority approval requirements of MI 61-101 for related party transactions by virtue of Sections 5.5(g) and 5.7(e) of MI 61-101. A further discussion and description of the review and approval process adopted by the Independent Directors and other information required by MI 61-101 in connection with the entering into of the Vesta Facility will be set forth in the Company’s material change report to be filed under the Company’s SEDAR profile at www.sedar.com.

Other Risk Factors

Planned operations will expose the Company to a variety of financial risks that arise as a result of its operating and financing activities:

COVID-19 – On January 30, 2020, the World Health Organization declared the coronavirus outbreak (COVID-19) a “Public Health Emergency of International Concern” and on March 11, 2020, declared COVID-19 a pandemic. The Company’s operations have been negatively impacted by the regional and global outbreak of COVID-19, and the continued length of time of this impact is unknown. Any quarantines, supply chain and labor shortages or other disruptions to the Company’s operations, or those of its customers, could adversely impact the Company’s revenues, ability to provide its products and services and operating results.

As conditions surrounding the pandemic continue to evolve, the Company may in the future experience unexpected negative impacts from the COVID-19 pandemic. Such impacts could include, with respect to its operations, its suppliers’ operations and its customers’ operations, forced closures, mandated social distancing, isolation and/or quarantines, impacts of declared states of emergency, public health emergency and similar declarations and could include other increased government regulations, a material reduction in demand for the Company’s products, reduced sales, higher costs for new capital, licensing delays, increased operating expenses, delayed performance of contractual obligations, product shipping delays,

and potential supply and staff shortages, all of which would be expected to negatively impact the business, financial condition and results of operations of the Company and its ability to satisfy its obligations. The risks to the Company of such public health crises also include risks to employee health and safety and a slowdown or temporary suspension of operations in the Company's facilities or a supplier's facilities. Should an employee or visitor in any of the Company's facilities or a supplier's facilities become infected with a serious illness that has the potential to spread rapidly, this could place the Company's workforce at risk.

Additional cybersecurity risks also exist due to personnel working remotely. In addition, the COVID-19 pandemic has created a dramatic slowdown in the global economy generally, and thus demand for products with potential applications for the Company's technology may decline. The duration of the COVID-19 outbreak and the resultant travel restrictions, social distancing, government response actions, business closures and business disruptions, can all have an impact on the Company's operations and access to capital. There can be no assurance that the Company will not be impacted by adverse consequences that may be brought about by the COVID-19 pandemic on global financial markets which may reduce share prices and financial liquidity and thereby severely limit the capital available to the Company.

Additional financing needs – The Company will require additional funds to continue operations. The Company has limited financial resources, and there is no assurance that additional funding will be available to the Company to carry out the completion of all proposed activities. Although the Company has been successful in the past in obtaining financing through the sale of equity and debt securities, there can be no assurance that the Company will be able to obtain adequate financing in the future or that the terms of such financing will be favorable if available at all or, if available, that any such financing will be on acceptable terms. Failure to obtain such additional financing could result in the curtailment of operations, liquidation of assets, seeking additional capital on less favorable terms, the Company having to file for bankruptcy or undertaking a restructuring or insolvency proceeding and/or other remedial measures. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Failure by the Company to raise additional financing and/or access funding under the Choco Facility and/or the Vesta Facility could materially adversely affect the Company's business, operations, results, financial condition and prospects. Refer to "Going Concern".

Indebtedness – The Company is at risk of not being able to settle its debt obligations and the Company may not be able to extend, replace or refinance its existing debt obligations on terms reasonably acceptable to the Company, or at all. If liquidity is needed, the Company may not be able to access other external financial resources sufficient to enable it to repay its debt obligations when due. Failure to pay debt obligations when due may cause the Company's lenders to take certain actions and the Company may be required to cease operations, close down, sell or otherwise dispose of all or part of the business of the Company's subsidiaries, any of which would have a material adverse impact on the Company's business and financial condition.

Dilution – The Company may issue an unlimited number of Common Shares and in connection with the Company's financing needs, or at other future times, we may issue additional Common Shares. As a result of any future issuance of Common Shares, holders of Common Shares may experience substantial dilution.

Economic conditions – The Company has global operations and sales and, as such, has exposure to global credit and financial factors on consumers in its areas of operations. General economic conditions may result in reduced consumer and government spending and may have an impact on the Company's financial results.

