

Condensed Interim Consolidated Financial Statements of

**CE Brands Inc.**

As at and for the three and nine months ended December 31,  
2022 and 2021 (unaudited)

*(Expressed in Canadian Dollars)*

**CE Brands Inc.**  
**Condensed Interim Consolidated Statement of Financial Position (unaudited)**  
**As at December 31, 2022 and March 31, 2022**

		December 31, 2022	March 31, 2022
<b>Assets</b>	Note		
Current Assets			
Cash		495,419	715,796
Accounts receivable	4	80,851	765,107
Inventory		1,540,743	2,296,361
Prepaid expenses and deposits		1,043,201	865,009
		<b>3,160,214</b>	<b>4,642,273</b>
Property, plant and equipment		1,012	69,818
Right of use asset		90,154	62,864
Intangible assets		-	16,191
Goodwill		9,831,409	9,110,415
<b>Total assets</b>		<b>13,082,789</b>	<b>13,901,560</b>
<b>Liabilities</b>			
Current liabilities			
Accounts payable and accrued liabilities		6,541,203	3,117,222
Due to related parties	4, 5	347,743	320,767
Current portion of lease liabilities	4	69,386	45,200
Current portion of long-term debt	6	10,293,512	2,176,430
		<b>17,251,844</b>	<b>5,659,619</b>
Lease liability	6	26,530	20,877
Long-term debt	4, 6	1,217,698	3,369,651
<b>Total liabilities</b>		<b>18,496,072</b>	<b>9,050,148</b>
<b>Shareholders' Equity (Deficiency)</b>			
Share capital	9	32,588,396	32,511,791
Equity component of convertible debt		1,356,030	1,114,383
Warrants Reserve	10	7,958,228	7,937,022
Contributed surplus		1,965,938	1,955,989
Accumulated other comprehensive income		1,975	(114,572)
Deficit		(49,283,850)	(38,553,201)
<b>Equity (Deficiency)</b>		<b>(5,413,283)</b>	<b>4,851,412</b>
<b>Total Liabilities and Shareholders' Equity</b>		<b>13,082,789</b>	<b>13,901,560</b>

See accompanying notes to the Condensed Interim Consolidated Financial Statements including Going Concern (Note 2) and Commitments (Note 13).

**CE Brands Inc.**  
**Condensed Interim Consolidated Statement of Loss and Comprehensive Loss (unaudited)**  
**For the three and nine months ended December 31, 2022 and 2021**

		For the three-months ended December 31		For the nine-months ended December 31	
	Note	2022	2021	2022	2021
Revenue	7	<b>1,492,410</b>	1,495,965	<b>6,070,234</b>	4,006,278
Cost of products and services		<b>4,284,653</b>	1,240,255	<b>7,800,328</b>	3,179,166
<b>Gross Profit (Loss)</b>		<b>(2,792,243)</b>	255,710	<b>(1,730,094)</b>	827,112
<b>Expenses</b>					
Marketing		<b>265,928</b>	270,041	<b>722,763</b>	680,022
Selling and distribution		<b>104,287</b>	261,718	<b>470,755</b>	573,463
Wages and contractors		<b>952,166</b>	899,007	<b>2,959,551</b>	2,915,559
Royalties and license fees		<b>978,446</b>	410,618	<b>1,858,929</b>	832,021
Technology and related		<b>154,400</b>	133,282	<b>441,921</b>	358,836
Legal, accounting and other professional fees		<b>203,343</b>	191,726	<b>719,460</b>	672,791
General and administrative		<b>256,255</b>	198,223	<b>682,918</b>	479,438
Depreciation & Amortization		<b>19,765</b>	286,061	<b>127,974</b>	882,164
Stock-based compensation		<b>27,738</b>	53,551	<b>30,990</b>	128,289
Loss (Gain) on foreign exchange		<b>(273,835)</b>	14,167	<b>(498,670)</b>	(130,252)
<b>Operating loss</b>		<b>(5,480,736)</b>	(2,462,684)	<b>(9,246,685)</b>	(6,565,219)
Finance costs	8	<b>(657,654)</b>	(188,617)	<b>(1,573,177)</b>	(1,607,475)
Fair value gain/(loss) on financial instruments		<b>(163)</b>	30,013	<b>(163)</b>	2,209,402
Listing expense		-	-	-	(1,416,407)
<b>Loss before income tax</b>		<b>(6,138,553)</b>	(2,621,288)	<b>(10,820,025)</b>	(7,379,699)
Income tax expense (recovery)		<b>(74,042)</b>	(17,153)	<b>(89,376)</b>	(17,153)
<b>Net loss</b>		<b>(6,064,511)</b>	(2,604,135)	<b>(10,730,649)</b>	(7,362,546)
<b>Other comprehensive loss for the year</b>		-	-	-	-
Gain (loss) on translation of foreign operations that may be subsequently reclassified to profit and loss		<b>(222,641)</b>	33,226	<b>116,547</b>	25,687
<b>Comprehensive loss</b>		<b>(6,287,152)</b>	(2,570,909)	<b>(10,614,102)</b>	(7,336,859)
<b>Loss per share</b>	9	<b>(0.24)</b>	(0.11)	<b>(0.42)</b>	(0.34)

See accompanying notes to the Condensed Interim Consolidated Financial Statements including Going Concern (Note 2) and Commitments (Note 13).

