FORM 51-102F3
MATERIAL CHANGE REPORT

Item 1 Name and Address of Company

CE Brands Inc. ("**CE Brands**" or the "**Company**")
1400, 350 - 7th Avenue SW
Calgary, Alberta, Canada
T2P 3N9

Item 2 Date of Material Change

October 31, 2021

Item 3 News Release

A press release (the "**Press Release**") issued by CE Brands with respect to the material change was disseminated via Globe Newswire on November 1, 2021 and subsequently filed on SEDAR. A copy of the Press Release is attached as Schedule "A" to this Material Change Report.

Item 4 Summary of Material Change

On November 1, 2021, CE Brands announced that it had secured binding commitments for a private placement of senior secured convertible notes (the "**Convertible Notes**") for aggregate committed capital of $4,000,000 (the "**Debt Financing**"), with a potential upsize in the amount of $2,000,000, led by certain investment entities managed or advised by Vesta Wealth Partners Ltd. ("**Vesta**"), a leading Canadian investment firm. The Convertible Notes will bear interest at a rate of 15.0% per annum on outstanding principal amounts, payable on the first and second anniversary of the issue date, unless earlier redeemed or converted in accordance with their terms. Prior to the maturity of the Convertible Notes on the second anniversary of the issue date (the "**Maturity Date**"), the Convertible Notes are convertible into common shares of the Company ("**Common Shares**"), at the option of the holders, at a conversion price per share of $1.50. The holders of the Convertible Notes will receive an aggregate of 2,000,000 Common Share purchase warrants ("**Warrants**") with each Warrant having an exercise price of $1.00 and being exercisable on or before the Maturity Date.

In addition, the Company announced that it had entered into subscription agreements under a non-brokered private placement equity financing (the "**Equity Financing**" and together with the Debt Financing, the "**Private Placement**") for the sale of 2,500,000 Common Shares at a price of $0.56 per share with existing institutional investors for aggregate gross proceeds of $1,400,000.

In connection with the Equity Financing and in accordance with the policies of the TSX Venture Exchange (the "**TSXV**"), the Company will pay or issue to certain eligible finders: (i) a cash fee equal to 8.0% (the "**Cash Fee**") of the aggregate gross proceeds raised under the Equity Financing, and (ii) Common Share purchase warrants ("**Finder's Warrants**") exercisable into such number of Common Shares equivalent to the applicable Cash Fee based upon an exercise price of $1.00 per share, which Finder's Warrants will expire 24 months following the closing date, which is anticipated to be on or about November 12, 2021 (the "**Closing Date**").

The board of directors of CE Brands (the "**Board**") determined that the Debt Financing 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 will involve the Company issuing securities to and borrowing money from entities over which Vesta – which the Board has determined is a "related party" of the Company pursuant to MI 61-101 – exercises certain discretionary control.

The Debt Financing will be exempt from both the formal valuation requirements and minority approval requirements of MI 61-101 for related party transactions by virtue of Sections 5.5(g) and 5.7(e) of MI 61-101.

Item 5 Full Description of Material Change

5.1 Full Description of Material Change

On November 1, 2021, CE Brands announced that it had secured binding commitments for a Debt Financing of Convertible Notes for aggregate committed capital of $4,000,000, with a potential upsize in the amount of $2,000,000, led by certain investment entities managed or advised by Vesta, a leading Canadian investment firm. In addition, the Company announced that it had entered into subscription agreements under a non-brokered private placement Equity Financing with existing institutional investors for aggregate gross proceeds of $1,400,000.

Debt Financing

The Convertible Notes are expected to be issued on or about the Closing Date with an aggregate principal amount of $4,000,000 subject to delayed draws to address the Company's working capital needs, including for the purchase of inventory and for general corporate purposes. The Convertible Notes will bear interest at a rate of 15.0% per annum on outstanding principal amounts, payable on the first and second anniversary of the issue date, unless earlier redeemed or converted. Interest may be payable, at the option of the holders, either in cash or through the issuance of common shares of the Company based on the then market price of the Company's common shares. The Convertible Notes will be senior secured obligations of the Company and mature on the Maturity Date. 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 holders of the Convertible Notes will receive an aggregate of 2,000,000 Warrants with each Warrant having an exercise price of $1.00 per share and being exercisable on or before the second anniversary of the issue date.

