Consolidated Financial Statements of

CE Brands Inc.

As at and for the years ended March 31, 2023 and 2022

(Expressed in Canadian Dollars)

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of CE Brands Inc.

Opinion

We have audited the consolidated financial statements of CE Brands Inc. (the Company), which comprise:

- the consolidated statements of financial position as at March 31, 2023 and 2022
- the consolidated statements of loss and comprehensive loss for the years then ended
- the consolidated statements of changes in shareholders' equity (deficiency) for the years then ended
- the consolidated statements of cash flows for the years then ended
- and notes to the consolidated financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Company as at March 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "*Auditor's Responsibilities for the Audit of the Financial Statements*" section of our auditor's report.

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 2 in the financial statements, which indicates that there is considerable uncertainty with respect to the Company's ability to continue operations. The Company used cash flow in operating activities of $7,282,774 and incurred a net loss of $28,073,361 during the year ended March 31, 2023. At March 31, 2023, the Company had a working capital deficit of $17,468,797, which includes a current portion of long-term debt of $7,792,914, and has commitments of $5,813,816 due in the next 12 months.

Further, the Company's wholly owned Canadian subsidiary, eBuyNow eCommerce Limited ("EBN") has filed for bankruptcy. All other subsidiaries of the Company are wholly owned subsidiaries of EBN. As such, there is considerable uncertainty as to the duration and impact of the bankruptcy process and significant doubt as to the Company's ability to achieve profitable operations or to generate the additional funds necessary by way of debt or equity financing that is required to be able to continue to fund its operating, investing and financing activities in the foreseeable future.

As stated in Note 2 in the financial statements, these events or conditions, along with other matters as set forth in Note 2 in the financial statements, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern.

Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended March 31, 2023. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described in the "Material Uncertainty Related to Going Concern" section of the auditor's report, we have determined the matters described below to be the key audit matters to be communicated in our auditor's report.

Evaluation of impairment of goodwill

Description of the matter

We draw attention to Note 3(x), Note 4(b), Note 4(e), and Note 9 to the financial statements. The Company performs a goodwill impairment test on an annual basis or more frequently when events or changes in circumstances indicate that the carrying amount of the Company's sole cash generating unit (CGU) exceeds its recoverable amount. The Company has recorded an impairment of goodwill of $9,814,367. An impairment loss is recognized for the amount by which the CGU's carrying amount exceeds its recoverable value. The recoverable amount of the CGU is based on the higher of its fair value less costs of disposal and its value in use. In estimating the recoverable amount of the CGU the Company made significant assumptions including:

- The revenue-based market valuation multiple used to determine the recoverable amount
- The working capital as a percentage of revenue of the CGU
- The selection of a public company peer group in determining the revenue-based market valuation multiple and working capital as a percentage of revenue.

Why the matter is a key audit matter

We identified the evaluation of impairment of goodwill as a key audit matter. This matter represented an area of significant risk of material misstatement due to the magnitude of the goodwill balance. Significant auditor judgment was required to evaluate the results of our audit procedures. Additionally, the assessment of the revenue-based market valuation multiple and working capital as a percentage of revenue requires the use of professionals with specialized skills and knowledge in valuation.

How the matter was addressed in the audit

The primary procedures we performed to address this key audit matter included assessing the appropriateness of the comparable public company peer group considered in determining the revenue-based market valuation multiple and working capital as a percentage of revenue by comparing select relevant characteristics of the Company to the public company peer group.

We involved valuation professionals with specialized skills and knowledge, who assisted in:

— Comparing the Company’s selected revenue-based market valuation multiple against independently developed multiples implied in the trading price of the comparable public company peer group

— Evaluating the appropriateness of the working capital as a percentage of revenue by comparing this estimate to independently developed percentages observed in the comparable public company peer group.

Other Information

Management is responsible for the other information. Other information comprises the information included in Management’s Discussion and Analysis filed with the relevant Canadian Securities Commissions.

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the information included in Management’s Discussion and Analysis filed with the relevant Canadian Securities Commissions as at the date of this auditor’s report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditor’s report.

We have nothing to report in this regard.

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

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

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

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

Auditor’s Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

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

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

  The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- Provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

The engagement partner on the audit resulting in this auditor's report is Neil Badyk.

KPMG LLP

Chartered Professional Accountants

Calgary, Canada
July 24, 2023

	Note	March 31, 2023	March 31, 2022 (Adjusted-Note 2b)
Assets			
Current Assets			
Cash		**576,007**	715,796
Accounts receivable	6	**417,953**	765,107
Inventory	7	**476,934**	2,296,361
Prepaid expenses and deposits		**524,385**	865,009
		1,995,279	4,642,273
Property, plant and equipment		**-**	69,818
Right of use asset	8	**-**	62,864
Intangible assets		**-**	16,191
Goodwill	9	**-**	9,110,415
Total assets		**1,995,279**	13,901,561
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	21	**11,303,042**	3,117,222
Due to related parties	10	**346,256**	320,767
Warrant obligations	12	**-**	-
Current portion of lease liabilities	11	**21,864**	45,200
Current portion of long-term debt	12	**7,792,914**	2,176,430
		19,464,076	5,659,619
Lease liability	11	**-**	20,877
Long-term debt	12	**5,097,002**	3,369,651
Total liabilities		**24,561,078**	9,050,147
Shareholders' Equity (Deficiency)			
Share capital	16	**32,588,396**	32,511,792
Equity component of debt		**1,429,773**	1,114,384
Warrants Reserve	17	**8,058,153**	7,937,022
Contributed surplus		**2,002,109**	1,955,989
Accumulated other comprehensive loss		**(17,668)**	(114,572)
Deficit		**(66,626,562)**	(38,553,201)
Equity (Deficiency)		**(22,565,799)**	4,851,414
Total Liabilities and Shareholders' Equity		**1,995,279**	13,901,561

See accompanying notes to the Consolidated Financial Statements including Going Concern (Note 2), Commitments and contingences (Note 22), and Subsequent events (Note 23).

CE Brands Inc.
Consolidated Statements of Loss and Comprehensive Loss
For the years ended March 31, 2023 and 2022

	Note	For the year ended March 31 2023	2022 (Adjusted-Note 2b)
Revenue	13	**7,565,377**	7,297,081
Cost of products and services	7	**11,743,229**	5,811,078
Gross Profit (Loss)		**(4,177,852)**	1,486,003
Expenses			
Marketing		**1,008,332**	1,117,633
Selling and distribution		**566,412**	853,164
Wages and contractors		**4,211,108**	3,976,621
Royalties and license fees		**3,913,994**	1,262,241
Technology and related		**552,859**	488,549
Legal, accounting and other professional fees		**944,111**	924,466
General and administrative		**752,649**	639,790
Depreciation & Amortization		**150,934**	980,016
Impairment of assets	9	**9,865,496**	-
Stock-based compensation		**67,161**	204,141
Loss (Gain) on foreign exchange		**(491,980)**	128,412
Operating loss		**(25,718,928)**	(9,089,030)
Finance costs	15	**(2,436,595)**	(1,731,961)
Gain/(Loss) on Financial Instruments	15	**(34,489)**	1,983,838
Listing expense	5	**-**	(1,416,407)
Loss before income tax		**(28,190,012)**	(10,253,560)
Income tax recovery		**(116,651)**	(35,777)
Net loss		**(28,073,361)**	(10,217,783)
Other comprehensive loss for the year		**-**	-
Gain on translation of foreign operations that may be subsequently reclassified to profit and loss		**96,904**	18,444
Comprehensive loss		**(27,976,457)**	(10,199,339)
Loss per share	16	**(1.11)**	(0.45)

See accompanying notes to the Consolidated Financial Statements including Going Concern (Note 2) and Commitments and contingencies (Note 22) and Subsequent events (Note 23).