**CE Brands Inc.**
**Condensed Interim Consolidated Statement of Changes in Shareholders' Equity (Deficiency) (unaudited)**

:

	<i>Notes</i>	Share capital	Equity Component of Convertible Debt	Warrants Reserve	Contributed Surplus	Accumulated Deficit	Accumulated other comprehensive Income / (Loss)	Total
<b>Balance at March 31, 2021</b>		<b>\$18,860,572</b>	<b>\$1,009,951</b>	<b>\$3,514,043</b>	<b>\$1,151,221</b>	<b>\$(28,335,419)</b>	<b>\$(133,016)</b>	<b>\$(3,932,648)</b>
Warrants converted to shares	9	380,601						380,601
Consideration transferred to shareholders of CE Brands	3, 9	1,316,445						1,316,445
Shares issued in connection with public offering	3, 9	10,654,849						10,654,849
Warrants issued in connection with public offering	3, 10			4,047,296				4,047,296
Agent options issued in connection with public offering	9				507,572			507,572
CEBI Options issued in reverse acquisition of CE Brands Inc.					92,359			92,359
CEBI IPO options issued in reverse acquisition of CE Brands Inc.					51,103			51,103
Equity portion of convertible debt (Net Tax)			51,459					51,459
Issuance of warrants	10			375,683				375,683
Issuance of share		1,452,657			(50,407)			1,402,250
Equity financing costs		(142,202)						(142,202)
Repayment of convertible promissory note			(2,744)					(2,744)
Stock-based compensation					128,289			128,289
Net Loss						(7,362,546)		(7,362,546)
Comprehensive loss							25,687	25,687
<b>Balance at Dec 31, 2021</b>		<b>32,522,922</b>	<b>1,058,666</b>	<b>7,937,022</b>	<b>1,880,137</b>	<b>(35,697,965)</b>	<b>(107,329)</b>	<b>7,593,453</b>
<b>Balance at March 31, 2022</b>		<b>\$32,511,791</b>	<b>\$1,114,383</b>	<b>\$7,937,022</b>	<b>\$1,955,989</b>	<b>\$(38,553,201)</b>	<b>\$(114,572)</b>	<b>\$4,851,412</b>
Options converted to shares		76,605			(21,041)			55,564
Equity portion of convertible debt (Net of \$89,376 tax effect)			241,647					241,647
Issuance of warrants	10			21,206				21,206
Stock-based compensation					30,990			30,990
Net Loss						(10,730,649)		(10,730,649)
Comprehensive loss							\$116,547	116,547
<b>Balance at Dec 31, 2022</b>		<b>32,588,396</b>	<b>1,356,030</b>	<b>7,958,228</b>	<b>1,965,938</b>	<b>(49,283,850)</b>	<b>1,975</b>	<b>(5,413,283)</b>

See accompanying notes to the condensed interim consolidated financial statements including Going concern (Note 2) and Commitments (Note 13).

**CE Brands Inc.**  
**Condensed Interim Consolidated Statement of Cash Flows (unaudited)**  
**For the nine months ended December 31, 2022 and 2021**

		<b>For the nine months ended December 31, 2022</b>	<b>For the nine months ended December 31, 2021</b>
	<b>Note</b>		
<b>Cash provided by (used in):</b>			
<b>Cash flows used in operating activities</b>		<b>(10,730,649)</b>	<b>(7,362,546)</b>
Net loss			
Items not affecting cash:			
Amortization & Depreciation		127,974	882,164
Accretion		153,779	277,473
Stock based compensation		30,990	128,289
FV gain on warrants obligation		-	(506,968)
FV loss on convertible debenture derivatives	6	-	(1,702,434)
Loss on financial instrument settlement	8	-	225,564
Amortization of financing costs		505,812	420,411
Unrealized (gain) loss on foreign exchange		(474,243)	286,188
Deferred tax (recovery)		(89,376)	(17,153)
Listing expense		-	1,416,407
Changes in non-cash working capital	12	4,643,571	(4,291,731)
<b>Net cash (used in) operating activities</b>		<b>(5,832,142)</b>	<b>(10,244,336)</b>
<b>Cash flows from investing activities</b>			
Disposal of PP&E		-	40,062
<b>Net cash provided by (used in) investing activities</b>		<b>-</b>	<b>40,062</b>
<b>Cash flows from financing activities</b>			
Proceeds from Convertible debenture notes		900,000	2,000,000
Proceeds from Choco Facility		2,951,276	1,558,724
Proceeds from Vesta Revolving Credit Facility		1,037,213	-
Proceeds from Vesta Loan Facility (Working Capital loans)		2,676,957	-
Repayment of long-term debt		-	(2,100,820)
Repayment of SSN	6	-	(3,063,114)
Repayment of Choco Facility		(1,982,962)	(2,128,752)
Repayment of LOC	6	-	(584,358)
Repayment of Other Prom		-	(622,879)
Repayment of lease liability		(44,159)	(13,165)
Warrants / Options converted to shares	10	55,564	380,601
Proceeds from share issuance, net of share issue costs		-	1,288,000
Cash acquired on reverse acquisition of CE Brands Inc.		-	25,000
Shares issued in connection with public offering		-	15,209,718
<b>Net cash provided by financing activities</b>		<b>5,593,889</b>	<b>11,948,955</b>
<b>Effect of change in foreign exchange rates on cash</b>		<b>17,876</b>	<b>1,012</b>
<b>Increase (decrease) in cash</b>		<b>(220,377)</b>	<b>1,745,693</b>
<b>Cash, beginning of period</b>		<b>715,796</b>	<b>397,337</b>
<b>Cash, end of period</b>		<b>495,419</b>	<b>2,143,030</b>

