FORM 5A

ANNUAL LISTING SUMMARY

Introduction

The requirement to file this Form 5A does not apply to NV Issuers. NV Issuers must file a Form 51-102F2 Annual Information Form.

This Annual Listing Summary must be posted on or before the day on which the Issuer's annual financial statements are to be filed under the Securities Act. This statement is not intended to replace the Issuer's obligation to separately report material information forthwith upon the information becoming known to management or to post the forms required by the Exchange Policies.

General Instructions

(a) Prepare this Annual Listing Summary using the format set out below. The sequence of questions must not be altered nor should questions be omitted or left unanswered. The answers to the following items must be in narrative form. When the answer to any item is negative or not applicable to the Issuer, state it in a sentence. The title to each item must precede the answer.

(b) The term "Issuer" includes the Listed Issuer and any of its subsidiaries.

(c) Terms used and not defined in this form are defined or interpreted in Policy 1 – Interpretation and General Provisions.

Listed Issuer Name: Ambari Brands Inc. **Website:** https://www.ambari.ai/ **Listing Statement Date:** July 25, 2022 **Description(s) of listed securities(symbol/type):** AMB.CNX
Brief Description of the Issuer's Business: Ambari is a company committed to transforming the beauty industry through the development of its AI technology "Scarlett" and its product lines that are carried in the world's largest retailers.
Description of additional (unlisted) securities outstanding: As of December 31, 2023, the Company had 12,455,349 warrants issued and outstanding.

Jurisdiction of Incorporation: British Columbia		
Fiscal Year End: December 31		
Date of Last Shareholders' Meeting and Date of Next Shareholders' Meeting (if scheduled):		
Financial Information as at: December 31, 2023		
	Current $	**Previous $**
Cash	**562,705**	247,301
Current Assets	**618,248**	1,080,613
Non-current Assets	**-**	-
Current Liabilities	**136,658**	234,127
Non-current Liabilities	**-**	-
Shareholders' equity	**481,590**	846,486
Revenue	**-**	-
Net Income	**(1,738,936)**	(861,040)
Net Cash Flow from Operations	**(1,735,217)**	(915,077)

SUPPLEMENTARY INFORMATION

The supplementary information set out below must be provided when not included in the Schedules. If the required details are included in Schedule A or B, provide specific reference to the page or note.

1. Related party transactions

Provide disclosure of all transactions with a Related Person, including those previously disclosed on Form 10. Include in the disclosure the following information about the transactions with Related Persons:

(a) A description of the relationship between the transacting parties. Be as precise as possible in this description of the relationship. Terms such as affiliate, associate or related company without further clarifying details are not sufficient.

(b) A description of the transaction(s), including those for which no amount has been recorded.

(c) The recorded amount of the transactions classified by financial statement category.
(d) The amounts due to or from Related Persons and the terms and conditions relating thereto.
(e) Contractual obligations with Related Persons, separate from other contractual obligations.
(f) Contingencies involving Related Persons, separate from other contingencies.

Please refer to Note 12 of the Consolidated Financial Statements (Schedule A) for the year ended December 31, 2023.

2. Summary of securities issued and options granted during the period.

Provide the following information for the Listed Issuer's fiscal year:

(a) summary of securities issued during the period,

Date of Issue	Type of Security (common shares, convertible debentures, etc.)	Type of Issue (private placement, public offering, exercise of warrants, etc.)	Number	Price	Total Proceeds	Type of Consideration (cash, property, etc.)	Describe relationship of Person with Issuer (indicate if Related Person)	Commission Paid
2023-02-24	Common shares	Private placement	2,000,000	$0.25	$500,000	Cash	Investors, not related parties.	$28,000
2023-08-10	Common shares	Warrant exercise	10,000	$0.50	$5,000	Cash	Investor, not related party.	-
2023-08-16	Common shares	Warrant exercise	25,000	$0.50	$12,500	Cash	Investor, not related party.	-
2023-08-18	Common shares	Private placement	3,750,000	$0.40	$1,500,000	Cash	Investors, not related parties.	$95,200
2023-09-08	Common shares	Option exercise	648,620	$0.41	$265,828	Cash	Investor, not related party.	-

(b) summary of options granted during the period,

Date	Number	Name of Optionee if Related Person and relationship	Generic description of other Optionees	Exercise Price	Expiry Date	Market Price on date of Grant
2023-02-24	112,000		Finders agency	$0.35	2024-02-24	$0.485
2023-08-18	238,000		Finders agency	$0.50	2024-08-18	$0.590

3. Summary of securities as at the end of the reporting period.

Provide the following information in tabular format as at the end of the reporting period:

(a) description of authorized share capital including number of securities outstanding for each class, dividend rates on preferred shares and whether or not cumulative, redemption and conversion provisions,

(b) description of options, warrants and convertible securities outstanding, including number or amount, exercise or conversion price and expiry date, and any recorded value, and

(b) number of shares in each class of shares subject to escrow or pooling agreements or any other restriction on transfer.