In addition, the Company has granted the holders of the Convertible Notes the option to purchase an additional $2,000,000 aggregate principal amount of senior secured convertible notes (the "**Upsize Convertible Notes**") on substantially similar terms to the Convertible Notes at any time prior to the six (6) month anniversary of the Closing Date. The Upsize Convertible Notes, if and when issued, will be convertible into common shares of the Company, at the option of the holders, at a conversion price per share equal to the market price of the Company's common shares at the time the option is exercised. No Warrants will be issuable in connection with the purchase of the Upsize Convertible Notes.

Equity Financing

The Company has 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 price of $0.56 per common share, representing the closing price on the TSX on October 29, 2021.

In connection with the Equity Financing and in accordance with the policies of the TSXV, the Company will pay or issue to certain eligible finders: (i) a Cash Fee equal to 8.0% of the aggregate gross proceeds raised under the Equity Financing, and (ii) Finder's Warrants exercisable into such number of common shares of the Company equivalent to the Cash Fee based upon an exercise price of $1.00 per share, which Finder's Warrants will expire 24 months following the Closing Date.

Closing of the Equity Financing is conditional on the closing of the Debt Financing and both the Debt Financing and the Equity Financing are anticipated to close contemporaneously with each other on or about the Closing Date. The Debt Financing and the Equity Financing are subject to customary closing conditions, including the approval of the TSXV and the listing of the Common Shares underlying the Convertible Notes, the Upsize Convertible Notes and the Warrants by the TSXV. The Common Shares are currently listed on the TSXV under the symbol "CEBI". Neither the Convertible Notes, the Upsize Convertible Notes nor the Warrants will be listed on the TSXV.

Required Disclosure under Section 5.2 of MI 61-101

(a) a description of the transaction and its material terms:

The material terms of the Private Placement, including the Debt Financing, are set forth above under item 5.1. As disclosed in the Press Release, the Company anticipates that closing of the Debt Financing will take place on or about the Closing Date, which is less than 21 days following the filing of this Material Change Report. In the context of the Company's liquidity and working capital constraints, it is necessary for the Company to close the Private Placement on an expedited basis to improve the Company's financial position and as such, it was not possible to delay closing of the Debt Financing.

(b) the purpose and business reasons for the transaction:

As disclosed in the Company's press release "CE Brands Provides Operational and Financial Update", which was issued and subsequently filed on SEDAR on October 21, 2021 (the "**October 21 Press Release**"), the Company has been experiencing production, logistical and supply chain challenges, which have resulted in liquidity and working capital constraints. In response, the Company evaluated a number of potential financing alternatives intended to address the Company's financing needs before determining to proceed with the Private Placement. The Company believes that the Private Placement will improve the Company's liquidity and financial flexibility by providing the Company with:

- $4,000,000 of committed capital from the Debt Financing;
- potential additional capital in the amount of $2,000,000 in Upsize Convertible Notes, which the holders of the Convertible Notes may elect to purchase at any time prior to the six (6) month anniversary of the Closing Date; provided that the aggregate committed capital amount under the Convertible Notes has been fully drawn; and
- $1,400,000 of aggregate gross proceeds under the Equity Financing.

(c) the anticipated effect of the transaction of the issuer's business and affairs:

The Private Placement improves the Company's liquidity while providing the Company with additional working capital financing necessary to support the Company's product launches and sales. See also "*the purpose and business reasons for the transaction*" above.

(d) a description of

(i) the interest in the transaction of every interest party and of the related parties and associated entities of the interested parties, and

Mr. Jared Wolk is a director of the Company and the Chief Investment Officer of Vesta, the lead investor in the Debt Financing. In such capacity, Mr. Wolk has certain discretionary control over investment decisions of Vesta and certain investment entities managed or advised by Vesta, including with respect to their respective participation in the Debt Financing. The Board has therefore determined that (i) Vesta is a "related party" of the Company pursuant to MI 61-101, and (ii) the Debt Financing constitutes a "related party transaction" for the purposes of MI 61-101, as it will involve the Company issuing securities to and borrowing money from entities over which Vesta exercises certain discretionary control.

