

CE Brands Inc.
Condensed Interim Consolidated Financial Statements
For the three months ended May 31, 2020
(unaudited)

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

In accordance with National Instrument 51-102, "Continuous Disclosure Obligations", Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim consolidated financial statements a notice indicating that the financial statements have not been reviewed by an auditor must accompany the interim financial statements.

The accompanying unaudited condensed interim consolidated financial statements of the Company have been prepared by management and are the responsibility of the Company's management. The Company's independent auditors have not performed a review of these financial statements in accordance with the standards established by the Canadian Institute of Chartered Professional Accountants for a review of interim financial statements by an entity's auditors.

CE Brands Inc.
Condensed Interim Consolidated Statements of Financial Position

As at:

	May 31, 2020 (Unaudited)	February 29, 2020 (Audited)
Assets		
Current		
Cash	\$ 251,414	\$ 267,631
Deferred financing costs <i>(Note 1)</i>	35,000	35,000
Total assets	\$ 286,414	\$ 302,631
 Liabilities		
Current		
Accounts payable and accruals	\$ 6,152	\$ 6,152
 Shareholders' Equity		
Share capital <i>(Note 4)</i>	\$ 516,622	\$ 516,622
Contributed surplus	100,491	100,491
Deficit	(336,851)	(320,634)
Total shareholders' equity	280,262	296,479
Total liabilities and shareholders' equity	\$ 286,414	\$ 302,631

Qualifying transaction *(Note 1)*

Approved on behalf of the Board of Directors

"signed" David Henderson

Director

"signed" Brian Prokop

Director

CE Brands Inc.

Condensed Interim Consolidated Statements of Net Loss and Comprehensive Loss

For the three months ended May 31,

	2020	2019
Expenses		
Share-based compensation <i>(Note 4)</i>	-	71,153
General and administrative	257	2,500
Filing fees	15,960	-
Net loss and comprehensive loss	\$ 16,217	\$ 73,653
Net loss per share:		
Basic and diluted	\$ (0.00)	\$ (0.02)
Weighted shares outstanding <i>(Note 4)</i>	3,958,904	4,469,565

CE Brands Inc.

Condensed Interim Consolidated Statements of Changes in Shareholders' Equity

	Share Capital (\$)	Contributed Surplus (\$)	Deficit (\$)	Shareholders' Equity (\$)
As at February 28, 2019	180,000	-	-	180,000
Share issuance, net of costs <i>(Note 4)</i>	365,960	-	-	365,960
Share-based compensation <i>(Note 4)</i>	-	71,153	-	71,153
Agent warrants <i>(Note 4)</i>	(29,338)	29,338	-	-
Net loss	-	-	(320,634)	(320,634)
As at May 31, 2019	503,866	100,491	(73,653)	530,704
As at February 29, 2020	516,622	100,491	(320,634)	296,479
Net loss	-	-	(16,217)	(16,217)
As at May 31, 2020	516,622	100,491	(336,851)	280,262

CE Brands Inc.
Condensed Interim Consolidated Statements of Cash Flows
For the three months ended May 31,

Cash provided by the following activities:	2020	2019
Operating activities		
Net loss	\$ (16,217)	\$ (73,653)
Share-based compensation <i>(Note 4)</i>	-	71,153
Change in non-cash working capital:		
Accounts payable and accruals	-	22,736
Deferred financing costs	-	59,380
Cash flows used in operating activities	\$ (16,217)	\$ 79,616
Financing activities		
Issuance of common shares <i>(Note 4)</i>	\$ -	\$ 353,204
Financing costs paid	-	353,204
Cash flows provided by financing activities	(16,217)	432,820
Decrease in cash	16,217	132,135
Cash, beginning of year	267,631	564,955
Cash, end of year	\$ 251,414	\$ 22,736

CE Brands Inc.