Please refer to Page 17-19 of the Consolidated Financial Statements (Schedule A) for the year ended December 31, 2023.

4. List the names of the directors and officers and include the position(s) held and the date of appointment, as at the date this report is signed and filed.

Individual	Officer	Date Appointed
Charn Deol	Former Interim CFO, Director	2021-06-07
Alex McAulay	Interim CFO	2023-12-04
Geoff Balderson	Former President, CEO, Corporate Secretary	2019-06-20
Meissam Hagh Panah	Director	2022-10-05
Avtar Dhaliwal	CEO, Corporate Secretary	2024-01-29

5. Financial Resources

a) State the business objectives that the Issuer expects to accomplish in the forthcoming 12-month period;

b) Describe each significant event or milestone that must occur for the business objectives in (a) to be accomplished and state the specific time period in which each event is expected to occur and the costs related to each event;

c) Disclose the total funds available to the Issuer and the following breakdown of those funds:

   (i) the estimated consolidated working capital (deficiency) as of the most recent month end prior to filing the Listing Statement, and

   (ii) the total other funds, and the sources of such funds, available to be used to achieve the objectives and milestones set out in paragraphs (a) and (b); and

   (iii) describe in reasonable detail and, if appropriate, using tabular form, each of the principal purposes, with approximate amounts, for which the funds available described under the preceding paragraph will be used by the Issuer.

Please refer to the Consolidated Financial Statement (Schedule A) for the year ended December 31, 2023, and accompanying MD&A.

6. Status of Operations

During the fiscal year, did the Listed Issuer

(a) reduce or impair its principal operating assets; or

(b) cease or substantively reduce its business operations with respect to its stated business objectives in the most recent Listing Statement?

Provide details:

The Issuer decided to discontinue operations of the US subsidiary, Ambari Beauty Inc. Further details are discussed in the Consolidated Financial Statement (Schedule A) for the year ended December 31, 2023, and accompanying MD&A.

7. Business Activity

a) Activity for a mining or oil and gas Listed Issuer

   (i) For the most recent fiscal year, did the Listed Issuer have positive cash flow, significant revenue from operations, or $50,000 in exploration or development expenditures?

   Provide details.

   N/A

   (ii) If the response to (i) above is “no”, for the three most recent fiscal years did the Listed Issuer have an aggregate of $100,000 in exploration or development expenditures?

   Provide details.

N/A

b) Activity for industry segments other than mining or oil & gas

(i) For the most recent fiscal year, did the Listed Issuer have positive cash flow, or $100,000 in revenue from operations or $100,000 in development expenditures?

Provide details.

Yes, the Com[any had positive cash low > $100,000. Refer to page 5 Consolidated Financial Statements (Schedule A) for the year ended December 31, 2023.

(ii) If the response to (i) above is “no”, for the three most recent fiscal years, did the Listed Issuer have either $200,000 in operating revenues or $200,000 in expenditures directly related to the development of the business?

Provide details.

N/A

Certificate Of Compliance

The undersigned hereby certifies that:

1. The undersigned is a director and/or senior officer of the Issuer and has been duly authorized by a resolution of the board of directors of the Issuer to sign this Annual Listing Summary.

2. As of the date hereof there is no material information concerning the Issuer which has not been publicly disclosed.

3. The undersigned hereby certifies to the Exchange that the Issuer is in compliance with the requirements of applicable securities legislation (as such term is defined in National Instrument 14-101) and all Exchange Requirements (as defined in CNSX Policy 1).

4. All of the information in this Form 5 Quarterly Listing Statement is true.

Dated April 29, 2024.

Avtar Dhaliwal
Name of Director or Senior Officer

"Avtar Dhaliwal"
Signature

CEO
Official Capacity

Issuer Details Name of Issuer Ambari Brands Inc.	For Year Ended 23/12/31	Date of Report YY/MM/D 24/04/29
Issuer Address 6th Floor – 905 West Pender Street		
City/Province/Postal Code Vancouver, BC, V6C 1L6	Issuer Fax No. N/A	Issuer Telephone No. (424) 284-4022
Contact Name Avtar Dhaliwal	Contact Position CEO	Contact Telephone No. (424) 284-4022
Contact Email Address inquiries@ambaribrands.com	Web Site Address https://ambaribeauty.com/	

SCHEDULE A: AUDITED ANNUAL FINANCIAL STATEMENTS

AMBARI BRANDS INC.