History of operating losses – The Company has an accumulated deficit through March 31, 2022. The deficit may increase in the near term, as the Company continues its product development, establishes sales channels for its new products and business expansion.

History of negative cash flow – The Company has a history of negative cash flow, including negative cash flow from operating activities in its most recently completed three month financial period (i.e. the quarter ended March 31, 2022). The Company cannot guarantee that it will become cash-flow positive or profitable. Negative cash flow or the failure to become profitable in any future fiscal period could result in an adverse material change to the Company.

Trading Price of the Company's Common Shares – The trading price of the Common Shares has in the past been, and may in the future be, subject to significant fluctuations. These fluctuations may be caused by events related or unrelated to the Company's operating performance and beyond its control. Factors such as actual or anticipated fluctuations in the Company's operating results may have a significant impact on the market price of the Common Shares. These market fluctuations may materially and adversely affect the market price of the Common Shares, which may make it more difficult for shareholders to sell their Common Shares.

Product defects – The Company relies on third party manufacturing and from time to time there may be product defects caused by the manufacturing process, assembly or engineering. Product defects can cause significant risk.

Tariffs – The Company relies heavily on manufacturing out of China, Vietnam, Taiwan and Malaysia, as such products may be subject to changing tariffs applied by selling countries to the countries of origin with little or no warning. This can affect product margins and competitiveness of sales with local manufacturers.

Seasonality – The Company believes its transaction-based revenues will begin to represent an increasing proportion of its overall revenue mix over time, and expects seasonality of its quarterly results to vary. The Company may experience seasonal fluctuations for a variety of reasons, many of which are outside the Company's control. The earnings volatility associated with seasonality may affect the ability of the Company to access capital and could have a material adverse impact on the Company's liquidity.

Supply chain – The Company relies on major components to be manufactured on an Original Equipment Manufacturer ("OEM") basis. Reliance on OEMs, as well as industry supply conditions generally involves several risks, including the possibility of defective products, a shortage of components and delays in delivery schedules, and increases in component costs. The Company has single-sourced manufacturer relationships, if these sources are unable or unwilling to manufacture its products in a timely and reliable manner, the Company could experience temporary distribution interruptions, delays, or inefficiencies, adversely affecting its results of operations. Even where alternative OEMs are available, qualification of the alternative manufacturers and establishment of reliable suppliers could result in delays affecting operating results adversely. Supply shortages and inventory constraints can occur at times because of production difficulties, unanticipated demand or delivery delays and may have a short-term adverse material effect on CE Brands' results of operations and subsequent financial condition. The COVID-19 pandemic has had far-reaching impacts on the manufacturing and production of consumer electronics in Asia. For CE Brands, this has resulted in lower volumes of inventory being available for sale and associated delays in new product launches. Recently, the Company has also experienced increases in production, labor and shipping costs. The continuation or worsening of such conditions could adversely impact the Company's revenues, ability to provide its products and services and operating results.

International sales – The Company believes there is a significant opportunity to grow its international business in markets such as Asia, South America and Eastern Europe as it continues to see the adoption of internet of things related consumer electronics into the home and workplace. However, demand for international sales may not grow as expected or at all, and there is no assurance that the Company will succeed in expanding into new markets.

New market risk – The ability of the Company to successfully enter new markets is subject to uncertainties, there are no guarantees that it can establish new distribution channels or continue to develop new strategic partnerships.

Profitability and growth – There can be no assurance that the Company's business and growth strategy will enable the Company to be profitable in the future. The Company's future operating results will depend on a number of factors, including, marketing, product development, customer service and response to changing markets. There can be no assurance that the Company will be able to effectively manage its growth, and any failure to do so could have a material adverse effect on the Company's business, financial condition, liquidity and operations.

Third party licenses – The Company relies on licenses from third parties. There can be no assurance that these third-party licenses will continue to be available to the Company on commercially reasonable terms. The loss of, or inability to maintain, any of these licenses, may result in delays or reductions in products, which could materially adversely affect the Company's business, results of operations and financial condition.