CE Brands Inc.
Consolidated Statements of Changes in Shareholders' Equity (Deficiency)
For the years ended March 31, 2023 and 2022

	Notes	Share capital	Equity Component of Debt	Warrants Reserve	Contributed Surplus	Accumulated Deficit	Accumulated other comprehensive Income / (Loss)	Total
Balance at March 31, 2021		**$18,860,572**	**$1,009,951**	**$3,514,043**	**$1,151,221**	**$(28,335,418)**	**$(133,016)**	**$(3,932,647)**
Warrants converted to shares		380,601						380,601
Consideration transferred to shareholders of CE Brands		1,316,445						1,316,445
Shares issued in connection with public offering		10,654,849						10,654,849
Warrants issued in connection with public offering				4,047,296				4,047,296
Agent options issued in connection with public offering					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 debt (Net of Tax $35,777)			107,177					107,177
Issuance of warrants				375,683				375,683
Issuance of shares		1,452,657			(50,407)			1,402,250
Equity financing costs		(153,332)						(153,332)
Repayment of convertible promissory note			(2,744)					(2,744)
Stock-based compensation					204,141			204,141
Net Loss						(10,217,783)		(10,217,783)
Comprehensive Gain							18,444	18,444
Balance at March 31, 2022		**32,511,792**	**1,114,384**	**7,937,022**	**1,955,989**	**(38,553,201)**	**(114,572)**	**4,851,414**
Balance at March 31, 2022		**$32,511,792**	**$1,114,384**	**$7,937,022**	**$1,955,989**	**$(38,553,201)**	**$(114,572)**	**$4,851,414**
Options converted to shares		76,604			(21,041)			55,563
Equity portion of debt (Net of tax $116,651)			315,389					315,389
Issuance of warrants	17			121,131				121,131
Stock-based compensation					67,161			67,161
Net Loss						(28,073,361)		(28,073,361)
Comprehensive Gain							$96,904	96,904
Balance at Mar 31, 2023		**32,588,396**	**1,429,773**	**8,058,153**	**2,002,109**	**(66,626,562)**	**(17,668)**	**(22,565,799)**

See accompanying notes to the Consolidated Financial Statements including Going Concern (Note 2) and Commitments and contingencies (Note 22) and Subsequent events (Note 23).

CE Brands Inc.
Consolidated Statements of Cash Flows
For the years ended March 31, 2023 and 2022

	Note	For the year ended March 31, 2023	For the year ended March 31, 2022 (Adjusted-Note 2b)
Cash provided by (used in):			
Cash flows used in operating activities			
Net loss		**(28,073,361)**	(10,217,783)
Items not affecting cash:			
Amortization & Depreciation		**150,934**	980,016
Impairment of assets		**9,865,496**	-
Accretion		**241,211**	315,191
Interest paid on Choco Facility		**(227,972)**	(332,662)
Stock based compensation		**67,161**	204,141
FV gain on warrants obligation		**-**	(506,968)
FV loss on convertible debenture derivatives		**-**	(1,702,434)
Amortization of financing costs		**695,609**	561,886
Loss on Financial Instruments		**34,489**	225,564
Unrealized (gain) loss on foreign exchange		**(423,110)**	376,152
Deferred tax recovery		**(116,651)**	(35,777)
Listing expense		**-**	1,416,407
Changes in non-cash working capital	20	**10,503,419**	(4,318,912)
Net cash used in operating activities		**(7,282,774)**	(13,035,179)
Cash flows from investing activities			
Disposal of PP&E		**-**	40,062
Net cash provided by investing activities		**-**	40,062
Cash flows from financing activities			
Proceeds from Convertible debenture notes	12	**900,110**	4,000,000
Proceeds from Choco Facility	12	**2,951,276**	1,558,724
Proceeds from Vesta Revolving Credit Facility	12	**2,755,637**	-
Proceeds from Vesta Loan Facility	12	**2,666,929**	-
Proceeds from LOC		-	14,087
Repayment of long-term debt		**-**	(2,100,820)
Repayment of SSN	12	**-**	(3,063,114)
Repayment of Choco Facility	12	**(2,140,204)**	(2,506,123)
Repayment of LOC		**-**	(598,445)
Repayment of Other Prom		**-**	(622,879)
Repayment of lease liability	11	**(64,986)**	(23,433)
Warrants / Options converted to shares		**55,563**	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
Changes in non-cash working capital		**-**	(243,528)
Net cash provided by financing activities		**7,124,324**	13,317,788
Effect of change in foreign exchange rates on cash		**18,661**	(4,212)
Increase (decrease) in cash		**(139,789)**	318,459
Cash, beginning of period		**715,796**	397,337
Cash, end of period		**576,007**	715,796

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, Immaterial error correction, going concern and COVID-19

(a) Basis of presentation

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). These consolidated financial statements were authorized for issue by the Board of Directors of the Company on July 24, 2023.

The Company has reclassified certain comparative figures in the consolidated financial statements to conform to the current year presentation.

(b) Immaterial error corrections

These consolidated financial statements reflect certain immaterial corrections to the financial statements as at and for the year ended March 31, 2022, the impacts of which are as follows:

- a decrease to finance costs of $118,080 for the year ended March 31, 2022 (a decrease in basic and diluted loss per share of $0.01), and a corresponding decrease to accounts payable and decrease to Deficit of the same amount as at March 31, 2022. Accordingly, the previously reported Deficit as at March 31, 2022 of $38,671,282 has been adjusted to $38,553,201 and the previously reported Accounts payable and accrued liabilities has been adjusted from $3,235,303 to $3,117,222 as at March 31, 2022.
- an increase to revenue and cost of products and services of $398,157. Accordingly, the previously reported revenue and cost of products and services of $6,898,924 and $5,412,921, respectively, have been adjusted to $7,297,081 and $5,811,078, respectively, for the year ended March 31, 2022.
- an increase to net cash used in operating activities of $332,662 and corresponding increase to net cash provided by financing activities for the same amount. Accordingly, the previously reported net cash used in operating activities and net cash provided by financing activities of ($12,702,517) and $12,985,126, respectively, have been adjusted to ($13,035,179) and $13,317,788, respectively, for the year ended March 31, 2022.

(c) Going Concern

There is considerable uncertainty with respect to the Company's ability to continue operations. The Company has not yet achieved profitable operations and had a deficit of $ 66,626,562 as at March 31, 2023 (March 31, 2022 - $38,553,201) and incurred a net loss of $ 28,073,361 for the year ended March 31, 2023 (March 31, 2022 - $10,217,783) and used cash flow in operating activities for the year ended March 31, 2023 of $7,282,774 (March 31, 2022 - $13,035,179). At March 31, 2023, the Company had a working capital deficiency of $17,468,797 (March 31, 2022 – deficiency of $1,017,346) which includes a current portion of long-term debt of $7,792,914. In addition, the Company has commitments of $5,813,816 due in the next 12 months (Note 22).

The Company's ability to continue operations as at March 31, 2023, was initially focused on achieving profitable operations while securing additional funding through debt and equity financing.

Subsequent to March 31, 2023, the Company's efforts have continued to evolve such that the Company's wholly owned Canadian subsidiary, eBuyNow eCommerce Limited ("EBN") filed a voluntary assignment into bankruptcy under the Bankruptcy and Insolvency Act (the "Act"). The objective of the bankruptcy is to provide creditors with an equitable distribution of EBN's assets and to prevent creditors from pursuing EBN or CE Brands Inc. for unpaid liabilities of EBN. All other subsidiaries of the Company are wholly owned subsidiaries of EBN. As such, there is considerable uncertainty as to the duration and impact of the bankruptcy process and whether the Company will be able to continue to operate in the foreseeable future.