Consolidated Financial Statements

For the years ended December 31, 2023 and 2022

(Expressed in Canadian Dollars)

Crowe MacKay LLP
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Independent Auditor's Report

To the Shareholders of Ambari Brands Inc.

Opinion

We have audited the consolidated financial statements of Ambari Brands Inc. (the "Group"), which comprise the consolidated statements of financial position as at December 31, 2023 and December 31, 2022 and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of material accounting policies.

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

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 Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated 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 1 to the consolidated financial statements which describes the material uncertainty that may cast significant doubt on the Group'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 consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Other than the matter described in the Material Uncertainty Related to Going Concern section, we have determined there are no key audit matters to be communicated in our report.

Other Information

Management is responsible for the other information. The other information comprises:

- Management's Discussion and Analysis

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

In connection with our audit of the consolidated 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 consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained the other information prior to 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 this auditor's report. We have nothing to report in this regard.

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

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

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 these consolidated 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 consolidated 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 Group'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 Group'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 consolidated 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 Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated 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 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 independent auditor's report is Hilda Leung.

Crowe Mackay LLP

Chartered Professional Accountants
Vancouver, Canada
April 29, 2024

AMBARI BRANDS INC.
Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

		As at December 31, 2023		As at December 31, 2022
ASSETS				
Current assets				
Cash	**$**	**562,705**	$	247,301
Amounts receivable (Note 5)		**11,545**		22,922
Prepaid expenses and deposits (Notes 6 and 12)		**36,124**		86,039
Inventory (Note 7)		**7,874**		724,351
Total assets	**$**	**618,248**	$	1,080,613
LIABILITIES				
Current liabilities				
Accounts payable and accrued liabilities (Notes 8 and 12)	**$**	**136,658**	$	234,127
SHAREHOLDERS' EQUITY				
Share capital (Note 9)		**8,653,238**		6,462,334
Accumulated other comprehensive income (loss)		**(1,687)**		2,261
Reserves (Note 9)		**171,710**		209,413
Deficit		**(8,341,671)**		(5,827,522)
Total shareholders' equity		**481,590**		846,486
Total liabilities and shareholders' equity	**$**	**618,248**	$	1,080,613

Nature and continuance of operations – Note 1
Subsequent event – Note 17

APPROVED ON BEHALF OF THE BOARD:

"Avtar Dhaliwal" Director ***"Gurcharn Deol"*** Director

The accompanying notes are an integral part of these consolidated financial statements.

AMBARI BRANDS INC.
Consolidated Statements of Loss and Comprehensive Loss
(Expressed in Canadian Dollars)

	Year ended December 31, 2023	Year ended December 31, 2022
Expenses		
Investor relations	**$ 1,058,833**	$ 254,217
Consulting fees (Note 12)	**77,699**	157,075
General and administrative (Note 11)	**101,851**	110,688
Professional fees	**220,549**	289,915
Research and development	**259,002**	-
Salaries and benefits (Note 12)	**16,143**	33,469
Total expenses	**(1,734,077)**	(845,364)
Other Items		
Foreign exchange loss	**(6,113)**	(2,286)
Interest income (Note 12)	**1,254**	15,602
Loss on settlement of loan receivable (Note 12)	**-**	(28,992)
Net loss for the year from continuing operations	**(1,738,936)**	(861,040)
Net loss for the year from discontinued operations (Note 16)	**(775,213)**	(456,367)
Total net loss for the year	**(2,514,149)**	(1,317,407)
Exchange difference on translating discontinued foreign operations (Note 16)	**(3,948)**	47,421
Total comprehensive loss from continuing operations	**$ (1,738,936)**	$ (861,040)
Total comprehensive loss from discontinuing operations (Note 16)	**$ (779,161)**	$ (408,946)
Total comprehensive loss	**$ (2,518,097)**	$ (1,269,986)
Loss per common share – basic and diluted from continuing operations	**$ (0.03)**	$ (0.02)
Loss per common share – basic and diluted from discontinued operations (Note 16)	**$ (0.01)**	$ (0.01)
Total loss per common share – basic and diluted	**$ (0.04)**	$ (0.03)
Weighted average number of common shares outstanding – basic and diluted	**53,396,696**	44,893,717

The accompanying notes are an integral part of these consolidated financial statements.