Sales and marketing expenditures – The Company's future growth and profitability will be dependent in part on the effectiveness and efficiency of the Company's sales and marketing expenditures. There can be no assurance that the Company will experience benefits from sales and marketing expenditures in the future. In addition, no assurance can be given that the Company's planned sales and marketing expenditures will result in increased sales, will generate sufficient levels of product and service awareness or that the Company will be able to manage such sales and marketing expenditures on a cost-effective basis.

Product liability – The Company may be exposed to product liability claims in the use of its products. Although it takes precautions, there can be no assurance that the Company will avoid significant product liability exposure.

Product development – The market for the products of the Company is characterized by rapidly changing technology, evolving industry standards, and customer requirements. The introduction of products embodying new technology and the emergence of new industry standards can render the existing technology solutions of the Company obsolete or unmarketable and can exert price pressures on existing solutions. It is critical to the success of the Company to be able to anticipate and react quickly to changes in technology or in industry standards and continue to be able to successfully develop and introduce new, enhanced, and competitive products on a timely basis. Any new products or solutions could require long technical development and testing periods. This process can be unpredictable, meaning products and solutions may not be introduced in a timely manner or may not achieve the broad market acceptance necessary to generate significant revenues.

Rapid technological developments – The precise segment of the market that is targeted by the Company is characterized by rapid technological change, evolving industry standards, frequent new product introductions, and short product life cycles. To keep pace with the technological developments, achieve

product acceptance and remain relevant to users, the Company will need to continue developing new and upgraded functionality of its products and services. The Company will need to adapt to new business environments, competing technologies and products developed by its competitors. The process of developing new technology is complex and uncertain. To the extent the Company is not able to adapt to new technologies and/or standards, experiences delays in implementing adaptive measures or fails to accurately predict emerging technological trends and the changing needs of end-users, the Company may lose clients or fail to secure new clients. The Company has developed and is continuing to develop several products and services incorporating advanced technologies and it will pursue those products and services that it expects to have the best chance for success based on the expectations of the Company of future market demand. The development and application of new technologies involve time, substantial costs and risks. There can be no certainty that the Company will be able to develop new products, services and technologies to keep up to date with developments and to launch such products, services or technologies in a timely manner or at all. There can be no certainty that such products will be popular with users or that such products or new technologies will be reliable, robust and not susceptible to failure. Any of these factors could result in an adverse material change to the Company.

Scaling the sales and marketing team – The Company's ability to achieve significant growth in future revenue will largely depend upon the effectiveness of its sales and marketing efforts, both domestically and internationally. The Company has invested and intends to continue to invest in expanding its sales force but there is no assurance that the intended expansion will occur or will be successful.

Key employees – The success of the Company is largely dependent on the performance of its key employees and directors. The failure to retain key employees and directors and to attract and retain additional key employees with the necessary skills could have a material adverse impact upon the Company's growth and profitability. There can be no assurance that the Company will be successful in attracting and retaining such personnel and the departure of any of the members of the Company's executive team or key directors could have a material adverse effect on the Company's business, results of operations and financial condition.

IP rights – The Company's commercial success is reliant on the ability to develop new or improved technologies, manufacture products, and to successfully obtain patents or other proprietary or statutory protection for these technologies and products in Canada and other jurisdictions. The Company seeks to patent concepts, components, protocols and other inventions that the Company considers having commercial value or that will likely give the Company a technological advantage. The Company owns licenses to an array of patented and patent pending technologies relating to air purifiers in Canada and overseas. The Company continues to devote significant resources to protecting the proprietary technology. However, the Company may not be able to develop technology that is patentable, patents may not be issued in connection with our pending applications, and claims allowed may not be sufficient to provide the Company with exclusive protection for its technology. Furthermore, any patents or licenses to patents issued to the Company could be challenged, invalidated, or circumvented and may not provide proprietary protection or a competitive advantage to the Company. Prosecution and protection of the intellectual property rights sought can be costly and uncertain, often involve complex legal and factual issues and consume significant time and resources. The laws of certain countries may not protect intellectual property rights to the same extent as the laws of Canada or the United States.