As further described in note 23, on June 27, 2023, a licensed insolvency trustee was appointed under section 49 of the Act to administer the bankruptcy of EBN. Each of the corporate organization's subsidiaries as described in note 2e are wholly owned subsidiaries of EBN. The Trustee's appointment was affirmed on July 17, 2023. The impacts of the bankruptcy filing on the Company may include, amongst others:

- Loss of material contracts: All of the Company's revenues are generated through EBN and its wholly owned subsidiaries and there is a risk that existing contracts between EBN and its subsidiaries and certain licensors, distributors and manufacturers may be terminated as part of the bankruptcy filing. While some of these contracts may be assigned to CE Brands, the parent entity, by the Trustee there are no guarantees that such an assignment will occur and that any assigned contracts will be renewed at expiration.
- Demand repayment of all debts: The EBN bankruptcy process constitutes an event of default under the terms of the Company's debt agreements. The Company has not received waivers from its lenders relating to these events of default.
- A loss of the Company's intellectual property rights and a loss of control or relinquishment of substantially all of the Company's assets as part of the EBN bankruptcy process ultimately resulting in the Company being unable to continue operations.
- The potential for litigation to arise from creditors in connection with the bankruptcy process resulting in contingent liabilities and additional legal costs.
- The potential that certain liabilities of EBN and its wholly owned subsidiaries are not extinguished in connection with the bankruptcy process.

There is considerable uncertainty as to whether the Company will be successful with the EBN bankruptcy process and as to the Company's ability to achieve profitable operations or to generate the additional funds necessary by way of debt or equity financing that is required to be able to continue to fund its operating, investing and financing activities in the foreseeable future. Upon completion of the EBN bankruptcy process, the Company will require additional funds by way of debt or equity financings to continue to fund its operating, investing and financing activities in the foreseeable future. There can be no assurance as to whether the Company will be able to achieve profitable operations, that debt or equity financing will be available or sufficient to meet the Company's requirements or, if debt or equity financing is available, that it will be available on terms acceptable to the Company or at all. The inability of the Company to achieve profitable operations or to access debt or equity financing 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. 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.

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.

<u>COVID-19</u>

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. Subsequent to the first quarter of the fiscal 2023 year, there was no significant impact of COVID-19 on the company's operations.

(d) Basis of Consolidation

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

(e) Functional and presentation currency

These consolidated financial statements are presented in Canadian dollars ("CAD"), which is the Company's functional currency. The functional currencies of the Company's subsidiaries are as follows:

Subsidiary	Place of Incorporation	Currency
eBuyNow LLC	USA	United States Dollar ("USD")
eBuyNow eCommerce Ltd.	United Kingdom	British Pound ("GBP")
eBuyNow eCommerce B.V.	Netherlands	Euro ("EUR")
eBuyNow eCommerce, S. DE R.L. DE C.V.	Mexico	Mexican Peso ("MXN")
eBN eCommerce Private Limited	India	Indian Rupee ("INR")
PerimeterSafe Holdings Limited	Canada	CAD
eBuyNow eCommerce Ltd.	Canada	CAD

EBN Holdings Ltd.	Canada	CAD
PerimeterSafe Home Monitoring Limited	Canada	CAD
Premietech Limited	Hong Kong	Hong Kong dollar (“HKD”)
eBuyNow eCommerce Limited (ie. Cinatic)	Hong Kong	HKD
Cinatic (Shenzhen) Technology Co., Ltd.	China	Chinese Yuan (“CNY”)
Premielink Company Limited	Vietnam	Vietnamese Dong (“VND”)

(f) Basis of measurement

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

(g) Critical accounting 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 consolidated financial statements, are disclosed below in Critical Accounting Estimates and Assumptions.

(h) Accounting standards issued but not yet adopted

IAS 1 Presentation of Financial Statements

Classification of Liabilities as Current or Non-current:

The amendment clarifies a criterion in IAS 1 Presentation of Financial Statements for classifying a liability as non-current: the requirement for an entity to have the right to defer settlement of the liability for at least 12 months after the reporting period. The amendments apply retrospectively for annual reporting periods beginning on or after 1 January 2024, with early application permitted. The Company is in the process of evaluating the impact of the standard on its consolidated financial statements.

Disclosure of accounting policies

Disclosure of Accounting Policies amends IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements. The amendments replace the requirement for entities to disclose their significant accounting policies with the requirement to disclose their material accounting policies. The amendments also include guidance to help entities apply the definition of material in making decisions about accounting policy disclosures. The amendments are effective for annual periods beginning on or after January 1, 2023. The Company is in the process of evaluating the impact of the standard on its consolidated financial statements.

IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors

The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are “monetary amounts in financial statements that are subject to measurement uncertainty”. Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The amendments clarify that a change in accounting estimate that results from new information or new developments is not the correction of an error. The amendments are effective for annual periods beginning on or after January 1, 2023. The Company is in the process of evaluating the impact of the standard on its consolidated financial statements.

3. Significant accounting policies

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

(a) Foreign currency

(i) Foreign currency transactions

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

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and intangibles acquired in business combinations involving foreign operations, are translated into Canadian Dollars using the exchange rates at the financial year-end date. The revenues and expenses of foreign operations are translated into Canadian Dollars using the average exchange rates, which

approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognized in other comprehensive income.

(b) Cash and cash equivalents

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

(c) Financial instruments

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

Classification

The Company classifies its financial assets in the following three categories:

- Assets carried at amortized cost (“Amortized Cost”)
- Assets carried at fair value through other comprehensive income (“FVTOCI”)
- Assets carried at fair value through profit and loss (“FVTPL”)

The classification depends on both the Company’s business model for managing the financial instrument and the contractual terms of the instrument itself. The Company has classified cash and accounts receivable as financial assets carried at amortized costs.

A financial asset is classified as Amortized Cost if the objective of the business model is to hold the financial asset for the collection of the cash flows; and all contractual cash flows represent only principal and interest on that principal.

3. Significant accounting policies (continued)

A financial asset is classified as FVTOCI if the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payment of principal and interest on the principal amount outstanding. The Company has no financial assets classified as FVTOCI.

All financial assets that do not meet the criteria to be classified as Amortized Cost or FVTOCI are classified as FVTPL, which includes all derivative financial assets. The Company may make an irrevocable election to designate a financial asset that would otherwise be classified in another category as FVTPL. If the election is made it is irrevocable, meaning that asset must remain categorized as FVTPL until that asset is derecognized. The Company has no financial assets classified as FVTPL.

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

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

The Company has classified lease liabilities, accounts payable and accrued liabilities, due to related parties and long-term debt as financial liabilities carried at amortized cost.

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

<u>Measurement</u>

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

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

3. Significant accounting policies (continued)

Impairment

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

(d) Determination of fair values

Certain of the Company's accounting policies and disclosures require the determination of fair value for financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability. The fair values of cash, accounts receivable, accounts payable and accrued liabilities, and debt approximates their carrying value. The significance of inputs used in making fair value measurements for assets and liabilities measured at fair value are examined and classified according to a fair value hierarchy. Fair values of assets and liabilities included in Level 1 are determined by reference to

quoted prices in active markets for identical assets and liabilities. Assets and liabilities in Level 2 include valuations using inputs other than quoted prices for which all significant outputs are observable, either directly or indirectly and are based on valuation models and techniques where the inputs are derived from quoted indices. Level 3 valuations are based on inputs that are unobservable and significant to the overall fair value measurement.

