

CE Brands Reports 2024 Annual Financial Results

Calgary, Alberta, Canada – July 29th, 2024 - CE Brands Inc. (TSXV: CEBI) (“**CE Brands**”, “**we**”, “**our**”, or the “**Company**”), a data-driven consumer-electronics company, today announced its financial results for the year ended March 31, 2024. The related financial statements and accompanying notes, and Management’s Discussion and Analysis for FY 2023-24 (“**MD&A**”) are available on SEDAR+ at www.sedarplus.ca and on the CE Brands’ website at www.cebrands.ca.

All dollar amounts in this press release are expressed in the Canadian dollars.

Fiscal 2024 Highlights

- Revenue decreased by \$0.84 million, reflecting a 62% drop in the three month period ended March 31, 2024 as compared to the corresponding period of the prior year. Revenue for the year ended March 31, 2024, was \$1.93 million as compared to \$7.56 million for the year ended March 31 2023. The decreases can be attributed to the termination of the trademark licence agreement between Eastman Kodak Company and the Company, which ended the sales of Kodak products, lower Business to Consumer (“B2C”) sales of Motorola watches on e-commerce platforms in the first fiscal quarter of 2024 (April 2023 to June 2023) and there being no B2C sales until late fiscal 2024, while the Company negotiated a new contract with Motorola.
- Gross profit was \$0.13 million in the three months ended March 31, 2024, a \$2.58 million improvement to the same period in the prior year. For the year ended March 31, 2024, gross profit was \$0.70 million as compared to gross loss of \$4.18 million in the prior year. The improvement was due to sales of the Moto 70 and Moto 40 watches during the three & twelve month periods ended March 31, 2024, both bearing higher gross profit ratios than compared to Kodak products, which held a considerable portion of sales during the corresponding periods ended March 31, 2023. The Company also realised significant provisions and write-offs of inventory in the three month period ended March 31, 2023, which did not occur in the current period.
- There was a net loss of \$1.31 million for the three month period ended March 31, 2024, which represents a 92% improvement compared to the \$17.34 million net loss for the corresponding period in fiscal 2023. The decrease in net loss was due to lower operating expenditures and comparative increase in gross profit ratio for the three months ended March 31, 2024. For the year ended March 31, 2024, the Company had a net profit of \$4.17 million as compared to a net loss of \$28.07 million in the prior year, an improvement of 115%. The current year net profit includes a gain on deconsolidation of eBuyNow eCommerce and its subsidiaries worth \$10.62 million.

“Our improved capital structure and lower debt costs, alongside strengthened relationships with suppliers and customers, are driving positive momentum.” said Kalvie Legat, Interim Chief Executive Officer of CE Brands. “With sales picking up and new product launches on the horizon, we're focused on operational execution to drive growth and deliver value to our stakeholders”

Outlook

Over the past year the Corporation has re-evaluated its structure and business model. Structurally, we have removed or amended certain subsidiaries, partnerships, and operations which were not contributing to the success of the business, and simplified operations; we have renegotiated contracts with our partners, agreement terms with our financiers, and compensation packages with our personnel, to align their success with that of the

Company's; and in November of 2023 we restarted commercial sales of our wearable products under these new structures and practices. From the platform built in fiscal 2024 we plan to leverage our core competencies in developing wearables products to continue transforming the way people connect with the brands they trust. See "Forward-Looking Information", "Going Concern" and "Other Risk Factors" sections of the MD&A for further details.

Selected Financial Information

The following tables summarise certain financial data derived from the Fiscal 2024, 2023, and 2022 Consolidated Financial Statements:

As at	March 31, 2024	March 31, 2023	March 31, 2022
Total revenue	1,932,421	7,565,377	7,297,081
Net Income (loss)	4,171,904	(28,073,361)	(10,217,783)
Basic and diluted loss per share	\$0.20	(\$11.10)	(\$4.50)
Total assets	1,376,925	1,995,279	13,901,561
Total non-current financial liabilities	3,812,362	5,097,002	3,390,528

The Company's Fiscal 2024 Consolidated Financial Statements reflect the balances of CEBI and its wholly-owned subsidiary, CE Brands International Inc. as well as EBN and its wholly-owned subsidiaries up until Deconsolidation. The comparative period figures reflect the balances of CEBI and of EBN and its wholly-owned subsidiaries.