Cybersecurity – Increasingly, companies are subject to a wide variety of attacks on their networks and systems on an ongoing basis. In addition to traditional computer "hackers", malicious code (such as viruses and worms), employee theft or misuse, and denial-of-service attacks, sophisticated nation-state and nation-state supported actors now engage in cybersecurity attacks (including advanced persistent threat

intrusions). Despite significant efforts to create security barriers to such threats, it is virtually impossible for the Company to entirely mitigate these risks. The security measures the Company has integrated into its internal network and platform, which are designed to detect unauthorized activity and prevent or minimize security breaches, may not function as expected or may not be sufficient to protect its internal networks and platform against certain attacks. In addition, techniques used to sabotage or to obtain unauthorized access to networks in which data is stored or through which data is transmitted change frequently and generally are not recognized until launched against a target. As a result, the Company may be unable to anticipate these techniques or implement adequate preventative measures to prevent an electronic intrusion into its networks. If a breach of customer data security were to occur, as a result of third-party action, employee error, malfeasance or others, and the confidentiality, integrity or availability of the customers' data was disrupted, the Company could incur significant liability to its customers and to individuals or business whose information was being stored by its customers, and its products may be perceived as less desirable, which could negatively affect the Company's business and damage its reputation. Security breaches impacting the Company's products could result in a risk of loss or unauthorized disclosure of customers' information, which, in turn, could lead to litigation, governmental audits and investigations, and possible liability. In addition, a network or security breach could damage the Company's relationships with its existing customers, resulting in the loss of customers, and have a negative impact on its ability to attract and retain new customers. These breaches, or any perceived breach, of the Company's network, its customers' networks, or other networks, whether or not any such breach is due to a vulnerability in the Company's products, may also undermine confidence in its products and result in damage to its reputation, negative publicity, loss of customers and sales, increased costs to remedy any problem, and costly litigation. Third parties may attempt to fraudulently induce employees or customers into disclosing sensitive information such as user names, passwords or other information, or otherwise compromise the security of the Company's internal networks, electronic systems and/or physical facilities in order to gain access to its data or its customers' data, which could result in significant legal and financial exposure, loss of confidence in the security of its products, interruptions or malfunctions in its operations, and, ultimately, harm to its future business prospects and revenue. The Company may be required to expend significant capital and financial resources to protect against such threats or to alleviate problems caused by breaches in security.

Competition – The Company is engaged in an industry that is highly competitive and rapidly evolving. In order to retain and attract new customers and brand partnerships, the Company will need to continue to execute its orders at competitive prices. The competitors of the Company will range from small venture backed enterprises with limited resources to multi-national technology companies with larger customer bases. The multi-national technology companies will have more established name recognition and substantially greater financial, marketing, technological and personnel resources than the Company will have. These larger and better capitalized competitors may have access to capital in greater amounts and at lower costs than the Company will have access to, and thus, may be better able to respond to changes in the technology, consumer and household goods markets. The Company's competitors may be able to acquire skilled professionals, fund internal growth, and offer products and services at lower prices than the Company. As a result, the Company's competitors may deliver new products and solutions earlier, or provide more attractively priced, enhanced or better-quality products than the Company. To remain competitive, the Company will require a continued high level of investment in research and development, marketing, sales and client support. If the Company cannot compete against existing and future competitors, its business, results of operations and financial condition could be materially and adversely affected. The Company cannot assure that it will be able to compete effectively against existing and future competitors. In addition, competition or other competitive pressures may result in price reductions, reduced margins or loss of market share, any of which could have a material adverse effect on the Company's business, financial condition or results of operations.

Inability to respond to customer demands – The new products provided by the competitors of the Company may render the existing products of the Company less competitive. The success of the Company will depend, in part, on the ability of the Company to respond to demands of customers for new products on a timely and cost-effective basis and to address the increasingly sophisticated requirements and varied needs of its customers and prospective customers. Further, the Company may not be successful in marketing and introducing new products to its customers and brand partners. New product enhancements may not achieve market acceptance. Any failure on the part of the Company to anticipate or respond adequately to customer requirements or changing industry practices, or any significant delays in the development, introduction or availability of new products or product enhancements could result in an adverse material change to the Company.