AMBARI BRANDS INC.
Consolidated Statements of Changes in Shareholders' Equity
For the years ended December 31, 2023 and 2022
(Expressed in Canadian Dollars)

	Number of Shares		Share Capital		Commitment to Issue Shares		Accumulated Other Comprehensive Income (Loss)		Reserves		Deficit		Total
Balance, December 31, 2021	**40,473,221**	**$**	**3,090,622**	**$**	**3,910,184**	**$**	**(45,160)**	**$**	**209,413**	**$**	**(4,510,115)**	**$**	**2,654,944**
Shares repurchase and cancellation (Note 9)	(500,000)		(150,000)		-		-		-		-		(150,000)
Conversion of special warrants (Note 9)	11,093,154		3,910,184		(3,910,184)		-		-		-		-
Settlement of loan receivable (Notes 9 and 12)	(971,180)		(388,472)		-		-		-		-		(388,472)
Translation adjustment	-		-		-		47,421		-		-		47,421
Net loss for the year from continuing operations	-		-		-		-		-		(861,040)		(861,040)
Net loss for the year from discontinued operations	-		-		-		-		-		(456,367)		(456,367)
Balance, December 31, 2022	**50,095,195**		**6,462,334**		**-**		**2,261**		**209,413**		**(5,827,522)**		**846,486**
Private placements (Note 9)	5,750,000		2,000,000		-		-		-		-		2,000,000
Share issuance costs (Note 9)	-		(231,293)		-		-		101,166		-		(130,127)
Warrants exercised (Note 9)	35,000		17,500		-		-		-		-		17,500
Agent compensation options exercised (Note 9)	648,620		404,697		-		-		(138,869)		-		265,828
Translation adjustment	-		-		-		(3,948)		-		-		(3,948)
Net loss for the year from continuing operations	-		-		-		-		-		(1,738,936)		(1,738,936)
Net loss for the year from discontinued operations	-		-		-		-		-		(775,213)		(775,213)
Balance, December 31, 2023	**56,528,815**	**$**	**8,653,238**	**$**	**-**	**$**	**(1,687)**	**$**	**171,710**	**$**	**(8,341,671)**	**$**	**481,590**

The accompanying notes are an integral part of these consolidated financial statements.

AMBARI BRANDS INC.
Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)

		Year ended December 31, 2023		Year ended December 31, 2022
CASH FLOWS PROVIDED BY (USED IN)				
OPERATING ACTIVITIES				
Net loss for the year from continuing operations	**$**	**(1,738,936)**	$	(861,040)
Items not affecting cash:				
Accrued interest income		**-**		(13,623)
Loss on settlement of loan receivable		**-**		28,992
Changes in non-cash working capital items:				
Amounts receivable		**9,068**		(3,690)
Prepaid expenses and deposits		**44,805**		(75,204)
Accounts payable and accrued liabilities		**(50,154)**		9,488
Net cash used in continuing operating activities		**(1,735,217)**		(915,077)
Net cash used in discontinued operating activities (Note 16)		**(98,632)**		(422,663)
FINANCING ACTIVITIES				
Issuance of common shares		**2,000,000**		-
Repurchase of common shares		**-**		(150,000)
Share issuance costs		**(130,127)**		-
Proceeds from warrants exercised		**17,500**		-
Proceeds from agent compensation options exercised		**265,828**		-
Net cash provided by (used in) continuing financing activities		**2,153,201**		(150,000)
Net cash provided by (used in) discontinued financing activities (Note 16)		**-**		-
Foreign exchange on cash		**(3,948)**		47,421
Change in cash for the year		**315,404**		(1,440,319)
Cash, beginning of the year		**247,301**		1,687,620
Cash, end of the year	**$**	**562,705**	$	247,301
Cash paid for interest during the year	**$**	**-**	$	-
Cash paid for income taxes during the year	**$**	**-**	$	-

Non-cash transactions affecting cash flows from financing activities:

		Year ended December 31, 2023		Year ended December 31, 2022
Fair value of finder's warrants issued	**$**	**101,166**	**$**	**-**
Amounts reclassified from reserves to share capital upon the exercise of agent compensation options	**$**	**138,869**	**$**	**-**
Loan receivable settled in exchange for shares cancelled	**$**	**-**	**$**	**388,472**
Conversion of special warrants	**$**	**-**	**$**	**3,910,184**

The accompanying notes are an integral part of these consolidated financial statements.