## **1. Company overview and nature of operations**

CE Brands Inc. ("CEBI") is a public company traded on the TSX-V exchange under the symbol CEBI. The Company's head office is 585 Bow Valley Square 3, 255 – 5 Avenue SW Calgary, AB T2P 3G6 and the registered address is 301-1321 Blanshard St, Victoria, BC, V8W 0B6. 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.

On June 18, 2021, CE Brands Inc. acquired all of the outstanding shares of eBuyNow eCommerce Ltd. ("EBN") by way of a three-cornered amalgamation with CE Brands retaining its name. Upon completion, the shareholders of CE Brands held approximately 2% of the issued and outstanding shares of the Company and as a result, EBN shareholders controlled 98% of 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).

Reference in these consolidated financial statements to "the Company" refers to EBN and its subsidiaries until June 17, 2021. As of June 18, 2021, "the Company" refers to the consolidated operations of CE Brands Inc. and the historical operations of EBN and its subsidiaries.

## **2. Basis of presentation, going concern and COVID-19**

### Basis of presentation

These financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34, Interim Financial Reporting using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). These financial statements are condensed as they do not include all of the information required by IFRS for annual financial statements and therefore should be read in conjunction with CEBI's audited financial statements for the year ended March 31, 2022.

These financial statements have been prepared on a historical cost basis, except derivative financial instruments which are measured at fair value. All accounting policies, methods of computation, estimates and assumptions used in the preparation of these financial statements are consistent with those described in Notes 3 and 4 of the Company's annual consolidated financial statements for the year ended March 31, 2022. These consolidated financial statements were authorized for issue by the board of directors of the Company on March 1, 2023.

### 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.

At December 31, 2022, the Company had not yet achieved profitable operations and incurred a net loss of \$10,730,649 for the nine months ended December 31, 2022 (\$7,362,546 during the prior year nine months ended December 31, 2021). At December 31, 2022, the Company had a working capital deficiency of \$14,091,630 which includes a current portion of long-term debt of \$10,293,512 and there are further commitments of \$9,350,808 due in the next 12 months (Note 13).

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 December 31, 2022 is uncertain. During the nine months ended December 31, 2022, the Company entered into a \$1,000,000 private placement of Convertible Notes; a financing arrangement (the "Choco Facility") based on future accounts receivable for US\$2,250,000 (CAD \$2,885,850); a financing arrangement based on future accounts receivable for CA\$12,000,000 with Vesta; and a loan facility for US\$2,000,000 (CAD\$2,598,800). These arrangements are described further in Note 6. During the three months ended December 31, 2022 certain convertible founders' notes aggregating to CA\$1,174,785 matured and were not repaid, out of which extension agreements of loans aggregating CA\$613,803.78 were signed for a further two years as described in Note 6 to the interim Financial Statements. The Company is in the process of getting the agreements signed from other holders of the convertible founders' notes to extend the term of these instruments by an additional two years. Management will require additional funds by way of debt or equity issuances to be able to continue to fund its operating, investing 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. 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.

### 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 including the lockdowns that occurred in China during April and May 2022 followed by quarantine regulations so far. 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 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.

### **3. 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 will be "CE Brands Inc" (the "Resulting Issuer");
- The common shares of CE Brands will be consolidated on a 20.75-for-one basis into shares of the Resulting Issuer; and
- The class "A" common voting shares of EBN (the "EBN Shares") will be consolidated on a five-for-one basis;
- A wholly-owned subsidiary of CE Brands and EBN shall amalgamate under the British Columbia Business Corporations Act (BCBCA) and continue as one corporation;
- Pursuant to the amalgamation, the holders of EBN Shares will exchange those 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 Inc. which constituted a qualifying transaction (as defined in the policies of the TSX Venture Exchange) for CE Brands Inc. (the "Qualifying Transaction" or the "Transaction") involving EBN.

Immediately before the Qualifying Transaction, CE Brands Inc. consolidated its common shares on a 20.75-for-one basis. Existing stock options and warrants outstanding in CE Brands Inc. were also consolidated on a 20.75-for-one basis and entitled the holders 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 entitles the holder to one common share and one common share purchase warrant. The Company converted the Subscription Receipts into a total 4,156,626 common shares (the "Underlying 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 C\$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 18,141,970 Common Shares, options to purchase 1,395,000 Common Shares, 3,230,342 warrants to purchase Common Shares, and US\$1,388,888 (CAD \$1,964,629) aggregate principal amount of unsecured notes that are convertible into an aggregate of 624,721 Common Shares, and C\$1,174,785 aggregate principal amount of unsecured notes that are convertible into an aggregate of 313,277 Common Shares to former security holders of EBN.