Reliance on contract manufacturers – The Company uses contract manufacturers to manufacture its products and products under development and its reliance on contract manufacturers subjects it to significant operational risks, many of which would impair its ability to deliver products to its customers should they occur. Each of the Company's contract manufacturers supplies a higher volume of products to the Company's larger competitors. The Company cannot provide assurances that its contract manufacturers will continue to work with the Company, that they will continue to be able to operate profitably, that they will be able to meet the Company's manufacturing needs in a satisfactory and timely manner or that it can obtain additional or alternative manufacturers when and if needed. The availability of Company's contract manufacturers and the amount and timing of resources to be devoted by them to Company's activities is not within its control, and Company cannot provide assurances that it will not encounter manufacturing problems that would materially harm its business. Furthermore, the Company's arrangements with contract manufacturers are subject to re-negotiation.

Dilution – The Company may make future acquisitions or conduct financings or other transactions involving the issuance of securities of the Company that may be dilutive.

Absence of operating history as a public company – The management of the Company has limited experience operating public companies. To operate effectively, the Company will be required to continue to implement changes in certain aspects of its business. The Company will need to improve its information systems and develop, manage and train management level as well as other employees to comply with ongoing public company requirements.

Litigation risk – The Company may become party to litigation, mediation and/or arbitration from time to time in the ordinary course of business which could adversely affect its business. Many aspects of the Company's business will require the Company to accept certain risks, including risks that expose the Company to liability under the Law. These risks can include, among others, disputes over trade terms with customers and other market participants, customer losses resulting from product failure and poor customer service. Even if the Company prevails in any proceedings, the Company could still incur significant legal expenses defending against the claims, even those without merit. Meritless claims can cause damage to the Company's reputation or raise concerns among its customers and existing partnerships. As a result, the Company may feel compelled to settle claims, including those without merit, at a significant cost. The initiation of any proceeding against the Company could result in an adverse material change to the Company.

Transaction risk – Any future acquisitions may result in significant transaction expenses and may present additional risks associated with entering new markets, offering new products and integrating the acquired companies. Historically, acquisitions have not been a core part of the growth strategy of the Company; therefore, management does not have significant experience in successfully completing acquisitions. The

Company may not have sufficient management, financial and other resources to integrate companies that the Company acquires or to successfully operate new businesses. Therefore, the Company may be unable to profitably operate an expanded company. Additionally, any new businesses that the Company may acquire, once integrated with the existing operations of the Company, may not produce expected or intended results.

Management of rapid growth – The business plan of the Company anticipates rapid growth and the Company will need to continue to attract, hire and retain highly skilled and motivated officers and employees. It is possible that the Company may not be able to attract or retain the officers and employees necessary to manage its growth effectively. Further, the growth of the Company depends in part on the success of the strategic relationships of the Company with third parties, including relationships with suppliers, developers, designers, referral sources, resellers, payment processors, programmers and other partners. The Company intends to pursue additional relationships with other third parties such as shipping partners and technology providers. If there are any disagreements that cause the Company to lose access to products or services from a particular supplier or lead the Company to experience a significant disruption in the supply of products or services from a current supplier, especially a single-source supplier, it could have an adverse effect on business and operating results.

Security breaches – The computer infrastructure of the Company may potentially be vulnerable to physical or electronic computer break-ins, viruses and similar disruptive problems and security breaches. Any such problems or security breaches could give rise to liabilities to one or more third parties, including the customers of the Company, and disrupt its operations. A party may be able to circumvent the security measures of the Company and could misappropriate proprietary information or customer information. A security breach or hack can jeopardize the confidential nature of information the Company transmits over the internet and it can cause interruptions in the operations of the Company. To the extent that the activities of the Company involve the storage and transmission of proprietary information and personal financial information, security breaches or other hackings could expose the Company to a risk of financial loss, litigation and other liabilities. The current insurance policies of the Company may not protect the Company against such losses and liabilities. Any of these events, particularly if they result in a loss of confidence in the products of the Company, could result in an adverse material change to the Company. The Company stores personal and other information of their partners, customers and employees. If the security of this information is compromised or is otherwise accessed without authorization, the reputation of the Company may be harmed and exposed to liability and loss of business.

Introduction of products in a timely manner – The Company cannot provide assurance that it will be able to enhance their current products or develop new products at competitive prices or in a timely manner. The development and application of new technologies involve time, substantial costs and risks. The inability of the Company, for technological or other reasons, to enhance, develop and introduce products in a timely manner, or at all, in response to changing market conditions or customer requirements could result in an adverse material change to the Company. As well, it could also result in products becoming obsolete. Further, the ability of the Company to compete successfully will depend in large measure on the ability to continue to conduct research and maintain a staff to adapt to technological changes and advances in the industry. This will also include providing for the continued compatibility of the products of the Company with evolving industry standards, protocols, and competitive network environments.

