

## CE BRANDS INC.

### MANAGEMENT'S DISCUSSION & ANALYSIS FOR THE SIX MONTHS ENDED AUGUST 31, 2020

November 19, 2020

#### Introduction

We, the management of CE Brands Inc. (the “**Corporation**”), are providing this management’s discussion and analysis (this “**MD&A**”) to enable you to evaluate the financial performance of the Corporation for the six months ended August 31, 2020. We recommend that you read this MD&A together with the annual consolidated financial statements of the Corporation for the six months ended August 31, 2020 (the “**Financial Statements**”), which we prepared in accordance with International Financial Reporting Standards, as issued by the International Accounting Standards Board. Copies of the Financial Statements are available on SEDAR at [www.sedar.com](http://www.sedar.com).

All dollar amounts in this MD&A are in Canadian dollars unless otherwise indicated.

#### Forward-Looking Information

This MD&A contains forward-looking information within the meaning of applicable securities legislation. In general, forward-looking information refers to disclosure about future conditions, courses of action, and events. The use of any of the words “anticipates”, “expects”, “intends”, “will”, “would”, and similar expressions are intended to identify forward-looking information. More particularly and without limitation, this MD&A contains forward looking information concerning the completion of the Public Offering and a Qualifying Transaction, as that term is defined in the policies of the Exchange. The forward-looking information is based on certain key expectations and assumptions made by the Corporation about its ability to complete the Public Offering and a Qualifying Transaction. Although the Corporation believes that the expectations and assumptions on which such forward-looking information is based are reasonable, undue reliance should not be placed on the forward-looking information because the Corporation can give no assurance that they will prove to be accurate. By its nature, forward-looking information is subject to various risks and uncertainties, which could cause the actual results and expectations to differ materially from the anticipated results or expectations expressed in this MD&A. These risks and uncertainties are stated in the section entitled “Risk Factors”. Readers are cautioned not to place undue reliance on this forward-looking information, which is given as of the date of this MD&A, and to not use such forward-looking information for anything other than its intended purpose. The Corporation undertakes no obligation to update publicly or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as required by applicable securities legislation.

#### Description of the Business

On October 15, 2018, the Corporation was incorporated under the *Business Corporations Act* (Alberta) for the purpose of becoming a CPC, as that term is defined in the policies of the TSX Venture Exchange (the “**Exchange**”). A CPC is not permitted to carry on any business except identifying and evaluating assets or businesses with a view to completing a Qualifying Transaction, as that term is defined in the policies of the Exchange.

On May 15, 2019, the Corporation completed an initial public offering (the “**IPO**”) of 5,000,000 common shares, at a price of \$0.10 per common share, for gross proceeds of \$500,000, and on May 23, 2019, the common shares began trading on the Exchange under the symbol “CEBI.P”.

On June 17, 2019, the Corporation and eBuyNow eCommerce Ltd. (“EBN”), a privately-held company that develops, manufactures, and distributes consumer electronics in partnership with globally-recognized brands, entered into a non-binding letter of intent, which set out the terms under which the Corporation would be prepared to acquire all the outstanding securities of EBN. The Exchange halted trading in the Corporation’s shares subsequent to the Corporation’s announcement of the proposed acquisition.

On March 12, 2020 the Corporation, 1233336 B.C. Ltd. (“CEBI Subsidiary”), a wholly-owned subsidiary of the Corporation, and EBN entered into an amalgamation agreement (the “Amalgamation Agreement”), pursuant to which the Corporation will acquire all of the issued and outstanding securities of EBN (the “Proposed Transaction”). On March 27, 2020, the Corporation and EBN executed an amendment to the Amalgamation Agreement to reflect the termination of a proposed private placement intended to be completed in connection with the Proposed Transaction. The Proposed Transaction is intended to constitute the Qualifying Transaction of the Corporation.

The Amalgamation Agreement provides that the Corporation will acquire all of the issued and outstanding securities of EBN by way of a three-cornered amalgamation. More specifically, the Corporation will consolidate all of its issued and outstanding common shares on a five-for-one basis (the “Consolidation”) and EBN and CEBI Subsidiary will amalgamate and continue as one corporation (the “Amalgamation”). Pursuant to the Amalgamation, all of the issued and outstanding common shares of EBN will be exchanged for post-Consolidation common shares of the Corporation on a one-for-one basis, all of the issued and outstanding options to purchase common shares of EBN will be exchanged for options to purchase post-Consolidation common shares of the Corporation on a one-for-one basis, and all of the issued and outstanding common share purchase warrants of EBN will be exchanged for warrants to purchase post-Consolidation common shares of the Corporation on a one-for-one basis.

On April 2, 2020, the Corporation and EBN announced that they intend to conduct a proposed public offering of subscription receipts of the Corporation, for maximum gross proceeds of approximately C\$10,000,000 (the “Public Offering”). Each subscription agreement will entitle the holder of the subscription receipt to receive, without payment of additional consideration and without any further action, one common share of the Corporation upon the satisfaction of the conditions precedent to the Proposed Transaction.

The Corporation has not received acceptance from the Exchange for the Proposed Transaction or the Public Offering. There can be no assurance that the Proposed Transaction or the Public Offering will be completed as proposed or at all.