Following the closing of the Private Placement, Vesta is expected to have beneficial ownership of, or control or direction over, directly or indirectly, approximately 18.45% of the outstanding Common Shares (on a partially diluted basis assuming the exercise of the Convertible Debentures and Warrants held by Vesta at the respective exercise prices). On closing of the Private Placement, the Company will enter into a general security agreement (the "**GSA**") with Vesta and the entities over which Vesta exercises certain discretionary control providing such entities with first-ranking security over all of the present and after-acquired personal property of the Company located in Canada other than certain excluded assets.

See also item 5.1 above for further information regarding the Debt Financing.

(ii) the anticipated effect of the transaction on the percentage of securities of the issuer, or of any affiliated entity of the issuer, beneficially owned or controlled by each person referred to in subparagraph (i) for which there would be a material change in that percentage,

The Company anticipates that Vesta and the investment entities managed or advised by Vesta will beneficially own, or have control or direction over, directly or indirectly, the following securities of the Company, after giving effect to the Private Placement:

	Holdings before the Private Placement	**Holdings after the Private Placement**
Investment Entities Managed or Advised by Vesta	654,073 Common Shares and 241,328 Warrants (representing 3.69% on a partially-diluted basis assuming the exercise of the Warrants held by Vesta at the respective exercise prices)	654,073 Common Shares, 2,241,328 Warrants and Convertible Notes in the aggregate committed principal amount of $4,000,000 (representing 18.45% on a partially diluted basis assuming the exercise of the Convertible Debentures and Warrants held by Vesta at the respective exercise prices)

Vesta has agreed, concurrently with the closing of the Private Placement, to deliver an undertaking to the TSXV to the effect that Vesta shall not acquire such number of Common Shares, nor convert or exercise such number of convertible securities, at any time, which will cause Vesta to become, if applicable: (i) a 10% shareholder of the Company unless and until the TSXV has received and approved the personal information form of Vesta (and any applicable director, officer or insider of Vesta); and (ii) a 20% shareholder of the Company unless and until the TSXV and the shareholders of the Company have approved Vesta as a "control person" of the Company.

(e) a discussion of the review and approval process adopted by the board of directors and the special committee, if any, of the issuer for the transaction, including a discussion of any materially contrary view or abstention by a director and any material disagreement between the board and the special committee:

As disclosed in the October 21 Press Release, the Company, along with many of its peers in the consumer electronics industry, has been negatively impacted by production, logistical and supply chain challenges, all of which have been exacerbated by the effects of the COVID-19 pandemic. This has resulted in (among other things) decreased cash flows for the Company and a limited ability to access new third party capital (equity, debt or other). Given these challenges facing the Company, the Company began evaluating a number of potential financing alternatives that were intended to address the Company's working capital and other financing needs and support the Company's product launches and sales.

During the course of evaluating financing alternatives, Mr. Wolk, for and on behalf of Vesta and investment entities managed or advised by Vesta, made a debt financing proposal. To oversee, direct and supervise the negotiations resulting from the proposal and any such resulting financing transaction, following receipt of such proposal, the Board delegated responsibility to three independent and disinterested members of the Board, namely Stephen A. Smith, Tyler Rice and Joanne Hruska (the "**Independent Directors**"). The Independent Directors met formally on a number of occasions during the negotiations of the Debt Financing and in the process leading to the announcement of the Private Placement. In addition to the formal meetings, the Independent Directors had numerous additional informal discussions with the Company's legal counsel, the Company's management and other members of the Board (excluding Mr. Wolk). No representatives of Vesta, including Mr. Wolk, were present during any of the meetings of the Independent Directors during which the Debt Financing was discussed and neither Mr. Wolk nor any representatives of Vesta participated in or inappropriately sought to influence the decision-making deliberations of the Independent Directors.