Tax implications – The Company is subject to income taxes in both Canada and numerous foreign jurisdictions. In the ordinary course of business, there are many transactions and calculations where the ultimate tax determination is uncertain. Although the Company believes their tax estimates are reasonable, the final determination of any tax audits and litigation may be materially different from that which is reflected

in the historical income tax provisions and accruals. Further, if additional taxes are assessed as a result of an audit or proceeding, such taxes could result in an adverse material change to the Company. This will also have an impact on the overall financial condition of the Company.

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 and arises principally from the receivables of the Company from customers. The exposure of the Company to credit risk is influenced by the individual characteristics of each customer. Although the Company establishes an allowance for doubtful accounts that represents its estimate of potential credit losses in respect of accounts receivables and historically has not experienced any significant losses related to individual customers or groups of customers in any particular geographical area, there is no assurance that the allowance for doubtful accounts will be sufficient to cover credit losses in the future which could result in an adverse material change to the Company.

Foreign operations – The Company relies on international sales of its products in Asia and the expects to do so to a greater extent in the future as it continues to expand its business. There are a number of risks inherent in the international activities of the Company, including unexpected changes in governmental policies or project locations concerning the import and export of goods, services and technology. Further, there could be other regulatory requirements, tariffs and other trade barriers, costs and risks of localizing products for foreign languages, longer accounts receivable payment cycles, limits on repatriation of earnings, the burdens of complying with a wide variety of foreign laws, and difficulties supervising and managing local personnel. As such, the operations of the Company may be adversely affected by changes in foreign government policies and legislation or social instability and other factors which are not within the control of the Company, including, but not limited to, changes in regulatory requirements, economic sanctions, spread of infectious diseases, pandemics, risk of terrorist activities, revolution, border disputes, implementation of tariffs and other trade barriers and protectionist practices, volatility of financial markets, labour disputes, and other risks arising out of foreign governmental sovereignty over the areas in which the operations of the Company are conducted. The law of foreign jurisdictions will affect foreign trade, taxation and investments which may result in an adverse material change to the Company. If the operations of the Company are disrupted or the economic integrity of its contracts are threatened for unexpected reasons, business may be harmed. In the event of a dispute arising in connection with the operations of the Company in a foreign jurisdiction where the Company does conduct or will conduct its business, the Company may be subject to the exclusive jurisdiction of foreign courts or may not be successful in subjecting foreign persons to the jurisdictions of the courts of Canada or enforcing Canadian judgments in such other jurisdictions. The Company may also be hindered or prevented from enforcing its rights with respect to a government instrument because of the doctrine of sovereign immunity. Accordingly, the activities of the Company in foreign jurisdictions could be substantially affected by factors beyond their control, any of which could result in an adverse material change to the Company. The Company believes that its management and the proposed management of the Company are sufficiently experienced to reduce these risks.

Operational and financial infrastructure – The Company is subject to growth-related risks, capacity constraints and pressure on its internal systems and controls. As well, control and monitoring of marketing activities of the sales agents of the Company in other jurisdictions. The ability of the Company to manage growth effectively will require it to continue to implement and improve its operational and financial systems, and to successfully implement the continued expansion, training and management of its employee base. The Company intends to expand its employee base. This expansion may require the Company to commit financial, operational, and technical resources in advance of an increase in the size of the business, with no assurance that the volume of business will increase or that such initiatives to improve and upgrade its systems and infrastructure will be successful. The inability to deal with this growth or any failure in these initiatives could result in an adverse material change to the Company.

Forecasts and Models – The Company relies upon forecasts and models because the approach to customer forecasts requires data-intensive modelling used in conjunction with certain assumptions when independently verifiable information is not available. Should underlying assumptions prove incorrect or an embedded modelling error go undetected, it could result in incorrect estimates and thereby have a material adverse impact on the Company's financial condition, operating results, cash flow and liquidity.