(e) Accounts receivable

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

(f) Inventory

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

(g) Property, plant and equipment

Property, plant and equipment is presented at historical cost less accumulated depreciation and impairment. Historical cost includes expenditures that are directly attributable to the acquisition of

3. Significant accounting policies (continued)

the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment over their expected useful lives as follows:

Automobile	–	5 years
Machinery and Equipment	–	3 years
Computer Equipment	–	3 years
Furniture and equipment	–	5 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

An item of property, plant and equipment is de-recognized upon disposal or when there is no future economic benefit to the Company. Gains and losses between the carrying amount and the disposal proceeds are recognized in profit or loss.

(h) Leases

A lessee is required to recognize a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Assets and liabilities

arising from a lease are initially measured on a present value basis, determined as the present value of future lease payments at commencement date, discounted using the interest rate implicit in the lease or, if not readily determinable, the Company's incremental borrowing rate on similar assets. Right-of-use assets are depreciated using the straight-line method from the commencement date to the end of the lease term.

(i) Intangible assets

Intangible assets are measured at cost less accumulated amortization and accumulated impairment losses, if any. Intangible assets acquired through asset acquisitions or business combinations are initially recognized at fair value, based on an allocation of the purchase price. The intangible assets consist of acquired technology and customer relationships and are amortized on a straight-line basis over their estimated useful lives of three years. The amortization method and estimated useful lives are reviewed annually, or more frequently, if required and are adjusted as appropriate.

(j) Accounts payable

Trade payables are amounts due to suppliers for merchandise purchased or services received in the ordinary course of business.

(k) Long-term debt

Long-term debt is initially recognized at fair value, net of transaction costs, and are subsequently measured at amortized cost. Any difference between cost and the face value is recognized in the statement of loss over the period of the borrowings using the effective interest method. Amounts classified as long-term debt are due more than 12 months after the end of the reporting date; any amounts due within 12 months are reclassified to short-term debt in the reporting period in which they become due within 12 months.

3. Significant accounting policies (continued)

(l) Classification as debt or equity

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

(m) Equity Instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognized as the proceeds received, net of direct issue costs.

(n) Compound financial instruments

The components of compound instruments are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangement. At the issuance date, the fair value of the liability component is estimated using the prevailing market interest rate for a similar non-convertible instrument. This amount is recorded as a liability based on amortized cost until the

instrument is converted or matures. The equity component is determined by deducting the liability component from the total fair value of the compound instrument and is recognized as equity, net of income tax effects, with no subsequent re-measurement.

(o) Research and development costs

Internally generated expenses on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding are recognized in profit or loss as an expense in the period in which they are incurred. Internally generated development costs are capitalized when the costs are expected to provide future benefits with reasonable certainty and the costs meet all the criteria for capitalization. No internal development costs have been capitalized as at and during the fiscal periods ended March 31, 2023 and 2022.

(p) Income taxes

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

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

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

3. Significant accounting policies (continued)

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

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is not probable that the related tax benefit will be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future profit will allow the deferred tax asset to be recovered.

(q) Stock-based compensation

The Company uses the fair value method for valuing stock-based compensation. Under this method, the cost attributed to stock options and warrants granted is measured at the fair value using the Black-

Scholes option pricing model at the grant date; compensation cost for options is expensed over the vesting period with a corresponding increase to contributed surplus. A forfeiture rate is estimated on the grant date and is adjusted to reflect the actual number of options that vest. Upon the settlement of the stock options and warrants the previously recognized value is recorded as an increase to share capital.

(r) Share capital

Common shares are classified as equity. Incremental costs directly attributable to the common shares are recognized as a deduction from equity, net of any tax effects.

(s) Revenue recognition

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

The Company's sources of revenue consist of:

eCommerce Product Sales

The Company sells a range of electronic products such as smartwatches and baby monitors. The Company generates Product Sales over its E-Commerce Platforms ("eCPs"). Sales are recognized at a point in time, when control of the products has transferred, being when the products are shipped to the end customer, the customer has full discretion over the use of the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. When the products have been shipped from the warehouse, the risks of damage and loss have been transferred from the Company and either the customer has accepted the products in accordance with the sales contract

3. Significant accounting policies (continued)

or objective evidence that all criteria for acceptance have been satisfied. Payment of the transaction price is due immediately when the customer purchases the product online. The Company does not grant any form of deferred payment terms to customers. It is the Company's policy to sell its products to the end customer with a right of return within 30 days. The Company's cost of products and services from eCommerce Product Sales consists of supplier product costs, shipping costs, import and duty fees, inventory management and product return handling costs.

Business to Business ("B2B") Product Sales

B2B product sales are recognized when control of the products has transferred, as defined under distribution agreements with customers. Payment of the transaction price is due as per the terms of the customer agreement. The Company's cost of products and services from B2B product sales vary depending on the customer distribution agreement but generally consists of supplier product costs.

Principal versus Agent

The Company follows the guidance provided in IFRS 15 for determining whether the Company is acting as the principal or agent in its arrangements and whether the Company should recognize revenue based on the gross amount billed to purchasers or the net amount retained. This determination is a matter of judgment that depends on the facts and circumstances of each arrangement. The Company

recognizes revenue from E-Commerce product sales and B2B product sales on a gross basis as the Company is primarily responsible for the fulfilment and has control of the promised good and therefore is the principal in the arrangement with purchasers. Sales taxes collected from purchasers and remitted to government authorities are excluded from revenue.

Multiple Performance Obligations

For E-Commerce product sales and B2B product sales, the Company assesses whether or not the sale of the product and the related shipping obligation are separately identifiable promises. The total transaction price is determined at the inception of the contract and allocated to each performance obligation based on their relative standalone selling prices. The Company generally determines stand-alone selling prices based on prices charged to customers or using expected cost plus margin.

Right of Return

Refund liabilities (included in trade and other payables) and a right to the returned goods (included in other current assets) are recognized for products expected to be returned. Accumulated experience is used to estimate such returns at the time of sale at a portfolio level (expected value method). The estimated amount of returns are reassessed at each reporting date. The Company's obligation to repair or replace faulty products under the standard warranty terms is recognized as a provision.

(t) Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

3. Significant accounting policies (continued)

An onerous contract provision is recorded when the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract are determined based on the lower of the cost of fulfilling the contract and the costs of terminating it. The costs of fulfilling a contract comprises the incremental costs of fulfilling that contract and an allocation of other direct costs that relate to fulfilling the contract.

(u) Future royalty obligations

Where the Company is committed to pay royalties on product sales of acquired brand licenses, the future royalty obligation is based on the Company's estimate of the related brands future sales or minimum guaranteed royalty payments as stipulated in the agreements. The Company has disclosed its committed minimum future royalty obligations in note 22.

(v) Loss per share

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

(w) Business combinations and goodwill

Acquisitions of businesses are accounted for using the acquisition method. The acquiree's identifiable assets and liabilities are generally recognized at their fair values at the date of acquisition. Acquisition-related transaction costs are expensed as incurred. The fair value of contingent consideration is considered part of the consideration transferred and included in the total purchase price on the acquisition date. Contingent consideration classified as equity is not remeasured subsequent to the acquisition date (other than for measurement period adjustments) and its subsequent settlement is accounted for within equity. Contingent consideration that is a liability, is remeasured to fair value at each reporting date until the contingency is resolved, with changes in fair value recorded in other income.

Goodwill is recognized at the acquisition date as the excess of the fair value of consideration transferred less the net recognized amount (generally fair value) of identifiable assets acquired and liabilities assumed. When the excess is negative, a bargain purchase gain is recognized immediately in profit or loss. Goodwill is not subject to amortization and is measured at cost less accumulated impairment losses.