To satisfy themselves that the terms of the Debt Financing were fair and in the best interest of the Company, the Independent Directors, along with the Company's management, considered alternative financing transactions that might reasonably be available to the Company. As part of their deliberations in respect of the Private Placement, the Independent Directors considered, among other things, the liquidity position of the Company, the Debt Financing terms negotiated with Vesta (relative to, and in combination with, other financing transactions that were reasonably available to the Company, including the Equity Financing), the reputation and credibility of Vesta and its ability to provide a binding commitment to the Debt Financing and execute on an accelerated timetable. Throughout the process of negotiating the terms and conditions of the Debt Financing, the Independent Directors sought advice from the Company's legal counsel, including with respect to their duties and responsibilities and the legal requirements applicable to the Debt Financing, including the application of MI 61-101.

In connection with negotiating and reviewing the terms of the Debt Financing, the Independent Directors considered and reviewed a variety of matters, including an assessment of the Company's liquidity position, near-term financial and business outlook (including the ongoing risks and uncertainties related to the supply chain challenges being experienced by the Company), and financing alternatives reasonably available to the Company, and consulted with the legal advisors. Following their deliberations in respect of the Debt Financing, the Independent Directors determined that the Debt Financing was in the best interests of the Company and recommended that the Board approve the Debt Financing along with the Equity Financing. After considering the recommendation of, and the factors considered by, the Independent Directors, the Board (with Mr. Wolk abstaining) unanimously approved the Debt Financing. All non-abstaining directors of the Company (including

the Independent Directors) expressed no contrary view or disagreement with the approvals and recommendations described above.

(f) a summary in accordance with section 6.5, of the formal valuation, if any, obtained for the transaction:

Not applicable.

(g) disclosure, in accordance with section 6.8, of every prior valuation in respect of the issuer that relates to the subject matter of or is otherwise relevant to the transaction

(i) that has been made in the 24 months before the date of the material change report, and

Not applicable.

(ii) the existence of which is known, after reasonable inquiry, to the issuer or to any director or senior officer of the issuer,

Not applicable.

(h) the general nature and material terms of any agreement entered into by the issuer, or a related party of the issuer, with an interested party or a joint actor with an interested party, in connection with the transaction, and

As part of closing the Private Placement, the Company, Vesta and each of the investment entities managed or advised by Vesta will receive Convertible Notes and Warrants, which Convertible Notes and Warrants will reflect the terms set forth under item 5.1 above and such other terms and conditions as are customary for transactions of this nature. In addition, Vesta and each of the investment entities managed or advised by Vesta will enter into a GSA with the Company, which will provide such entities with first-ranking security over all of the present and after-acquired personal property of the Company located in Canada other than certain excluded assets and contain terms and conditions as are customary for transactions of this nature.

(i) disclosure of the formal valuation and minority approval exemptions, if any, on which the issuer is relying under sections 5.5 and 5.7, respectively, and the facts supporting reliance on the exemptions:

While the Board has determined that the Debt Financing is a “related party transaction”, the Debt Financing will be exempt from both the formal valuation requirements and minority approval requirements of MI 61-101 for related party transactions by virtue of Sections 5.5(g) and 5.7(e) of MI 61-101 which provides that a “related party transaction” is exempt from each of the formal valuation and minority shareholder approval requirements of MI 61-101 if the issuer is in serious financial difficulty and the transaction is designed to improve the financial position of the issuer (among other criteria).

As part of their deliberations in respect of the Debt Financing, the Independent Directors considered the liquidity and financial and position of the Company, the objectives of the Debt Financing, and the criteria and conditions with respect to the financial hardship exemptions described above, and in this regard unanimously determined that: (i) the Company is in serious financial difficulty; (ii) the Debt Financing is designed to improve the financial position of the Company; and (iii) the terms of the Debt Financing are reasonable in the circumstances of the Company.