Estimates and Judgements – The Company makes accounting estimates and judgments in the ordinary course of business. Such accounting estimates and judgments will affect the reported amounts of the Company's assets and liabilities as of the date of its financial statements and the reported amounts of its operating results during the periods presented. Additionally, the Company interprets the accounting rules in existence as at the date of its financial statements when the accounting rules are not specific to a particular event or transaction. If the underlying estimates are ultimately proven to be incorrect, or if the Company's auditors or regulators subsequently interpret the Company's application of accounting rules differently, subsequent adjustments could have a material adverse effect on the Company's operating results for the period or periods in which the change is identified. Additionally, subsequent adjustments

could require the Company to restate its historical financial statements. The occurrence of any of the foregoing could result in a material adverse impact on the Company's financial condition, operating results, cash flow and liquidity.

Internal controls – Internal controls over financial reporting are procedures designed to provide reasonable assurance that transactions are properly authorized, recorded and reported and assets are safeguarded against unauthorized or improper use. A control system, no matter how well designed and operated, can provide only reasonable, and not absolute, assurance with respect to the reliability of financial reporting and financial statement preparation. Any failure to develop or maintain effective controls or any difficulties encountered in their implementation could harm the Company's results of operations or cause the Company to fail to meet its reporting obligations and may result in a restatement of its financial statements for prior periods. Ineffective disclosure controls and procedures and internal control over financial reporting could also cause investors to lose confidence in the Company's reported financial and other information, which would likely have a negative effect on the trading price of the Common Shares.

Insurance risks – The Company expects to maintain property and casualty insurance on certain assets. However, not all risks are covered by insurance and there is no assurance that insurance will be consistently available on an economically feasible basis or at all. The Company may also elect not to insure against certain liabilities due to high premium costs or for other reasons. Furthermore, although the Company expects to maintain insurance against such claims and in such amounts it considers adequate, there is no assurance that such insurance policies will be sufficient to cover each and every claim or loss involving the Company. If the Company were to suffer an uninsured loss, its business, financial condition, and results of operations could result in an adverse material change to the Company.

Disclosure Controls and Procedures and Internal Controls Over Financial Reporting

The Company's Chief Executive Officer and Chief Financial Officer have designed, or caused to be designed under their supervision, disclosure controls and procedures ("DC&P"), as defined by National Instrument 52-109 - *Certification of Disclosure in Issuers' Annual and Interim Filings* ("NI 52-109"), to provide reasonable assurance that: (i) material information relating to the Company is made known to the Company's Chief Executive Officer and Chief Financial Officer by others, particularly during the periods in which the annual and interim filings are being prepared; and (ii) information required to be disclosed by the Company in its annual filings, interim filings or other reports filed or submitted by it under securities

legislation is recorded, processed, summarized and reported within the time period specified in securities legislation.

The Company's Chief Executive Officer and Chief Financial Officer have designed, or caused to be designed under their supervision, internal controls over financial reporting ("ICFR"), as defined by NI 52-109, to provide reasonable assurance regarding the reliability of the Company's financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

The Company's Chief Executive Officer and Chief Financial Officer have evaluated the effectiveness of the Company's DC&P and ICFR. Based on that evaluation, the Chief Executive Officer and Chief Financial Officer have concluded that, as at March 31, 2022, The Company's DC&P and ICFR are effective.

Management is responsible for establishing and maintaining a system of disclosure controls and procedures to provide reasonable assurance that all material information relating to the Company is gathered and reported to senior management on a timely basis so that appropriate decisions can be made regarding public disclosure.

It should be noted that due to inherent limitations, any control or control system, including the Company's disclosure and internal controls and procedures, no matter how well designed and operated, can provide only reasonable, but not absolute, assurance of achieving the desired control objectives and may not prevent or detect misstatements. Additionally, management is required to use judgment in evaluating controls and procedures.

Changes in internal controls over financial reporting

There were no changes in our internal controls over financial reporting in Q4 2022 that have materially affected, or are reasonably likely to materially affect, the Company's DC&P or ICFR.

Critical Accounting Policies and Estimates

The preparation of the consolidated financial statements and application of IFRS require the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the audited consolidated financial statements, are disclosed in the Company's consolidated financial statements for the year ended March 31, 2022.

Additional Information

Additional information relating to the Company and its operations is available on SEDAR at www.sedar.com and on the Company's website at www.cebrands.ca.