The allocation of the purchase price to the net assets acquired may be adjusted to reflect new information obtained about facts and circumstances that exist at the acquisition date, up to a maximum of 12 months following the date of acquisition. Changes to the allocation of the purchase price during this measurement period are recognized retrospectively.

(x) Impairment

Goodwill is tested annually for impairment or more frequently when events or changes in circumstances indicate that the carrying amount of the Company's cash generating unit (CGU) exceeds its recoverable amount. Cash-generating units are the smallest identifiable groups of assets that

3. Significant accounting policies (continued)

generate cash inflows from the continuing use that are largely independent of the cash inflows of other assets or cash-generating units. For the purposes of assessing for indications of impairment and impairment testing, assets that do not generate largely independent cash inflows are grouped into cash-generating units. The recoverable amount of a cash generating unit is the higher of its fair value less costs of disposal (FVLCD) and its value in use (VIU). In assessing VIU, the estimated future cash flows are discounted at a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In assessing FVLCD, level 1, level 2 and level 3 inputs such as market based transactions are used.

An Impairment loss is recognized for the amount by which the CGU's carrying amount exceeds its recoverable value. Impairment losses are recognized in profit or loss and allocated first to reduce the carrying amount of any goodwill allocated to the cash generating unit and then to reduce the carrying amounts of the other assets in the cash generating unit on a pro rata basis. Any remaining impairment loss is allocated to other assets in the CGU that are not yet written down to the highest of their recoverable amount (if determinable) and zero. A liability is recognized for any remaining amount of the impairment loss only if it is required by another IFRS.

An impairment loss is reversed if there is a change in the estimates used to determine the recoverable amount, with the exception of impairment losses on goodwill, which are not reversed. When an impairment loss is reversed, the carrying amount of the asset is increased to the revised estimate of its recoverable amount so that the increased carrying amount does not exceed what the carrying amount would have been had no impairment losses been recognized for the asset in prior years.

4. Critical accounting estimates and assumptions

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

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

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

Significant judgments in applying accounting policies:

(a) Functional currency

Management considers the functional currency applied to each entity to be the currency that most faithfully represent the economic effect of the underlying transactions, events and conditions of that entity. This determination factors in the currency in which the entities measure their performance and report results, as well as the currency in which they receive equity injections from investors and obtain

4. Critical Accounting Estimates and Assumptions (continued)

credit facilities. This determination also considers the competitive environment in which the entities operate.

(b) CGU determination

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

(c) Reportable segments

Management uses judgements in considering the information used by decision makers that allows users to understand the entity's main activities in determining the reportable segments of the business.

(d) Financial instrument valuations

The financial liabilities that the Company has entered into require management to make estimates for significant inputs into the formulae and methodologies employed, as well and making judgements regarding the likelihood of future events.

Key sources of estimation uncertainty

The following are the key estimates and related assumptions concerning the sources of estimation uncertainty that have a significant risk of causing adjustments to the carrying amounts of assets and liabilities:

(e) Goodwill valuation

The Company uses estimates in determining the recoverable amount of its CGU in performing annual impairment testing of goodwill. The determination of the recoverable amount for the purpose of impairment testing requires the use of significant estimates. For fiscal 2023, the recoverable amount was determined using a fair value less cost of disposal ("FVLCD") methodology using a market approach. In estimating the recoverable amount of the CGU the Company made significant assumptions including: 1) the revenue-based market valuation multiple used to determine the recoverable amount; 2) the working capital as a percentage of revenue of the CGU; and 3) the selection of a comparable public company peer group in assessing the revenue-based market valuation multiple and working capital as a percentage of revenue. The significant assumptions are subjective and the FVLCD calculation relies on arm's length transactions between unrelated, knowledgeable, and willing parties that are under no compulsion to act.

(f) Stock-based compensation

The amounts recognized relating to the fair value of stock options and warrants are based on estimates of future volatility in the Company's share prices, the expected lives of options and warrants, the risk-free interest rate, and other relevant assumptions. Volatility is estimated based on the average price volatility of common shares of a comparative group of public companies over the preceding period equaling the expected lives of the Company's options.

4. Critical Accounting Estimates and Assumptions (continued)

(g) *Compound financial instruments*

Certain financial instruments are comprised of a liability and an equity component. The determination of the amount allocated to the liability and equity components requires management to estimate various components and characteristics of present value calculations used in determining the fair value of the instrument, including the market interest rates of non-convertible debentures.

5. 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.

6. Financial Risk Management

<u>Overview</u>

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:

	March 31, 2023	March 31, 2022
Cash	$576,007	$715,796
Accounts receivable	$417,953	$765,107
Total	**$993,960**	**$1,480,903**

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:

Particulars	March 31, 2023	March 31, 2022
Not past due	387,961	668,840
31 – 60 days	13,302	31,099
61 – 90 days	16,827	69,796
More than 90 days	21,342	17,477
Allowance for expected credit loss	(21,479)	(22,105)
Total	**417,953**	**765,107**

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, 2023, two customers accounted for 63% of the Company's accounts receivable (March 31, 2022 – two customers accounted for 60% of accounts receivable) and these two customers accounted for 27% of its revenue (year ended March 31, 2022 – two customers accounted for 25% of revenue).

The Company considers accounts greater than 60 days old overdue. Accounts receivable includes $38,169 and $87,273 of accounts that are greater than 60 days old as at March 31, 2023 and March 31, 2022, respectively. The Company has recognized an expected credit loss of $21,479 and $22,105 on the accounts receivable on March 31, 2023 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:

Contractual maturities of financial liabilities	**Less than 1 year**	**1-3 years**	**Total**
Accounts payable and accrued liabilities	$11,303,042	-	$11,303,042
Due to related parties	$346,256	-	$346,256
Lease liabilities	$21,864	-	$21,864
Long-term debt (1)	$7,959,115	$5,097,002	$13,056,117
As at March 31, 2023	**$19,630,277**	**$5,097,002**	**$24,727,279**

(1) 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 debt instruments issued by the company. A 1% increase in the interest rate would have a $130,561 increase on the net loss and accumulated deficit of the Company for the year ended March 31, 2023 (year ended March 31, 2022 – $55,461).

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.

In Foreign Currency	USD	GBP	EUR	MXN	INR	HKD
Cash	19,938	10,013	1,275	40,418	49,655	583,241
Accounts receivable	332,040	-	(13,119)	-	-	-
Accounts payable and accrued liabilities	(2,318,536)	(18,094)	(11,749)	(375,732)	1,894,065	(481,439)
Prepaids and deposits	293	12,214	186	-	6,308	2,438,663
lease liability	-	-	-	-	-	(126,716)
Debt	(5,174,139)	-	-	-	-	-

In CAD	USD	GBP	EUR	MXN	INR	HKD
Cash	27,007	16,774	1,879	3,031	818	100,634
Accounts receivable	449,758	-	(19,340)	-	-	-
Accounts payable and accrued liabilities	(3,140,526)	(30,313)	(17,320)	(28,173)	31,207	(83,069)
Prepaids and deposits	397	20,461	275	-	104	420,774
Lease liability						(21,864)
Debt	(7,008,526)	-	-	-	-	-

A 1% increase in the exchange rate would have a $92,760 impact on the comprehensive loss and accumulated deficit of the Company for the year ended March 31, 2023 (March 31, 2022 - $47,022).

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.

7. Inventory

Type	March 31, 2023	March 31, 2022
Materials	43,326	22,184
Finished goods	433,608	2,274,177
Inventory	**476,934**	**2,296,361**

During the year ended March 31, 2023, $6,991,007 (2022 - $5,811,078) of inventory was recognized in cost of products sold.