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, options to purchase 1,793,073 Common Shares, 7,386,969 warrants to purchase Common Shares, US\$1,388,888 (CAD \$1,964,629) aggregate principal amount of unsecured notes that are convertible into an aggregate of 624,721 Common Shares, and C\$1,174,785 aggregate principal amount of unsecured notes that are convertible into an aggregate of 313,277 Common Shares to former security holders of EBN.

Under IFRS, the share exchange is considered to be a share-based payment in substance. That is, the share exchange is measured at the fair value of the company acquired. Accordingly, the share exchange is accounted for as a reverse acquisition and no goodwill is recorded. Under reverse acquisitions, the post reverse acquisition comparative historical financial statements of the legal acquirer, CEBI, are those of the legal acquiree, EBN, which is considered the accounting acquirer. These financial statements 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 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 CEBI pursuant to the issuance of CEBI common shares to the shareholders of EBN, representing a 98% majority interest in CEBI. EBN is determined to be the accounting acquirer and, consequently, the transaction has been accounted for as a reverse acquisition of CEBI by EBN. As CEBI does not meet the definition of a business, the transaction is 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, CEBI of \$1,459,907 (or 414,458 common shares, 24,096 initial public offering options and 41,446 resulting issuer options) is determined based on the fair value of the equity interest EBN would have had to give to the owners of CEBI, before the reverse acquisition, to provide the same percentage equity interest in the combined entity that results from the reverse acquisition, and is recorded as an increase in common shares and contributed surplus respectively in the consolidated statement of financial position.

The net assets of CEBI acquired on June 18, 2021 are 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 CEBI, is 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.

#### **4. Financial Risk Management**

##### Overview

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

##### Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

The maximum exposure to credit risk is as follows:

	<b>December 31, 2022</b>	<b>March 31, 2022</b>
Cash	\$495,419	\$715,796
Accounts receivable	\$80,851	\$765,107
<b>Total</b>	<b>\$576,270</b>	<b>\$1,480,903</b>

The Company manages the credit exposure related to cash by selecting financial institutions with high credit ratings. Given these credit ratings, management does not expect any counterparty to fail to meet its obligations.

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

	<b>Decemeber 31, 2022</b>	<b>March 31, 2022</b>
Not past due	52,888	668,840
31 – 60 days	4,460	31,099
61 – 90 days	338	69,796
More than 90 days	26,944	17,477
Allowance for expected credit loss	-3,779	-22,105
<b>Total</b>	<b>80,851</b>	<b>765,107</b>

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 December 31, 2022, one customer accounted for 27% of the Company's accounts receivable (March 31, 2022 – two customers accounted for 60% of accounts receivable) and this one customer accounted for 15% of its revenue (quarter ended March 31, 2022 – two customers accounted for 57% of revenue).

The Company considers accounts greater than 60 days old overdue. Accounts receivable includes \$27,282 and \$87,273 of accounts that are greater than 60 days old as at December 31, 2022 and March 31, 2022,

respectively. The Company has recognized an expected credit loss of \$3,779 and \$22,105 on the accounts receivable at December 31, 2022 and March 31, 2022, respectively.

### Liquidity risk

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

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 closely monitors its cash and manages liquidity risk by reducing spending, and raising funds as required via equity or debt financing.

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

<b>Contractual maturities of financial liabilities</b>	<b>Less than 1 year</b>	<b>1-3 years</b>	<b>Total</b>
Accounts payable and accrued liabilities	\$6,541,203	-	\$6,541,203
Due to related parties	\$347,743	-	\$347,743
Lease liabilities	\$69,386	26,530	\$95,916
Long-term debt <sup>(1) (2)</sup>	\$10,810,501	\$1,304,222	\$12,114,723
<b>As at December 31, 2022</b>	<b>\$17,768,833</b>	<b>\$1,330,752</b>	<b>\$19,099,585</b>

(1) Includes C\$5,000,000 convertible debenture.

(2) Presented as the contractual amount of long-term debt instruments gross of deferred financing fees.

### Market Risk

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

*Interest rate risk:* Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Company is exposed to interest rate risk on the long-term debt that bears interest at variable rates of interest. A 1% increase in the interest rate would have a \$90,860 increase on the net loss and accumulated deficit of the Company for the nine months ended December 31, 2022 (nine months ended December 31, 2021 – \$44,447).

*Foreign exchange risk:* The Company's financial performance is closely linked to foreign exchange rates. While the Company may employ the use of various financial instruments in the future to manage these price exposures, the Company is not currently using any such instruments. A 1% increase in the exchange rate would have a \$49,818 impact on the comprehensive loss and accumulated deficit of the Company for the nine months ended December 31, 2022 (nine months ended December 31, 2021 - \$57,603).

### Capital Management

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

## **5. 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.

	<b>December 31, 2022</b>	<b>March 31, 2022</b>
Due to current/former shareholders and officers	347,743	320,767

At December 31, 2022, accounts payable and accrued liabilities includes \$133,528 of amounts owed to directors and officers of the Company (March 31, 2022 – \$291,672). Further, the convertible founders loan includes \$533,766 and non-convertible founders loan include \$201,580 loans from related parties.