Notes to the Condensed Interim Consolidated Financial Statements

For the three months ended May 31, 2020

1. Incorporation and operations

CE Brands Inc. (the "Company") was incorporated on October 15, 2018 by Certificate of Incorporation issued pursuant to the provisions of the Canada Corporations Act. The Company is classified as a Capital Pool Company ("CPC") as defined in Policy 2.4 of the TSX Venture Exchange (the "Exchange"). The principal business of the Company is to identify and evaluate assets or businesses with a view to potentially acquire them or an interest therein by completing a purchase transaction, by exercising of an option or by any concomitant transaction. The purpose of such an acquisition is to satisfy the related conditions of a qualifying transaction under the Exchange rules.

The head office and registered office of the Company is located at 1400, 350 7th Ave SW Calgary, Alberta, T2P3N9.

On May 15, 2019, the Company 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. The Company's common shares commenced trading on May 23, 2019, under the symbol CEBI.P.

Where an acquisition or participation is warranted, additional funding may be required. The ability of the Company to fund its potential future operations and commitments is dependent upon the ability of the Company to obtain additional financing.

There is no assurance that the Company will identify a business or asset that warrants acquisition or participation within the time limitations permissible under the policies of the Exchange, at which time the Exchange may suspend or de-list the Company's shares from trading.

Qualifying transaction

During the year ended February 29, 2020, the Company entered into a non-binding letter of intent in respect of a proposed business combination (the "Transaction") with an unrelated party, eBuyNow eCommerce Ltd. ("EBN") and an equity financing.

As part of the Transaction, it is anticipated that the Company will:

- Complete an offering of securities for gross proceeds of approximately \$10,000,000; and,
- Consolidate all of its issued and outstanding shares on the basis of 10:1.

To affect the Transaction, each shareholder of EBN will receive five common shares, options and warrants of the Company for each EBN common, share option and warrant held. The issuance of the Company's common shares to the shareholders of EBN will result in a reverse takeover of the Company by EBN. In connection with the Transaction, the Company paid \$35,000 retainer to the agent conducting the offering of securities.

The Transaction is subject to shareholder, completion of the equity financing, TSX Venture and other regulatory approvals.

The current challenging economic climate relating to the effect of the Coronavirus (COVID-19) may lead to challenges in managing cash flows and the ability to raise capital. These items may have a direct adverse impact on the Company's ability to close the Transaction.

2. Basis of preparation

Statement of compliance

The condensed interim financial statements were prepared in accordance with IAS 34 Interim Financial Reporting using accounting policies consistent with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") in effect at March 1, 2020. These condensed interim financial statements do not include all disclosures normally provided in annual financial statements and should be read in conjunction with the Company's audited annual financial statements for the year ended February 28, 2020.

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Statements

For the three months ended May 31, 2020

2. Basis of preparation (continued)

Basis of measurement

These consolidated financial statements are stated in Canadian dollars, which is also the functional currency of the Company's and its subsidiary, and were prepared on a going concern basis, under the historical cost convention except for certain financial instruments that have been measured at fair value.

Consolidation

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary, 1233336 B.C. Ltd. The Company has consolidated the assets, liabilities and expenses of its subsidiary after the elimination of inter-company transactions and balances. The subsidiary was incorporated on December 11, 2019 and the principal business is to facilitate the Company's qualifying transaction (Note 1).

Use of estimates and judgments

The preparation of consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates. These condensed interim consolidated financial statements have been prepared using the same estimates and judgments as reported in the Company's February 28, 2020 annual financial statements.

3. Significant accounting policies

These condensed interim consolidated financial statements have been prepared, for all periods presented, following the same accounting policies and methods of computation as the annual financial statements for the period ended February 28, 2020.

4. Share capital

Authorized:

Unlimited number of voting Common Shares
Unlimited number of Preferred shares issuable in series

Issued: Common Shares

	Number of Shares	\$
As at February 29, 2020	8,600,000	516,622
As at May 31, 2020	8,600,000	516,622

There are 3,600,000 common shares held in escrow whereby 10% of the common shares will be released from escrow upon the issuance of the Final Exchange Bulletin and an additional 15% will be released on each six-month anniversary thereafter unless otherwise permitted by the Exchange.