Furthermore, the Debt Financing is not (nor any portion thereof) subject to any court approval or court orders that the Debt Financing be effected, under bankruptcy or insolvency law, or any equivalent legislation, and there is no other requirement, corporate or otherwise, to hold a meeting to obtain any approval of the holders of any class of affected securities and the Company has one or more independent directors in respect of the Debt Financing (as further set out and described under "*a discussion of the review and approval process adopted by the board of directors and the special committee, if any, of the issuer for the transaction, including a discussion of any materially contrary view or abstention by a director and any material disagreement between the board and the special committee"* above).

In reaching their conclusion that the Company is in serious financial difficulty, the Independent Directors considered, among other things:

- the Company's current working capital constraints;
- the Company's current cash and debt position;
- discussions with management with respect to the Company's operations, forecasts, budgets and outlooks; and
- that the Company's liquidity constraints have resulted in a significant reduction in recent operating activities, thus resulting in current and future anticipated inventory declines (and related reductions to cash flows).

5.2 Disclosure for Restructuring Transactions

Not applicable.

Item 6 Reliance on subsection 7.1(2) of National Instrument 51-102

Not applicable.

Item 7 Omitted Information

Not applicable.

Item 8 Executive Officer

Further information relating to this Material Change Report may be obtained from:

Kalvie Legat
Chief Financial Officer and Corporate Secretary
778-771-0901
ir@cebrands.ca

Item 9 Date of Report

November 9, 2021

Forward-Looking Information

This material change report contains forward-looking information within the meaning of applicable securities laws. In general, forward-looking information refers to disclosure about future conditions, courses of action, and events. The use of any of the words “anticipates”, “believes”, “expects”, “intends”, “plans”, “will”, “would”, and similar expressions are intended to identify forward-looking information. More particularly and without limitation, this material change report includes forward-looking information with respect to the completion of the Private Placement, the potential benefits and effects of the Private Placement, the timing for the completion of the Private Placement and related matters, the conditions to closing of the Private Placement, the Company’s expectations with respect to the exemptions for the formal valuation requirements and minority approval requirements of MI 61-101 in respect of the Debt Financing, the anticipated use of the proceeds from the Private Placement, the receipt of any required regulatory and TSXV approvals for the Private Placement and the Company’s ability to manage manufacturing, supply chain and inventory constraints and continue to operate its business in the ordinary course.

The forward-looking information is based on certain key expectations and assumptions, including the receipt of all regulatory and related approvals for the Private Placement, timing of the resumption of manufacturing operations at the Company’s partner factories in Asia, the timing of product shipments and deliveries, forecast sales price and sales volume of the Company’s products and the ability of the Company to secure additional sources of inventory debt funding in 2022.

There can be no assurance that the Company will be able to successfully complete the Private Placement on the terms contemplated, in a timely manner or at all. If the Company fails to complete the Private Placement or otherwise fails to secure additional financing, then the Company may have insufficient liquidity and capital resources to operate its business resulting in material uncertainty regarding the Company’s ability to meet its financial obligations as they become due and continue as a going concern.

Although CE Brands believes that the expectations and assumptions on which such forward-looking information is based are reasonable, undue reliance should not be placed on the forward-looking information because CE Brands cannot give any assurance that 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 material change report. Such risks and uncertainties include, among others, the impact of the evolving Covid-19 pandemic on the Company’s business, operations and sales; reliance on third party manufacturers and suppliers; the Company’s ability to stabilize its business and secure sufficient capital, including the contemplated Private Placement, which may not be completed in a timely manner or at all; the Company’s available liquidity being insufficient to operate its business and meet its financial commitments, which could result in the Company having to refinance or restructure its debt, sell assets or seek to raise additional capital, which may be on unfavorable terms; the inability to implement the Company’s objectives and priorities for 2021 and beyond, which could result in financial strain on the Company and continued pressure on the Company’s business; risks associated with developing and launching new products; increased indebtedness and leverage; the fact that historical and projected financial information may not be representative of the Company’s future results; the inability to position the Company for long-term growth; risks associated with issuing new equity including the possible dilution of the Company’s outstanding common shares; the value of existing equity following the completion of any financing transaction; the Company defaulting on its obligations, which could result in the Company having to file for bankruptcy or undertake a restructuring proceeding; the Company being put into a bankruptcy or restructuring proceeding; and the risk factors included in CE Brand’s continuous disclosure documents available on www.sedar.com. Readers are cautioned not to place undue reliance on this forward-looking information, which is given as of the date of this material change report, and to not

use such forward-looking information other than for its intended purpose. CE Brands undertakes no obligation to update publicly or revise any forward-looking information, whether as a result of new information, future events, or otherwise, except as required by applicable securities legislation.