The company has provided a provision of $128,390 (2022 - $21,755) for non-moving and slow-moving inventory, and a provision for damaged goods inventory of $2,843 (2022 - $76,667). Over and above these provisions, the company has provided a provision of $527,010 related to Kodak products held in inventories due to the termination of the related license agreement (note 22). The company has also written-off materials of $1,444,316 related to previous generation moto watches which the Company no longer intends to procure. Additionally, finished goods of $20,671 related to the Moto 150 and Moto 200 were written-off as these products have been terminated and the Company is not pursuing licensor approval.. Inventory provisions and amounts written off are recognized in cost of products and services in the consolidated statements of loss and comprehensive loss.

In addition, at March 31, 2023 prepaid expenses and deposits includes $297,959 related to Moto Watches held in the custody of a manufacturing vendor. The Company is contractually entitled to receive these products upon payment of the amounts owing to the vendor.

8. Right of use asset

The right of use asset consists of an office lease and consists of the following:

Particulars	Amount
Balance at March 31, 2022	**62,864**
Additions	73,140
Depreciation	(68,124)
Termination of the lease	(51,013)
Impairment of asset	(16,867)
Balance at March 31, 2023	-

9. Goodwill

Particulars	Amount (CAD)
Balance at March 31, 2022	**9,110,415**
Foreign translation gain/(loss)	703,952
Impairment	(9,814,367)
Balance at March 31, 2023	-

Management performed the annual goodwill impairment test as of March 31, 2023 on the Company's sole CGU. The recoverable amount of the CGU was $(9,905,634) and determined using FVLCD. To measure the recoverable amount, the Company used a revenue-based market valuation multiple to determine an enterprise value. The valuation multiple is a level 3 input under IFRS 13 Fair Value Measurement ("IFRS 13") and is determined based on implied revenue multiples observed in a group of comparable public companies. FVLCD is determined by multiplying revenue for the trailing twelve months ("TTM") by the relevant valuation multiple. A valuation multiple of 0.2 was used in determining the recoverable amount. The TTM revenue used in determining FVLCD excludes revenue from the sale of Kodak products due to the termination of the Company's licensee agreement with Kodak (note 22). The Company's FVLCD calculation assumes that required working capital as a percentage of revenue is 20%. The working capital as a percentage of revenue has been determined by management based on comparable public companies. The circumstances leading to the goodwill impairment relate primarily to a reduction in the applicable revenue-based market valuation multiple. This reduction was caused by degradation of Company specific characteristics relevant to determining the applicable multiple in comparison to the Company's comparable public peer group companies.

Based on the impairment test performed, the Company recorded an impairment loss of $9,865,496, of which $9,814,367 was allocated to goodwill, $33,882 was allocated to prepaid expenses and deposits, $348 was allocated to Property, plant and equipment and $16,899 to the Right of use asset.

The Company did not record any impairment losses for the year ended March 31, 2022.

10. 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, 2023	March 31, 2022
Due to current/former shareholders and former officers	346,256	320,767

At March 31, 2023, accounts payable and accrued liabilities includes $ 91,591 of amounts owed to directors and officers of the Company (March 31, 2022 – $291,672). Further, the Founders' Notes includes $12,010 from related parties (note 12).

In addition, the Vesta Loan Facility, Vesta Revolving Credit Facility, the Debenture Notes, and the previous Convertible Debenture Notes (see financial statement Note 12) 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 Wealth Partners Ltd., a "related party" of the Company.

11. Lease Liability

Particulars	March 31, 2023	March 31, 2022
Opening balance	66,077	-
Additions	78,165	89,058
Foreign currency translation	(172)	452
Adjustments to lease rent	(4,058)	
Payments	(64,986)	(23,433)
Lease termination	(53,161)	-
Closing balance	**21,864**	**66,077**
Current portion of lease liabilities	21,864	45,200
Non-current portion of lease liabilities	-	20,877

12. Debt Obligation

Sr. no.	Instrument Name	Opening Balance (04/01/2022)	Additions during the year	Repayments during the year	Accretion expense	FX gain / (loss)	Other Adjustments	Amortization during the year	Closing balance (03/31/2023)	Current	Long Term
1(a)	Convertible Debenture Notes	3,874,752	938,664	0	80,501	0	-4,893,917	0	0	0	0
1(b)	Debenture Notes	0	0	0	70,704	0	4,565,673	0	4,636,377	0	4,636,377
2 (a)	Choco Facility (previous arrangement)	765,148	0	779,908	0	14,760	0	0	0	0	0
2 (b)	Choco Facility (current arrangement)	0	3,256,045	1,588,267	0	82,816	0	0	1,750,594	1,750,594	0
3	Vesta loan facility	0	2,676,957	0	0	28,287	0	0	2,705,244	2,705,244	0
4	Vesta revolving credit facility	0	2,755,637	0	0	-40,748	4,000	0	2,718,889	2,718,889	0
5	Founders' notes T1	777,715	0	0	66,114	0	-165,612	0	678,217	393,849	284,368
6	Founders' notes T2	279,861	0	0	23,892	0	-60,926	0	242,827	167,132	75,695
7	Founders' notes T3	424,987	0	0	0	0	-101,018	0	323,969	223,407	100,562
8	Deferred Fundraising Costs - Other Instruments	-505,100	-304,051	0	0	0	362,511	421,113	-25,526	-25,526	0
9	Deferred costs on Choco Facility	-81,974	-304,776	0	0	-28,420	0	274,495	-140,675	-140,675	0
10	Promissory Note	10,691	0	0	0	14,309	-25,000	0	0	0	0
	Total	**5,546,080**	**9,018,476**	**2,368,175**	**241,211**	**71,004**	**-314,289**	**695,609**	**12,889,916**	**7,792,914**	**5,097,002**

Other Adjustments includes:

1(a) and 1(b). Convertible Debentures with a net carrying amount of $4,531,406 ($4,893,917 net of deferred financing costs of $362,511) were substantially modified. On extinguishment, a loss of $34,266 was recorded in the statement of loss and comprehensive loss.

4. Service fees charged by Vesta revolving credit facility.

5, 6, 7. Founders' Notes were restructured resulting in a gain on extinguishment as shown in the table which was recorded in Shareholders' Deficiency.

8. Deferred fundraising costs include $362,511 related to derecognized convertible debenture notes during the year. This amount is considered when calculating the loss on extinguishment. Furthermore, deferred fundraising costs also includes $119,830 in non-cash expenses associated with warrants issued to the relevant lenders. Fundraising costs associated with the Vesta Loan Facility were fully expensed as at March 31, 2023 due to the loan being callable on demand with 60 days notice

10. Expiry of promissory notes

Convertible Debenture Notes

On November 12, 2021 and May 26, 2022 the Company entered into convertible debenture notes with an aggregate principal amount of $4,000,000 and $1,000,000 respectively subject to delayed draws to address the Company's working capital needs. The convertible notes 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. 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.

Tranche	Date	Amount Drawn	Liability component	Equity component at inception
Tranche 1	November 12, 2021	$1,000,000	$964,454	$35,545
Tranche 2	December 14, 2021	$1,000,000	$966,933	$33,067
Tranche 3	January 25, 2022	$1,000,000	$964,150	$35,851
Tranche 4	February 22, 2022	$1,000,000	$961,561	$38,439
Tranche 5	May 26, 2022	$1,000,000	$938,664	$61,336
		$5,000,000	**$4,795,762**	**$204,238**

Debenture Notes

On January 13, 2023, the Company and the holders of the Convertible Debenture Notes amended the terms of the Convertible Debenture Notes described above in order to remove the holders' right 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 Tranches 1 – 4 to April 30, 2024 (collectively, the "Debenture Notes"). The amended terms represented a substantial modification and accordingly, the Convertible Debenture Notes were extinguished resulting in a loss of $ 34,266 recognized in Loss on financial instruments in the statement of loss and comprehensive loss. The Debenture Notes with a face value of $5,000,000 were initially recorded at fair value of $4,565,673 on the date of the amended agreement and are thereafter measured at amortized cost.