### Selected Financial Information

The following table summarizes certain financial data derived from the Financial Statements:

	Six months ended August 31, 2020	Six months ended August 31, 2019
Assets	\$258,112	\$426,782
Liabilities	\$-	\$12,805
Revenue	\$-	\$-
Expenses	\$22,150	\$116,727
Net loss and comprehensive loss	\$22,150	\$116,727
Basic and diluted loss per share	\$(0.00)	\$(0.02)

### **Additional Disclosure for Venture Issuers without Significant Revenue**

Additional disclosure regarding the financial information is available in the Consolidated Statements of Net Loss and Comprehensive Loss presented in the Financial Statements.

### **Discussion of Operations**

The Corporation has not conducted any business except with a view to completing a Qualifying Transaction.

### **Summary of Quarterly Results**

<b>As at</b>	<b>August 31, 2020</b>	<b>May 31, 2020</b>	<b>February 29, 2020</b>	<b>November 30, 2019</b>	<b>August 31, 2019</b>	<b>May 31, 2019</b>
Revenue	\$-	\$-	\$-	\$-	\$-	\$-
Expenses	\$22,150	\$16,217	\$43,706	\$86,548	\$116,727	\$73,653
Net loss and comprehensive loss	\$22,150	\$16,217	\$43,706	\$86,548	\$116,727	\$73,653
Basic and diluted loss per share	\$(0.00)	\$(0.00)	\$(0.02)	\$(0.02)	\$(0.02)	\$(0.02)

During the six months ended August 31, 2020, the Corporation incurred legal and transaction costs in connection with the Proposed Transaction.

### **Liquidity and Capital Resources**

As at August 31, 2020, the Corporation had working capital of \$258,112, which is being held in trust by legal counsel for the Corporation.

The Corporation funds its activities through equity financing and believes that the Corporation has sufficient cash to meet its ongoing obligations and sufficient further resources to be able to identify and evaluate assets or businesses with a view to completing a Qualifying Transaction. However, upon completion of a Qualifying Transaction, additional capital may be necessary.

The Corporation has not pledged any of its assets as security for loans, or otherwise, and has no long-term debt. The Corporation did not have any capital expenditures as at August 31, 2020.

### **Off-Balance Sheet Arrangements**

The Corporation does not have any off-balance sheet arrangements.

### **Transactions Between Related Parties**

During the three months ended August 31, 2020, the Corporation did not engage in any transactions with related parties, apart from the grant of stock options.

## Critical Accounting Estimates and Changes in Accounting Policies

The significant accounting policies of the Corporation and the adoption of new accounting policies by the Corporation are disclosed in the Financial Statements.

## Outstanding Share Data

As of the date of this MD&A, the following equity or voting securities, and securities that are convertible into, or exercisable or exchangeable for, voting or equity securities, of the Corporation were outstanding:

	Authorization	Outstanding
Common Shares	Unlimited	8,600,000
Stock Options	Stock options to purchase that number of common shares equal to a maximum of 10% of the outstanding common shares at the time of any stock option grant	860,000
Agent Warrants	Agent's warrants to purchase up to 500,000 common shares that were issued in connection with the IPO	500,000

## Financial Instruments and Other Instruments

The financial instruments of the Corporation consist of cash and accounts payable and accrued liabilities. In our opinion, the Corporation is not exposed to significant interest, currency, or credit risks arising from these financial instruments and that the fair value of these financial instruments approximates their carrying values, as applicable.

## Risk Factors

We believe the following risk factors relating to the Corporation and its business would be likely to influence the decision of a prospective investor to purchase securities of the Corporation:

- The only business permitted to be undertaken by the Corporation is the identification and evaluation of assets or businesses with a view to completing a Qualifying Transaction.
- Until the completion of a Qualifying Transaction, a CPC must not carry on any business other than the identification and evaluation of assets or businesses with a view to a potential Qualifying Transaction.
- The Corporation has no material assets other than cash.
- The Corporation does not have a history of earnings, has never paid any dividends, and will not generate earnings or pay dividends until at least after the completion of the Qualifying Transaction.
- The Corporation has limited cash with which to identify and evaluate a potential Qualifying Transaction.

- The Corporation has only 24 months after the date of its listing on the Exchange during which to identify and evaluate a potential Qualifying Transaction.
- We can give no assurance that the Corporation will be able to identify a potential Qualifying Transaction.
- Even if we identify a potential Qualifying Transaction, we can give no assurance that the Corporation will be able to complete the Qualifying Transaction.
- If we identify a potential Qualifying Transaction, the Corporation may require additional cash to complete the Qualifying Transaction. If we raise cash by selling securities of the Corporation, your equity interest in the Corporation may be diluted.
- The Exchange may suspend from trading or delist the common shares of the Corporation if the Corporation has not completed a Qualifying Transaction within 24 months after the date of listing on the Exchange.
- The Proposed Transaction is subject to a number of significant conditions, including approval from the Exchange, and the Corporation and EBN receiving approval for the Proposed Transaction from their respective shareholders. We can provide no assurance that some or all of these conditions will be satisfied.

#### **Additional Information**

Additional information relating to the Corporation is on SEDAR at [www.sedar.com](http://www.sedar.com).