Schedule "A"

CE Brands Announces Commitments for Debt and Equity Financings

Calgary, Alberta, Canada - November 1, 2021 - CE Brands Inc. (TSXV: CEBI; CEBI.WT) ("**CE Brands**", "**we**", "**our**", or the "**Company**"), a data-driven consumer-electronics company, is pleased to announce that it has secured binding commitments for a private placement (the "**Debt Financing**") of senior secured convertible notes (the "**Convertible Notes**") for aggregate committed capital of $4,000,000, with a potential upsize in the amount of $2,000,000, led by certain investment entities managed or advised by Vesta Wealth Partners Ltd. ("**Vesta**"), a leading Canadian investment firm. In addition, the Company is announcing that it has entered into subscription agreements under a non-brokered private placement equity financing (the "**Equity Financing**" and together with the Debt Financing, the "**Private Placement**") with existing institutional investors for aggregate gross proceeds of $1,400,000.

"We are very pleased to be able to announce these financings which will significantly improve CE Brands' financial position, strengthen our business and position CE Brands to overcome our current working capital constraints due to the operational and logistical challenges in Asia," said Craig Smith, CEO of CE Brands. "With these financings, CE Brands believes that it now has access to appropriate near-term working capital and does not anticipate raising further financing at this time," continued Mr. Smith.

"Vesta is an existing shareholder of CE Brands, and we are supportive of the long-term vision of CE Brands' management," said Adam Hoffman, President of Vesta. "We believe in the disruptive technology that CE Brands is utilizing to develop unique consumer electronics products and are pleased to support CE Brands as it advances its growth strategies" continued Mr. Hoffman.

The Debt Financing

The Convertible Notes are expected to be issued on or about November 12, 2021 (the "**Closing Date**") with an aggregate principal amount of $4,000,000 subject to delayed draws to address the Company's working capital needs, including for the purchase of inventory and for general corporate purposes. The Convertible Notes will bear interest at a rate of 15.0% per annum on outstanding principal amounts, payable on the first and second anniversary of the issue date, unless earlier redeemed or converted. Interest may be payable, at the option of the holders, either in cash or through the issuance of common shares of the Company based on the then market price of the Company's common shares. The Convertible Notes will be senior secured obligations of the Company and mature on the second anniversary of the issue date (the "**Maturity Date**"). 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 holders of the Convertible Notes will receive an aggregate of 2,000,000 common share purchase warrants ("**Warrants**") with each Warrant having an exercise price of $1.00 per share and being exercisable on or before the second anniversary of the issue date.

In addition, the Company has granted the holders of the Convertible Notes the option to purchase an additional $2,000,000 aggregate principal amount of senior secured convertible notes (the "**Upsize Convertible Notes**") on substantially similar terms to the Convertible Notes at any time prior to the six (6) month anniversary of the Closing Date. The Upsize Convertible Notes, if and when issued, will be convertible into common shares of the Company, at the option of the holders, at a conversion price per share equal to the market price of the Company's common shares at the time the option is

exercised. No Warrants will be issuable in connection with the purchase of the Upsize Convertible Notes.

The Equity Financing

The Company has 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 price of $0.56 per common share, representing the closing price on the TSX Venture Exchange (the "**TSXV**") on October 29, 2021.

In connection with the Equity Financing and in accordance with the policies of the TSXV, the Company will pay or issue to certain eligible finders: (i) a cash fee equal to 8.0% (the "**Cash Fee**") of the aggregate gross proceeds raised from an investor under the Equity Financing, and (ii) common share purchase warrants ("**Finder's Warrants**") exercisable into such number of common shares of the Company equivalent to the applicable Cash Fee based upon an exercise price of $1.00 per share, which Finder's Warrants will expire 24 months following the Closing Date.