These common shares, which are considered contingently issuable until the Company completes a qualifying transaction as defined under the policies of the Exchange, are not considered to be outstanding for the purpose of the net loss per share calculation.

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4. Share capital (continued)

Stock option plan

The Company has adopted an incentive stock option plan in accordance with the policies of the TSX Venture (the "Stock Option Plan") which provides that the Board of Directors of the Company may from time to time, in its discretion, grant to directors, officers, employees and consultants of the Company non transferable options to purchase common shares, provided that the number of common shares reserved for issuance under the Stock Option Plan shall not exceed ten percent (10%) of the issued and outstanding common shares. The Stock Option Plan provides that options shall be exercisable for the duration set out in the individual option agreements, which in no event shall exceed ten (10) years from the date such options are granted. In addition, the number of common shares reserved for issuance to any one person shall not exceed five percent (5%) of the issued and outstanding common shares and the number of common shares reserved for issuance to any one consultant will not exceed two percent (2%) of the issued and outstanding common shares. The Board of Directors determines the price per common share and the number of common shares which may be allocated to each director, officer, employee and consultant and all other terms and conditions of the option, subject to the rules of TSX Venture.

The following is a summary of the changes in the Company's Stock Option Plan:

	Number of options outstanding	Number of options exercisable	Weighted average life	Exercise Price
As at February 28, 2020	860,000	860,000	4.21	\$0.10
As at May 31, 2020	860,000	860,000	4.21	\$0.10

Warrants

	Number of warrants outstanding	Weighted average life	Exercise Price
As at February 28, 2020	500,000	1.21	\$0.10
As at May 31, 2020	500,000	1.21	\$0.10

5. Related party transactions

Key management personnel consist of officers and directors of the Company. No compensation was paid to key management personnel during the three months ended May 31, 2020.

6. Capital disclosures

The Company's capital consists of share capital. The Company's objective for managing capital is to maintain sufficient capital to identify, evaluate and complete an acquisition or other transaction as disclosed in Note 1.

The Company sets the amount of capital in relation to risk and manages the capital structure and makes adjustments to it in light of changes to economic conditions and the risk characteristics of the underlying assets.

The Company's objectives when managing capital are:

- i. to maintain a flexible capital structure, which optimizes the cost of capital at acceptable risk; and,
- ii. to maintain investor, creditor and market confidence in order to sustain the future development of the business.

The Company is not subject to any externally or internally imposed capital requirements at year-end.

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7. Financial instruments

The Company, as part of its operations, carries financial instruments consisting of cash and accounts payable and accruals. It is management's opinion that the Company is not exposed to significant credit, interest, or currency risks arising from these financial instruments except as otherwise disclosed.

Fair value

Fair value represents the price at which a financial instrument could be exchanged in an orderly market, in an arm's length transaction between knowledgeable and willing parties who are under no compulsion to act. The Company classifies the fair value of the financial instruments according to the following hierarchy based on the amount of observable inputs used to value the instrument.

Level 1: Fair value measurements are those derived from quoted prices (unadjusted) in the active market for identical assets or liabilities.

Level 2: Fair value measurements are those derived from inputs other than quoted prices that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (derived from prices).

Level 3: Fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data.

The carrying amount of cash and account payable and accruals approximates its fair value due to the short-term maturities of these items.

Credit Risk

Credit risk is the risk of loss associated with the counterparty's inability to fulfill its payment obligations, and arises from the Company's cash balance. The Company believes it has no significant credit risk associated with cash held as it is held in a lawyer's trust account with a major Canadian law firm.

Liquidity Risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at May 31, 2020, the Company had a cash balance of \$251,414 (February 29, 2020 - \$267,631) to settle liabilities of \$6,152 (February 29, 2020 - \$6,152).

Market Risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

i. Interest rate risk

The Company has no interest-bearing debt.

ii. Foreign currency risk

The Company does not have assets or liabilities in foreign currency.

iii. Commodity risk

The Company is not exposed to commodity price risk.