About CE Brands

CE Brands Inc. develops products with leading manufacturers and iconic brand licensors by utilising proprietary data that identifies key market opportunities.

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 Canadian securities laws. In general, forward-looking information is disclosure about future conditions, courses of action, and events, including information about prospective financial performance or financial position. The use of any of the words "anticipates", "believes", "expects", "intends", "plans", "will", "would", and similar expressions are intended to identify forward-looking information. Forward-looking statements included or incorporated by reference in this press release include, without limitation, with respect to:

- the ability of the Company to continue as a going concern;
- the impact on the Company of the voluntary assignment into bankruptcy of eBuyNow eCommerce Ltd., a wholly-owned Canadian subsidiary of the Company, which was filed by EBN on June 27, 2023 pursuant to the *Bankruptcy and Insolvency Act* (R.S.C., 1985, c. B-3);
- the effects of global supply constraints on the Company and the likelihood that such constraints will continue to occur and impact the Company;
- the plans of the Company for the Motorola (defined below) product category, the status of the Motorola product category relative to those plans, and the anticipated timing and costs to advance

the Motorola product category;

- the plans of the Company for the Vitalist (defined below) product category, the status of the Vitalist product category relative to those plans, and the anticipated timing and costs to advance the Vitalist product category;
- the plans of the Company to terminate certain product lines and product categories;
- the strategies of the Company for customer retention and growth;
- anticipated demand for the products and services of the Company, and its ability to meet that demand;
- the Company's intent to maintain a flexible capital structure;
- the ability of the Company to generate sufficient cash to maintain its capacity and fund its growth and development;
- fluctuations in the liquidity of the Company;
- the ability of the Company to meet its obligations as they become due;
- the plans of the Company for remedying its working capital deficiency;
- the need for the Company to pursue additional sources of financing and the ability of the Company to obtain such additional sources of financing;
- capital expenditures not yet committed, but required, to maintain the capacity of the Company and fund its growth and development;
- fluctuations in the capital resources of the Company;
- the sources of financing that the Company has arranged, but not yet used; and
- the plans of the Company to reduce general and administrative expenses.

The forward-looking information is based on certain key expectations and assumptions, including the continuance of manufacturing operations at the Company's partner factories in Asia, the timing of product launches, shipments and deliveries, forecast sales price and sales volumes of the Company's products and the ability of the Company to secure additional sources of financing in the future.

There can be no assurance that the Company will be able to secure additional financing in the future in a timely manner or at all. If the Company fails to secure additional financing, 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 the Company 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 Company cannot give any assurance that it will prove to be accurate. By its nature, forward-looking information is subject to various risks, which could cause the actual results and expectations to differ materially from the anticipated results or expectations expressed in this MD&A. Such risks and uncertainties include, without limitation:

- there is the potential for litigation to arise from creditors in connection with the Bankruptcy resulting in contingent liabilities and additional legal costs to the Company;
- there is a risk that the loss of control or relinquishment of substantially all of the assets of the Company in connection with the Bankruptcy which could ultimately result in the Company being

unable to continue operations;