In addition, the Vesta Loan Facility, Vesta revolving credit facility and the Convertible Debenture Notes (see financial statement Note 6) constitutes a related party transaction for the purposes of Multilateral Instrument 61-101 – Protection of Minority Security Holders in Special Transactions ("MI 61-101"), as it involves the Company borrowing money from an entity, Vesta Fund, over which Vesta Wealth Partners Ltd., a "related party" of the Company exercises certain discretionary control.

6. Debt obligations, warrant obligations and convertible debenture derivatives

	December 31, 2022	March 31, 2022
<b><u>Convertible debenture notes</u></b>		
Opening balance	\$4,427,227	\$2,891,159
Accretion expense	\$153,779	\$112,243
Convertible debenture drawn	\$938,664	\$3,857,099
Gain on renewal of founders loan	-\$277,121	-
Write off of liabilities	-	\$15,017
Settled, Revalued, net of deferred financing fees	\$195,771	-\$2,448,291
<b>Closing balance</b>	<b>\$5,438,320</b>	<b>\$4,427,227</b>
<b><u>Senior secured debentures</u></b>		
Opening balance	-	\$2,515,557
Settled	-	-\$2,718,505
Accretion expense	-	\$202,948
<b>Closing balance</b>	<b>\$ -</b>	<b>-</b>
<b><u>Other debt and promissory notes</u></b>		
Opening balance	\$1,118,853	\$2,676,854
Promissory notes and other loans, drawn	\$6,962,187	\$1,558,766
Settled, net of deferred financing fees	-\$2,146,517	-\$3,141,928
FX (gain)/loss	\$138,367	\$25,161
<b>Closing balance</b>	<b>\$6,072,890</b>	<b>\$1,118,853</b>
<b><u>Line of credit</u></b>		
Opening balance	-	\$555,139
Repayments	-	-\$584,359
Amortization of deferred financing fees	-	\$29,220
<b>Closing balance</b>	<b>\$ -</b>	<b>-</b>
<b>Total long-term debt</b>	<b>\$11,511,210</b>	<b>\$5,546,081</b>
Current portion of long-term debt:	\$10,293,512	\$2,176,430
Non-current portion of long-term debt:	\$1,217,698	\$3,369,651

### **Convertible Debenture Notes**

On November 12, 2021 and May 26, 2022 the Company entered into convertible notes with an aggregate principal amount of \$4,000,000 and \$1,000,000 respectively subject to delayed draws to address the Company's working capital needs. The convertible notes bear an interest 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. The convertible notes are senior secured obligations of the Company and mature on the second anniversary of the issue date. The effective date of issuance for 1st, 2nd, 3rd and 4th tranches is November 12, 2021 though the same have been drawn on different dates and the same gets matured in November 2023. The effective date for 5th tranche is May 25, 2021 and the same gets matured in May 2024 (see Note 15). Prior to maturity, the 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. The Company issued 2,000,000 and 500,000 warrants as part of the debt financing announced on November 12, 2021 and May 26, 2022 respectively. Each warrant is exercisable at \$1.00 per common share for a period of 24 months from issuance. The fair value of the warrants was \$355,760 and \$21,206 respectively and was determined using a Black-Scholes model. Further, \$243,528 and \$19,905 of transaction costs were recorded at the funding date respectively. The fair value of the warrants and the transaction costs have been recorded pro-rata on a net basis to the liability and equity components of the convertible note.

The Company drew on the convertible notes in five tranches as detailed in the table below for total proceeds of \$5,000,000 drawn and outstanding at December 31, 2022. As at December 31, 2022, the carrying value of this convertible debt was \$4,530,157 further bifurcated as \$3,659,641 pertains to current portion of long term debt and \$870,516 pertains to long term debt which includes liability component and accretion net of deferred fundraising cost.

<b>Tranche</b>	<b>Date</b>	<b>Amount Drawn</b>	<b>Liability component</b>	<b>Equity component at inception</b>	<b>Accretion for quarter ending December 31, 2022</b>
Tranche 1	November 12, 2021	\$1,000,000	\$964,454	\$35,545	\$4,480
Tranche 2	December 14, 2021	\$1,000,000	\$966,933	\$33,067	\$4,358
Tranche 3	January 25, 2022	\$1,000,000	\$964,150	\$35,851	\$5,028
Tranche 4	February 22, 2022	\$1,000,000	\$961,561	\$38,439	\$5,631
Tranche 5	May 26, 2022	\$1,000,000	\$938,664	\$61,336	\$7,719
		<b>\$5,000,000</b>	<b>\$4,795,762</b>	<b>\$204,238</b>	<b>\$27,216</b>

### **Choco Facility**

On May 24, 2022, the Company entered into an agreement for the sale of US\$2,475,000 (CAD\$3,174,435) of future receivables for net proceeds of up to US\$2,250,000 (CAD\$2,885,850) (the "Choco Facility"). This is a financing agreement based on future receivables where the retrieval percentage represents the deferred financing cost. The associated accounts receivables remain recognized on the Company's statement of financial position and still carry credit risk for the Company.

The funds committed under the Choco Facility will be drawn in three tranches with an initial tranche of US\$1,250,000 of proceeds available to the Company on close for future receivables of US\$1,375,000. The initial tranche 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. On June 22, 2022, the initial tranche of US\$1,250,000 (CAD\$1,711,850) was funded. During the three and nine months ended December 31, 2022, the Company has made US\$352,670 (CAD\$478,520) and US\$657,570 (CAD\$878,531) respectively towards the debt obligation.