Choco Facility

Previous arrangement

On August 5, 2020, the Company entered into a contract for the sale of US$558,750 (CAD $741,014) in future receivables for US$500,000 (CAD$663,100). This contract has a fee of 11.75% and is paid back monthly at a retrieval percentage of 6.5% for August 2020, 8.5% for September 2020, and October 2020, and 15% going forward. During the year ended March 31, 2022, the Company has settled this debt obligation.

On October 13, 2020, the Company entered into a contract for the sale of US$560,000 (CAD $735,448) in future receivables for US$500,000 (CAD$656,650). This contract has a fee of 12% and is paid back monthly at a retrieval percentage of 8.5% for the first two months and subsequently 15% going forward. During the year ended March 31, 2023, the Company has settled this debt obligation.

On March 10, 2021, the Company entered into a contract for the sale of US$690,000 (CAD $871,953) of future receivables for US$500,000 (CAD$631,850). This contract has a fee of 38% and is to be repaid over 8 months at US$43,124 for the first month and $92,411 each month for the remaining 7 months. During the year ended March 31, 2023, the Company has settled this debt obligation.

On July 28, 2021, the Company entered into a contract for the sale of US$1,400,000 (CAD $1,745,771) of future receivables for US$1,250,000 (CAD $1,558,724). This contract has a fee of 12% and is paid back monthly at a retrieval percentage of 8.5% for August 2021, 8.5% for December 2021, and 15% going forward. During the year ended March 31, 2023, the Company paid the entire amount towards this debt obligation. This is a financing agreement and the accounts receivables factored still carry credit risk, are not sold, and are not derecognized from the Company's statement of financial position.

Current Arrangement

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$1,250,000 (CAD$ 1,693,162) of proceeds available to the Company on close for future receivables of US$1,375,000 on June 22, 2022. The initial tranche 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 August 26, 2022, the second tranche of US$500,000 (CAD$677,265) 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.

On October 31, 2022, the third tranche of US$500,000 (CAD$677,265) 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.

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 US$500,000 (CAD$ 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.

On January 13, 2023, the Company amended the terms of the US$2,000,000 Vesta Loan Facility with Vesta . As a result of the amendment, the Vesta Loan Facility is payable on demand after 60 days prior written notice with no maturity date, interest is payable semi-annually in arrears, and payable annually in arrears and in particular, the security of the Vesta Loan Facility will rank pari passu with the Debenture Notes.

As consideration for the amendment of the terms, Vesta Fund will receive 2,000,000 common share purchase warrants with each Warrant having an exercise price of $0.10 per common share in the capital of the Company and being exercisable on or before two years after the date of issuance of the Warrants.

Vesta revolving credit facility

On December 13, 2022, the Company entered into a credit facility agreement of $12,000,000 to be advanced in stages based on eligible customer purchase orders (the "Vesta Revolving Credit Facility"). 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 and is advanceable in either US or CAD. During the year ended March 31, 2023 the company received advances from the facility of US$1,997,570 (CAD$2,755,637)

Founders' Notes

The Company has an aggregate carrying amount of 1,245,013 in outstanding convertible and non convertible founders' notes as of March 31, 2023. These notes are held by various common shareholders of the Company.

During the year ended March 31, 2023, the convertible founders notes of tranche 1, with a face value of $874,784, matured. Out of the total amount, $480,935 was extended for a further 2 years, while the remaining amount of $393,849 was neither extended nor repaid. The extended tranche 1 notes were measured at fair value at the date of renewal resulting in a credit to equity of $216,195.

Additionally, tranche 2 convertible founders notes with a face value of $300,000, also matured during the year. Out of the total amount, $132,868 was extended for a further 2 years, while the remaining amount of $167,131 was neither extended nor repaid. The extended tranche 2 notes were measured at fair value at the date of renewal resulting in a credit to equity of $60,924.

The tranche 3 founder notes, with a face value of $425,486, also matured during the year. Out of the total amount, $201,597 was extended for a further 2 years, while the remaining amount of $223,907 was extended but not repaid. The extended tranche 2 notes were measured at fair value at the date of renewal resulting in a credit to equity of $101,018.

The founders' notes bear interest at a rate of 4.5%. Tranche 1 and Tranche 2 are convertible and have a fixed conversion price of $0.75 cents. These notes are unsecured and subordinate to the Debenture Notes, Vesta Loan Facility, and Vesta Revolving Facility. The maturity date may be extended for an additional two years at the sole option of the company if the Debenture Notes and Vesta Loan Facility are not fully repaid by the original maturity date.

13. 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.

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
eCommerce and B2B Product Sales	7,556,059	7,279,303
Digital services revenue	9,303	16,118
Contract revenue	15	1,660
	7,565,377	**7,297,081**

Revenue is derived from the following geographical regions by location of the end consumer:

Country	Year Ended March 31, 2023	Year Ended March 31, 2022
United States	3,543,784	3,342,240
Hong Kong	1,015,981	196,565
Canada	618,822	701,833
Australia	510,005	252,378
United Kingdom	417,592	662,016
South Africa	381,757	89,233
Poland	224,050	5,599
Singapore	133,782	68,583
France	103,805	188,214
Other countries	615,799	1,790,420
	7,565,377	**7,297,081**

14. Officers and directors compensation

Key management personnel include directors and officers of the Company. In addition to their salaries, directors and officers participate in the Company's share option program. Key management personnel compensation is comprised of the following:

Particulars	Year ended March 31,2023	Year ended March 31, 2022
Wages and salaries	1,796,700	937,359
Stock-based compensation expense	37,717	58,869
	1,834,417	**996,228**

Fees for accounting services of $74,823 were paid to a consulting company controlled by a member of the company's key management personnel during the period in which the individual was a member of the Company's key management personnel. These amounts are exclusive of amounts paid as salary to the Company's key management personnel which have been included in the wages and salaries disclosure.

15. Finance costs and gain/(loss) on financial instrument

Finance costs

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Interest expense	-1,499,775	-854,884
Accretion expense	-241,211	-315,191
Amortization of financing costs	-695,609	-561,886
Total	**-2,436,595**	**-1,731,961**

Gain/(loss) on financial instruments

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Loss on modificiation of debt	-34,489	
Loss on settlement of financial instruments		-225,564
Fair value gain on warrants obligation		506,968
Fair value gain on convertible debenture derivatives		1,702,434
Total	**-34,489**	**1,983,838**

16. Share capital and loss per share

Issued and outstanding

Particulars	Number of shares	Amount ($)
Balance at March 31, 2021	17,941,490	$18,860,572
Warrants converted to common shares	202,980	380,601
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
Balance at March 31, 2022	**25,260,554**	**$32,511,792**
Exercise of options	29,633	76,604
Balance at March 31, 2023	**25,290,187**	**$32,588,396**
Weighted Average shares for the year ended March 31 2023	**25,281,013**	**$32,588,396**

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 5, 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 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. 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 25,281,013 for the year ended March 31, 2023 (2022 – 22,681,875) The Company excluded convertible debt, warrants and stock options from the calculation of diluted loss per share as they would be anti-dilutive.