- certain liabilities of EBN and its subsidiaries may not be extinguished in connection with the Bankruptcy;
- due to the Bankruptcy, the Company may require additional funds by way of debt or equity financings to continue to fund its operating, investing, and financing activities;
- the Company may continue to experience negative impacts of global supply constraints;
- the Company has limited financial resources, a working capital deficiency and a history of negative cash flow, including negative cash flow from operating activities, and may require additional funds by way of debt or equity financings to continue to fund its operating, investing, and financing activities;
- the Company is at risk of not being able to settle its debt obligations or to extend, replace, or refinance its existing debt obligations on terms reasonably acceptable to the Company, or at all;
- global operations risks including unexpected changes in foreign governmental laws, policies, regulations or project locations concerning the import and export of goods, services and technology, and exposure to global credit and financial factors on consumers in the Company's areas of operations;
- the Company cannot guarantee that it will become cash flow positive or profitable, additionally, negative cash flow, or the failure to become profitable in any future fiscal period, could result in an adverse material change to the Company;
- the Company relies on third party manufacturing and from time to time there may be product defects caused by the manufacturing process, assembly, or engineering, particularly when first introduced or when new versions are released;
- global manufacturing risks including the risk that products manufactured by the Company may be subject to changing tariffs applied by selling countries to countries of origin with little or no warning due to the Company's use of factories in China, Vietnam, Taiwan, or Malaysia, from time to time;
- the Company's revenues may vary over time and with seasonality;
- the Company may not generate sufficient revenue to sustain operations;
- the Company may not be able to successfully negotiate contracts to source, develop, manufacture, pack, ship, distribute, or sell products economically, if at all;
- the Company relies on major components to be manufactured on an original equipment manufacturer basis, which involves several risks, including the possibility of defective products, a shortage of components, delays in delivery schedules, and increases in component costs;
- demand for international sales may not grow as expected or at all, and there is no assurance that the Company will succeed in expanding into new markets;
- the ability of the Company to successfully enter new markets is subject to uncertainties;
- there can be no assurance that the business and growth strategy of the Company will enable the Company to be profitable;
- the Company relies on licenses from third parties, and there can be no assurance that these third-party licenses will continue to be available to the Company on commercially reasonable terms, or at all;
- the Company may be required to obtain and maintain certain permits, licenses, and approvals in the jurisdictions where its products or technologies are being commercialized or sold, and there can be no assurances that the Company will be able to obtain or maintain any such necessary licenses,

permits, or approvals;

- the future growth and profitability of the Company may be dependent in part on the effectiveness and efficiency of its sales and marketing expenditures;
- the Company may be exposed to product liability claims in the use of its products;
- the market for the Company's products is characterized by rapidly changing technology, evolving industry standards, and customer requirements, which may cause the introduction of products embodying new technology and the emergence of new industry standards to render the existing technology solutions of the Company obsolete or unmarketable, and may also exert price pressures on the Company's existing solutions;
- the Company may not be able to develop new market relevant products in a timely manner;
- the ability of the Company to generate revenue will largely depend upon the effectiveness of its sales and marketing efforts, both domestically and internationally;
- the success of the Company is largely dependent on the performance of its key directors, officers, and employees;
- the commercial success of the Company is reliant on the ability to develop new or improved technologies, manufacture products, and to successfully obtain patents or other proprietary or statutory protection for these technologies and products in Canada and other jurisdictions;
- the Company could become subject to a wide variety of cyberattacks on its networks and systems;
- the Company is engaged in an industry that is highly competitive and rapidly evolving;
- the new products provided by the competitors of the Company may render the existing products of the Company less competitive;
- the Company uses contract manufacturers to manufacture its products and products under development and its reliance on contract manufacturers subjects it to significant operational risks, many of which would impair its ability to deliver products to its customers should they occur;
- the Company may become party to litigation, mediation, or arbitration from time to time in the ordinary course of business;
- any future acquisitions may result in significant transaction expenses and may present additional risks associated with entering new markets, offering new products, and integrating the acquired companies;
- the business plan of the Company anticipates rapid growth, and the Company may not be able to continue to attract, hire, and retain the highly skilled and motivated officers and employees necessary to manage its growth effectively;
- the computer infrastructure of the Company may potentially be vulnerable to physical or electronic computer break-ins, viruses, and similar disruptive problems and security breaches;
- the Company may not be able to enhance its current products or develop new products at competitive prices or in a timely manner;
- the Company is subject to taxes in Canada and other foreign jurisdictions, and in the ordinary course of business, there may be many transactions and calculations where the ultimate tax determination is uncertain;
- a customer of the Company or counterparty to a financial instrument of the Company may fail to meet its contractual obligations to the Company;
- the ability of the Company to manage growth effectively will require it to continue to implement and

improve its operational and financial systems, which may not always be possible;

- the forecasts and models of the Company could be inaccurate;
- the accounting estimates and judgments of the Company could be incorrect;
- the Company may fail to develop or maintain effective controls over financial reporting;
- there is no assurance that insurance will be consistently available to the Company on economic terms, if at all; and
- the risk factors included in the Company's other continuous disclosure documents available on SEDAR+ at www.sedarplus.ca.

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 law.

Further Information

For further information about CE Brands or its principal operating subsidiary, CE Brands International Inc., please contact:

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