Closing of the Equity Financing is conditional on the closing of the Debt Financing and both the Debt Financing and the Equity Financing are anticipated to close contemporaneously with each other on or about November 12, 2021. The Debt Financing and the Equity Financing are subject to customary closing conditions, including the approval of the TSXV and the listing of the Common Shares underlying the Convertible Notes, the Upsize Convertible Notes and the Warrants by the TSXV. The Common Shares are currently listed on the TSX under the symbol "CEBI". Neither the Convertible Notes, the Upsize Convertible Notes nor the Warrants will be listed on the TSXV.

Required Disclosure under MI 61-101

Mr. Jared Wolk is a director of the Company and the Chief Investment Officer of Vesta, the lead investor in the Debt Financing. In such capacity, Mr. Wolk has certain discretionary control over investment decisions of Vesta and certain investment entities managed or advised by Vesta, including with respect to their respective participation in the Debt Financing. The Board has therefore determined that (i) Vesta is a "related party" of the Company pursuant to Multilateral Instrument 61-101 - *Protection of Minority Security Holders in Special Transactions* ("**MI 61-101**"), and (ii) the Debt Financing constitutes a "related party transaction" for the purposes of MI 61-101, as it will involve the Company issuing securities to and borrowing money from entities over which Vesta exercises certain discretionary control.

In connection with negotiating and reviewing the terms of the Debt Financing, three independent and disinterested members (the "**Independent Directors**") of the Company's board of directors (the "**Board**") considered and reviewed a variety of matters, including an assessment of the Company's liquidity position, financial outlook and financing alternatives reasonably available to the Company, and consulted with the legal advisors. Following their deliberations in respect of the Debt Financing, the Independent Directors determined that the Debt Financing is in the best interests of the Company and recommended that the Board approve the Debt Financing. After considering the recommendation of, and the factors considered by, the Independent Directors, the Board (with Mr. Wolk abstaining) unanimously approved the Debt Financing.

While the Board has determined that the Debt Financing is a "related party transaction", the Debt Financing will be exempt from both the formal valuation requirements and minority approval requirements of MI 61-101 for related party transactions by virtue of Sections 5.5(g) and 5.7(e) of MI 61-101 which provides that a "related party transaction" is exempt from each of the formal valuation and minority shareholder approval requirements of MI 61-101 if the issuer is in serious financial difficulty and the transaction is designed to improve the financial position of the issuer (among other

criteria), and in respect of the minority shareholder approval requirement, there is no other requirement, corporate or otherwise, to hold a meeting to obtain any approval of the holders of any class of affected securities.

As part of their deliberations in respect of the Debt Financing, the Independent Directors considered the liquidity and financial and position of the Company, the objectives of the Debt Financing, and the criteria and conditions with respect to the financial hardship exemptions described above, and in this regard unanimously determined that: (i) the Company is in serious financial difficulty; (ii) the Debt Financing is designed to improve the financial position of the Company; and (iii) the terms of the Debt Financing are reasonable in the circumstances of the Company.

A further discussion and description of the review and approval process adopted by the Independent Directors and other information required by MI 61-101 in connection with the Debt Financing will be set forth in the Company's material change report to be filed under the Company's SEDAR profile at www.sedar.com.

The Company anticipates closing of the Debt Financing will take place less than 21 days following the anticipated filing of the Company's material change report. In the context of the Company's liquidity and working capital constraints, it is necessary for the Company to close the Private Placement on an expedited basis to improve the Company's financial position and as such, it was not possible to delay closing of the Debt Financing.

All securities issued in connection with the Private Placement will be subject to statutory hold periods in accordance with applicable securities legislation.