On August 26, 2022, the second tranche of US\$500,000 (CAD\$646,670) was funded. The second tranche provides for proceeds of US\$500,000 for future receivables of US\$550,000. This 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. During the three months ended December 31, 2022, the Company has made US\$168,525 (CAD\$228,663) towards the debt obligation.

On October 31, 2022, the third tranche of US\$500,000 (CAD\$682,118) was funded. The third tranche provides for 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. During the three months ended December 31, 2022, the Company had made payment of US\$71,505 (CAD\$97,021) towards the debt obligation.

At December 31, 2022, the balance outstanding of this debt obligation was \$1,964,230.74 net of deferred financing fees.

#### **Vesta Loan Facility**

On June 20, 2022, the Company entered into a binding term sheet with Vesta Global Stability Fund (“Vesta”) for a Loan Agreement (the “Vesta Loan Facility”) to fund working capital and for other general corporate purposes, including the purchase of inventory and shipping and duty expenses. This term sheet represents a fully executed agreement and reflects all material terms and conditions with respect to the lending transaction and is binding between both parties. The Vesta Loan Facility is for up to a maximum of US\$2,000,000 (CAD\$2,598,800) at an effective annual interest rate of 18% payable monthly based on the total drawn amount of the Vesta Loan Facility. There is no standby fee or interest due on undrawn amounts.

Funding under the Vesta Loan Facility can be availed at any time after June 30, 2022 via three tranches as outlined below. The Vesta Loan Facility can be drawn over a 12-month period. The initial tranche of US\$500,000 (CAD\$ 654,568) was advanced on July 15, 2022, the second tranche of \$US500,000 (CAD\$ 645,240) was advanced on August 15, 2022, the third and final tranche of US\$1,000,000 (CAD\$ 1,377,150) was advanced on October 4 2022.

The Vesta Loan Facility matures and all principal and accrued interest payable on the date which is 12 months following the date of the funding and is callable at any time by the lender with 30 days written notice at the lender’s full discretion. The Vesta Loan Facility is 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.

Availability of the Vesta Loan Facility is subject to there being no material changes within the business or operations of the borrower during the funding period. The Company must inform the lender within five (5) business days in writing of any material changes in the Company and this may result in the termination of the Vesta Loan Facility and the Company’s ability to access any undrawn amounts. Termination of the Vesta Loan Facility would force full repayment within 30 days of any drawn amounts plus accrued interest.

As at December 31, 2022, all the three tranches of the Vesta Loan Facility were fully drawn with an aggregate outstanding balance of US \$2,000,000 (CAD \$2,675,385 net of deferred financing fees).

#### **Vesta revolving credit facility**

On December 13, 2022, the Company entered into a contract for the sale of CAD\$12,000,000 of future receivables. The contract has an interest rate of 1% of all outstanding amounts per month. The closing fee is CAD\$10,000 and servicing fee is CAD\$1,000 per month. The Vesta revolving credit facility has an initial term of 2 years. During the quarter ended December 2022, the company has received advances from the facility of US\$761,175.48 (CAD\$1,037,212.93)

As at December 31, 2022, the aggregate outstanding balance of the Vesta revolving credit facility was CAD \$1,008,287.61 net of closing and servicing fee provision, and deferred financing fees.

#### **Founders' Notes**

The Company has an aggregate carrying amount of CAD\$908,163 of convertible founders' notes outstanding at December 31, 2022. The founders' notes are held by various common shareholders of the Company. During the three months ended December 31, 2022, notes aggregating to CAD\$560,981 matured and were not repaid whereas notes aggregating to CAD\$613,804 of the said balance matured and were extended for further 2 years. The founders' notes bear interest at a rate of 4.5%. The Company recognized a gain of \$277,121 relating to the extension of these notes in the three months ended December 31, 2022, which had been recorded in equity. The non-convertible balance of founders' notes having carrying amount to CAD\$424,987 mature on or before March 31, 2023. The founders' notes are unsecured and are subordinate to the Convertible Debenture Notes and Vesta Loan Facility. The maturity date may be extended for an additional two years at the sole option of the company, in the event that the Convertible Debenture Notes and Vesta Loan Facility are not repaid in full by the maturity date. (see Note 2)

As at December 31, 2022, the aggregate outstanding carrying balance of the founders' notes was CAD \$1,333,150.



**CE Brands Inc.**  
**Notes to Condensed Interim Consolidated Financial Statements (unaudited)**  
**For the three and nine months ended December 31, 2022 and 2021**

## 7. Revenue

The Company's revenues from the transfer of goods and services are recognized at a point in time when shipped or delivered to the customer in accordance with the contract terms. Revenue is derived from the following geographical regions by location of the end consumer:

Country	Three months ended December 31, 2022	Three months ended December 31, 2021	Nine months ended December 31, 2022	Nine months ended December 31, 2021
Canada	\$114,249	\$209,428	\$394,271	\$596,729
United Kingdom	\$151,812	\$272,643	\$320,365	\$467,997
United States	\$443,917	\$578,021	\$3,070,111	\$1,528,812
Russia	-	\$136,838	-	\$210,518
Germany	\$26,044	\$57,351	\$47,700	\$196,109
Australia	\$81,503	\$99,615	\$341,511	\$88,789
Singapore	-	-	\$82,841	\$71,467
Hong Kong	\$162,022	-	\$698,403	-
Poland	\$222,432	\$1,543	\$223,775	\$5,148
Spain	\$69,620	\$4,530	\$80,045	-
Saudi Arabia	\$77,587	-	\$77,587	-
South Africa	-	\$89,233	\$305,644	\$89,233
Other countries	\$143,224	\$46,763	\$427,981	\$751,476
	<b>\$1,492,410</b>	<b>\$1,495,965</b>	<b>\$6,070,234</b>	<b>\$4,006,278</b>

## 8. Finance costs

	Three months ended December 31, 2022	Three months ended December 31, 2021	Nine months ended December 31, 2022	Nine months ended December 31, 2021
Interest expense	430,652	97,260	913,587	684,026
Accretion expense	46,332	26,963	153,779	277,473
Amortization of financing costs	180,670	65,974	505,811	420,411
Loss on financial instruments settlement	-	(1,580)	-	225,565
	<b>657,654</b>	<b>188,617</b>	<b>1,573,177</b>	<b>1,607,475</b>

## 9. Share capital and loss per share

### Issued and outstanding

	Number of shares	Amount (\$)
Balance at March 31, 2021	17,941,490	\$18,860,572
Warrants converted to common shares	202,980	380,600
Shares issued on reverse acquisition of CE Brands Inc.	414,458	1,316,445
Shares issued in connection with public offering	4,156,626	10,654,849
Issuance of shares	2,500,000	1,400,000
Exercise of options	45,000	52,657
Share issuance costs	-	-112,000
Convertible debt financing costs	-	-41,332
<b>Balance at March 31, 2022</b>	<b>25,260,554</b>	<b>\$32,511,791</b>
<b>Balance at June 30, 2022</b>	<b>25,260,554</b>	<b>\$32,511,791</b>
Exercise of options	29,633	76,605
<b>Balance at Sep 30, 2022</b>	<b>25,290,187</b>	<b>\$32,588,396</b>
<b>Balance at Dec 31, 2022</b>	<b>25,290,187</b>	<b>\$32,588,396</b>

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

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

In relation to the reverse acquisition transaction, as described in Note 3, on June 18, 2021, the common shares of EBN were exchanged on a five-for-one basis (the "Share Exchange"). The Share Exchange is reflected retrospectively in these consolidated financial statements.

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 entitles the holder to one common share and one common share purchase warrant. The Company converted the Subscription Receipts into a total 4,156,626 common shares (the "Underlying 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 price of C\$7.50 per Warrant Share, for a period of 24 months following the date on which the Underlying Warrant was issued. The Company issued 4,156,626 shares at a price of \$4.15 per share. The Company paid agents a fee of \$1,380,000 and incurred \$660,282 in legal fees in connection with the public offering which have been recorded as share issuance costs and recognized as a deduction from equity. The Company issued 4,156,626 warrants for deemed consideration of \$4,047,296 and 332,531 agent options for deemed consideration of \$507,572. Both warrants and agent options have been recorded as a reduction in the share capital recognized on the public offering.

On November 12, 2021, the Company closed previously entered into subscription agreements for the sale of 2,500,000 common shares of the Company for aggregate gross proceeds of approximately \$1,400,000 at a price of \$0.56 per common share. Total share issuance costs incurred with the subscription agreements was \$153,332.

## Loss per share

The weighted average number of common shares used to calculate basic and diluted loss per share is 25,290,187 for the three months and 25,278,011 for nine months ended December 31, 2022 (three months ended December 31, 2021 – 24,056,368 and nine months ended December 31, 2021 – 21,837,944). The Company excluded convertible debt, warrants and stock options from the calculation of diluted loss per share as they would be anti-dilutive.

## **10. Warrants reserve**

### Issued and outstanding

	Number of warrants	Amount (\$)
<b>Balance at March 31, 2021</b>	<b>3,181,496</b>	<b>\$ 3,514,043</b>
Warrants issued in connection with public offering	4,156,626	4,047,296
Warrants issued	2,112,000	375,683
Warrants exercised	(38,315)	0
Warrants expired	(2,315,140)	0
<b>Balance at March 31, 2022</b>	<b>7,096,667</b>	<b>\$ 7,937,022</b>
Warrants issued	500,000	21,206
Warrants expired	(61,492)	0
<b>Balance at December 31, 2022</b>	<b>7,535,175</b>	<b>\$ 7,958,228</b>

In relation to the reverse acquisition transaction, as described in Note 3, on June 18, 2021, the warrants of EBN were exchanged on a five-for-one basis (the “Warrant Exchange”). The Warrant Exchange is reflected retrospectively in these consolidated financial statements.

The Company issued 500,000 warrants as part of the debt financing announced on May 26, 2022. Each warrant is exercisable at \$1.00 per common share for a period of 24 months from issuance.