17. Warrants reserve

Issued and outstanding

Particulars	Number of warrants		Amount ($)
Balance at March 31, 2021	**3,181,496**	**$**	**3,514,043**
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
Balance at March 31, 2022	**7,096,667**	**$**	**7,937,022**
Warrants issued	2,500,000		21,206
Warrants expired	(61,492)		0
Balance at March 31, 2023	**9,535,175**	**$**	**7,958,228**

In relation to the reverse acquisition transaction, as described in Note 5, 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	91%
Share price at the date of issuance	$0.25
Dividend yield	0%
Exercise price	$1.00
Number of warrants	500,000

The company also issued 2,000,000 warrants in connection with amendments to the Vesta Loan Facility having an exercise price of $0.10 per common share being exercisable for a period of 24 months from issuance (note 12).

Risk-free rate	3.83%
Weighted-average life	24 months
Annualized volatility	91%
Share price at the date of issuance	$0.10
Dividend yield	0%
Exercise price	$0.10
Number of warrants	2,000,000

18. 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.

	Number of options
Balance at March 31, 2021	**1,395,000**
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
Balance at March 31, 2022	**2,474,573**
Granted during the period	830,000
Forfeited during the period	(1,348,200)
Exercised during the period	(29,633)
Agents' options expired in connection with public offering	(332,531)
Balance at March 31, 2023	**1,594,209**

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.

	June 29, 2022 Option Grant
Exercise price	$0.21
Annualized volatility	90%
Expected life	2 years
Risk-free rate	3.10%
Dividend yield	0%

On Jan 3, 2023, the Company issued 300,000 employee stock options at an exercise price of $0.10. The options shall vest in one-fourth part on every six months 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.

	Jan 3, 2023 Option Grant
Exercise price	$0.10
Annualized volatility	92%
Expected life	2 years
Risk-free rate	3.74%
Dividend yield	0%

On Jan 3, 2023, the Company issued another 200,000 employee stock options at an exercise price of $0.20. The options shall vest in one half on September 26, 2023 and September 26, 2024. Upon vesting, options shall expire on the date that is 24 months from the anniversary of the vesting date.

	Jan 3, 2023 Option Grant
Exercise price	$0.20
Annualized volatility	92.82%
Expected life	2 years
Risk-free rate	3.74%
Dividend yield	0%

Outstanding and exercisable option as at March 31, 2023:

Exercise price	**Number of options outstanding**	**Number of options exercisable**	**Issue date**	**Expiration date**
$0.010	100,000	80,000	November 01, 2018	November 1, 2023 – November 1, 2025
$0.500	66,666	66,666	April 01, 2019	April 1, 2023 – April 1, 2024
$0.375	368,000	368,000	April 01, 2019	April 1, 2023 – April 1, 2024
$0.590	434,000	217,000	December 29, 2021	December 29, 2024 – December 29, 2025
$0.590	60,000	-	June 29, 2022	June 29, 2025
$0.100	300,000	-	January 03, 2023	July 1, 2025 – January 3, 2027
$0.200	200,000	-	January 03, 2023	September 26, 2025 - September 26, 2026
$2.075	24096	24096	June 18, 2021	June 18, 2023
$2.075	41446	41446	June 18, 2021	June 18, 2026
	1,594,208	797,208		

The weighted average remaining lives of the company outstanding options as at March 31, 2023 and 2022 is 1.49 years and 1.86 years respectively.

19. Income tax

Under IFRS, deferred income tax assets may only be recognized to the extent that it is probable that future taxable profits will be available against which the unused tax losses and deductible temporary differences can be utilized.

This Company's provision for income taxes is as follows:

	Year ended March 31,	
	2023	**2022**
Loss before income taxes	**(28,190,012)**	**(10,253,560)**
Statutory income tax rate	**27%**	**27%**
Expected income tax recovery	(7,611,303)	(2,768,461)
Difference resulting from:		
Non-deductible items	80,291	508,874
Change in Unrecognized tax assets and others	5,809,542	3,334,622
Change in rates	1,721,470	(1,075,035)
Income tax recovery	**-**	**-**
Equity portion of debt	(116,651)	(35,778)
Income tax recovery	**(116,651)**	**(35,778)**

20. Net changes in non-cash working capital

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

	Year ended March 31, 2023	Year ended March 31, 2022
Accounts receivable	359,112	(505,713)
Inventory	1,960,477	(444,542)
Prepaid expenses and deposits	324,251	(645,625)
Accounts payable and accrued liabilities	7,859,580	(2,723,032)
Change in non-cash working capital - operating	10,503,419	(4,318,912)

*Cash and cash equivalents contain a cashable GIC of $52,000 which is pledged as collateral for certain corporate credit cards and therefore considered restricted cash.

21. Account Payable and Accrued Liabilities

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Accounts payable	3,565,780	1,781,439
Interest payable	1,554,810	364,131
Amount due to tax authorities	157,597	131,646
Accrued liabilities	6,024,855	840,006
	11,303,042	3,117,222

Accounts payable are unsecured and are usually paid within 30 days of recognition.

22. Commitments and contingencies

As at March 31, 2023, future minimum payments committed under non-cancellable agreements are as follows:

Paticulars	Less Than 1 Yr	1-3 Yrs	Total
Royalty Payments - Minimum Guarantee	3,338,916	5,170,918	8,509,834
Netsuite	116,263	116,263	232,526
Purchase Orders Placed	2,358,637	-	2,358,637
Total	**5,813,816**	**5,287,181**	**11,100,997**

During the year ended March 31, 2023 the Company entered into a license termination agreement (the “Agreement”) with Kodak which amended the expiration date of the agreement to June 30, 2023 and served to terminate the Company's future royalty commitments in exchange for a lump sum payment of US$500,000 (C$678,451). 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 was due by March 20, 2023. Under the terms of the Agreement, certain contractual royalty payments would be forgiven if the Company made the lump sum payments in accordance with the schedule specified in the agreement. The final payment due by March 20, 2023 was not made and therefore under the terms of the Agreement, all amounts owing to Kodak under the relevant trademark licensing agreements become due and payable as of that date. As at March 31, 2023 US$1,449,942 (C$1,954,316) has been recorded in accounts payable and accrued liabilities in accordance with the terms of the Agreement.

In addition, a provision of US$1,716,979 (C$2,324,097) has been recorded related to the unavoidable net costs of fulfilling contracts for non-cancellable inventory purchase commitments associated with Kodak inventory. Under the terms of the Agreement the Company is no longer licensed to sell Kodak inventory and therefore the provision recognized has been measured based on the non-cancellable purchase order amount. A provision of US $224,550 (C$304,142) has also been recorded related to the unavoidable net costs of fulfilling contracts for non-cancellable inventory purchase commitments associated with Moto 150 and Moto 200 products. This amount has been recognized in cost of products and services in the consolidated statements of loss and comprehensive loss.

The Company may be party to legal proceedings and claims that arise in the ordinary course of business as either a plaintiff or defendant. The Company analyzes all legal proceedings and the allegations therein. The outcome of any proceedings, either individually or in the aggregate, is not expected to have a material adverse effect on the Company's financial position, results of operations or liquidity.

23. Subsequent Events

Subsequent to March 31, 2023 the Company's wholly owned Canadian subsidiary, eBuyNow eCommerce Limited ("EBN"), filed a voluntary assignment into bankruptcy under the Bankruptcy and Insolvency Act (the "Act"). On June 27, 2023, a licensed insolvency trustee (the "Trustee") was appointed under section 49 of the Act to administer the bankruptcy of EBN. Each of the Company's subsidiaries as described in Note 2(e) are subsidiaries of EBN. The Trustee's appointment was affirmed on July 17, 2023.