This press release shall not constitute an offer to sell or the solicitation of an offer to buy securities of the Company in the United States nor shall there be any sale of securities of the Company in any jurisdiction in which such offer, solicitation or sale would be unlawful. The securities described herein have not been, and will not be, registered under the United States Securities Act of 1933, as amended, or the securities laws of any state of the United States. Accordingly, any of the securities described herein may not be offered or sold in the United States or to U.S. persons unless an exemption from registration is available.

Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

For more information, please visit www.cebrands.ca.

To be added to the CE Brands' distribution list please register at https://www.cebrands.ca/investors

About CE Brands

CE Brands Inc. develops products with leading manufacturers and iconic brand licensors by utilizing proprietary data that identifies key market opportunities. With sales today in over 70 countries, our innovative, highly repeatable process, which we call the "CE Method", has created an optimal growth path for CE Brands to be the premier global licensed brand manufacturer.

Neither the TSX Venture Exchange nor its regulation services provider (as defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this press release.

Forward-Looking Information

This press release contains forward-looking information within the meaning of applicable securities laws. In general, forward-looking information refers to disclosure about future conditions, courses of action, and events. The use of any of the words “anticipates”, “believes”, “expects”, “intends”, “plans”, “will”, “would”, and similar expressions are intended to identify forward-looking information. More particularly and without limitation, this press release includes forward-looking information with respect to the completion of the Private Placement, the potential benefits and effects of the Private Placement, the timing for the completion of the Private Placement and related matters, the conditions to closing of the Private Placement, the Company’s expectations with respect to the exemptions for the formal valuation requirements and minority approval requirements of MI 61-101 in respect of the Debt Financing, the anticipated use of the proceeds from the Private Placement, the receipt of any required regulatory and TSXV approvals for the Private Placement and the Company’s ability to manage manufacturing, supply chain and inventory constraints and continue to operate its business in the ordinary course.

The forward-looking information is based on certain key expectations and assumptions, including the receipt of all regulatory and related approvals for the Private Placement, timing of the resumption of manufacturing operations at the Company’s partner factories in Asia, the timing of product shipments and deliveries, forecast sales price and sales volume of the Company’s products and the ability of the Company to secure additional sources of inventory debt funding in 2022.

There can be no assurance that the Company will be able to successfully complete the Private Placement on the terms contemplated, in a timely manner or at all. If the Company fails to complete the Private Placement or otherwise fails to secure additional financing, then the Company may have insufficient liquidity and capital resources to operate its business resulting in material uncertainty regarding the Company’s ability to meet its financial obligations as they become due and continue as a going concern.

Although CE Brands believes that the expectations and assumptions on which such forward-looking information is based are reasonable, undue reliance should not be placed on the forward-looking information because CE Brands cannot give any assurance that 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 press release. Such risks and uncertainties include, among others, the impact of the evolving Covid-19 pandemic on the Company’s business, operations and sales; reliance on third party manufacturers and suppliers; the Company’s ability to stabilize its business and secure sufficient capital, including the contemplated Private Placement, which may not be completed in a timely manner or at all; the Company’s available liquidity being insufficient to operate its business and meet its financial commitments, which could result in the Company having to refinance or restructure its debt, sell assets or seek to raise additional capital, which may be on unfavorable terms; the inability to implement the Company’s objectives and priorities for 2021 and beyond, which could result in financial strain on the Company and continued pressure on the Company’s business; risks associated with developing and launching new products; increased indebtedness and leverage; the fact that historical and projected financial information may not be representative of the Company’s future results; the inability to position the Company for long-term growth; risks associated with issuing new equity including the possible dilution of the Company’s outstanding common shares; the value of existing equity following the completion of any financing transaction; the Company defaulting on its obligations, which could result in the Company having to file for bankruptcy or undertake a restructuring proceeding; the Company being put into a bankruptcy or restructuring proceeding; and the risk factors included in CE Brand’s continuous disclosure documents available on www.sedar.com. Readers are cautioned not to place undue reliance on this forward-looking information, which is given as of the date of this press release, and to not use such forward-looking information other than for its intended purpose. CE Brands undertakes no obligation

to update publicly or revise any forward-looking information, whether as a result of new information, future events, or otherwise, except as required by applicable securities legislation.

Further Information

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