The key assumptions underlying the valuation of warrants issued in the year were as follows:

Risk-free rate	2.55%
Weighted-average life	24 months
Annualized volatility	90.79%
Share price at the date of issuance	\$0.25
Dividend yield	0%
Exercise price	\$1.00

## **11. Share based compensation**

The Company has an option program that entitles officers, directors, employees and certain consultants to purchase shares in the Company. Options granted are exercisable at the market price of the shares at the date of grant, have a term of up to five years and vest over one to five years in accordance with the terms of the individual grants.

**CE Brands Inc.**  
**Notes to Condensed Interim Consolidated Financial Statements (unaudited)**  
**For the three and nine months ended December 31, 2022 and 2021**

	Number of options
<b>Balance at March 31, 2021</b>	<b>1,395,000</b>
Granted during the period	1,056,500
Forfeited during the period	(330,000)
Exercised during the period	(45,000)
CEBI options issued on reverse acquisition of CE Brands Inc.	41,446
CEBI IPO options issued on reverse acquisition of CE Brands Inc.	24,096
Agents' options issued in connection with public offering	332,531
<b>Balance at March 31, 2022</b>	<b>2,474,573</b>
Granted during the period	330,000
Forfeited during the period	(1,114,200)
Exercised during the period	(29,633)
Agents' options expired in connection with public offering	(332,531)
<b>Balance at December 31, 2022</b>	<b>1,328,209</b>

On June 29, 2022, the Company issued 310,000 employee stock options at an exercise price of \$0.21. The options shall vest in full on the first anniversary following the date of the grant. Upon vesting, options shall expire on the date that is 24 months from the anniversary of the vesting date such that all options shall expire on June 29, 2025.

	<b>June 29, 2022 Option Grant</b>
Exercise price	\$0.21
Annualized volatility	90.88%
Expected life	2 years
Risk-free rate	3.10%
Dividend yield	0%

## 12. Net changes in non-cash working capital

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

	Nine months ended December 31, 2022	Nine months ended December 31, 2021
Accounts receivable	668,473	52,484
Inventory	916,729	(585,259)
Prepaid expenses and deposits	(148,542)	(995,423)
Accounts payable and accrued liabilities	3,206,911	(2,763,533)
<b>Change in non-cash working capital - operating</b>	<b>4,643,571</b>	<b>(4,291,731)</b>

### 13. Commitments

As at December 31, 2022, future minimum payments committed under non-cancellable agreements are as follows:

Paticulars	Less Than 1 Yr	1-3 Yrs	3-5 Yrs	Total
Minimum royalty payment guarantees with Motorola and advertisement expenditure commitment	3,242,872	4,613,290	-	7,856,162
Netsuite Payments	116,263	145,329	-	261,592
Purchase Orders Placed	5,991,673	-	-	5,991,673
<b>Total</b>	<b>9,350,808</b>	<b>4,758,619</b>	<b>-</b>	<b>14,109,427</b>

During the 3 months ended December 31, 2022 the Company entered into a license termination agreement with Kodak which amends the expiration date of the agreement to June 30, 2023 and serves to terminate the Company's future royalty commitments in exchange for a lump sum payment of US\$500,000 (C\$678,451) which has been recorded in Accounts payable and accrued liabilities. The payments are structured as to US\$125,000 (C\$169,613) which was made on December 20, 2022; US\$125,000 (C\$169,613) which was made on January 20, 2023; and US\$250,000 (C\$339,225) which is due by March 20, 2023.

### 14. Inventory

During the three months ended December 31, 2022 the Company recorded a write down of \$1,568,232 to record inventory at net realizable value. This was recognized as an expense in Cost of Products and Services during the period.

In addition, an onerous contract provision of US\$882,216 (C\$1,194,040) has been recorded related to the unavoidable net costs of fulfilling contracts for non-cancellable inventory purchase commitments for which the net realizable value of the related inventory is less than the committed purchase amount.

### 15. Subsequent Events

Subsequent to December 31 2022, the company has agreed to the restructuring of its Convertible Debenture Notes as well as the restructuring of Vesta Loan facility.

#### Convertible Debenture Notes (the "Notes") restructuring

The Company, Vesta and the holders of the Notes have agreed to a restructuring agreement to remove the holders' rights to convert the Notes into Common Shares, to remove the option of the holders to request that interest be payable in Common Shares, and to extend the maturity date of tranche 1, tranche 2, tranche 3 and tranche 4 of the Notes from November 13, 2023 to April 30, 2024 (the "Revised Notes"). The maturity date for tranche 5 Notes will remain May 25, 2024. All other material terms of the Notes remain unchanged in the Revised Notes.

#### Vesta Loan Facility Restructuring

The company has agreed to restructure the US\$2,000,000 Vesta Loan Facility into a senior secured note (the "US\$2MM Note") with terms similar to the Revised Notes, other than the US\$2MM Note is payable on demand after 60 days prior written notice with no maturity date, and the interest rate of the US\$2MM Note is 18% and payable semi-annually in arrears, rather than 15% and payable annually in arrears for the Revised Notes. In consideration for the for the Vesta Loan Facility Restructuring, Vesta Fund and its affiliates will receive 2,000,000 Common Share purchase warrants ("Warrants") with each Warrant having an exercise price of \$0.10 per share and being exercisable on or before two years after the date of issuance of the Warrants. The Warrants issued in connection with the Vesta Loan Facility Restructuring will be subject to statutory hold periods in accordance with applicable securities legislation.