1 Nature and continuance of operations

Ambari Brands Inc. (the "Company") was incorporated pursuant to the Business Corporations Act (British Columbia) on June 20, 2019. The Company was a luxury skincare and consumer packaged goods company and has developed a product line on its proprietary “Modern Blend”. The Company’s common shares trade on the Canadian Securities Exchange (the “CSE”) under the trading symbol “AMB”, the OTCQB Venture Market under the symbol “AMBBF” and the Frankfurt Stock Exchange under the symbol “Y92”. The Company’s head office and registered and records office address is 6th Floor – 905 West Pender Street, Vancouver, British Columbia, Canada, V6C 1L6.

During the year ended December 31, 2023, the Company made the decision to cease the operations of its subsidiary Ambari Beauty USA, Inc (“Ambari USA”). The financial results of Ambari USA are reflected as discontinued operations in compliance with *IFRS 5 Non-Current Assets Held for Sale and Discontinued Operations* (Note 16).

In July 2023, the Company commenced research and development towards an artificial intelligence-powered software name “Scarlett” with B2B and consumer applications. The software is intended to provide cutting-edge artificial intelligence technology and augmented reality to further personalize the beauty experiences of customers. The Company hopes that Scarlett will be able to identify and assess customers’ skin and provide recommendations of the best products available for their unique individual needs. Additionally, the software will utilize augmented reality by means of a virtual try-on feature allowing the customers to try a wide range of beauty products. A long-term focus of the Company is implementing the technology within the retail sector, to potentially eliminate the need for human beauty advisors and provide customers individualized information within seconds.

These consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business. For the year ended December 31, 2023, the Company had negative cash flows from continuing operations of $1,735,217 (December 31, 2022 - $915,077), a net loss from continuing operations of $1,738,936 (December 31, 2022 - $861,040), and as at that date an accumulated deficit of $8,341,671 (December 31, 2022 - $5,827,522). These factors indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

The Company’s ability to continue its operations and to realize assets at their carrying values is dependent upon its ability to raise adequate financing from external sources and generate profits and positive cash flows from operations in order to carry out its business objectives. The Company will require additional financing for continuing operations, to evaluate strategic opportunities, and for working capital purposes. However, there is no assurance that the Company will be able to secure such financing on favourable terms. These consolidated financial statements do not give effect to any adjustments required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in the Company’s consolidated financial statements. Such adjustments could be material.

1 Nature and continuance of operations *(continued)*

The Company's business may be affected by changes in political and market conditions, such as interest rates, availability of credit, inflation rates, changes in laws, and national and international circumstances. Recent geopolitical events and potential economic global challenges such as the risk of higher inflation and energy crises, may create further uncertainty and risk with respect to the prospects of the Company's business.

2 Basis of preparation

<u>Statement of compliance</u>

These consolidated financial statements have been prepared in accordance with IFRS Accounting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

These consolidated financial statements have been prepared on a historical cost basis, except for certain financial instruments, which are stated at fair value. In addition, they have been prepared using the accrual basis of accounting, except for the cash flow information.

The consolidated financial statements were approved and authorized for issuance on April 29, 2024 by the Board of Directors.

<u>Basis of consolidation</u>

These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary, Ambari USA. All inter-company balances, transactions, income, and expenses have been eliminated upon consolidation.

Subsidiaries are entities controlled by the Company. Control exists when the Company has power over an entity, when the Company is exposed, or has rights, to variable returns from the entity and when the Company has the ability to affect those returns through its power over the entity. Subsidiaries are included in the financial results of the Company from the effective date of acquisition up to the effective date of disposition or loss of control.

<u>Foreign currencies</u>

The functional currency is the currency of the primary economic environment in which the entity operates and has been determined for each entity within the Company. The functional currency of the Company is the Canadian dollar ("CAD"). The functional currency of Ambari USA is the Unites States dollar ("USD").

The presentation currency of the Company and Ambari USA is the Canadian dollar.

Accordingly, the accounts of Ambari USA are translated into CAD as follows:

2 Basis of preparation *(continued)*

Foreign currencies *(continued)*

- all of the assets and liabilities are translated at the rate of exchange in effect on the date of the statement of financial position;
- income and expense are translated at the average exchange rate over the reporting period; and
- exchange gains and losses arising from translation are included in accumulated other comprehensive income (loss).

Transactions occurring in currencies other than the functional currency of the entity in question are recorded at the rate of exchange prevailing on the date of the transaction. Monetary assets and liabilities that are denominated in foreign currencies are translated at the rate prevailing at each reporting date. Non-monetary items that are measured at historical cost in a foreign currency are translated at the exchange rate on the date of the initial transaction. Non-monetary items that are measured at fair values are reported at the exchange rate on the date when fair values are determined. Foreign currency translation differences are recognized in profit or loss.

Use of accounting estimates and judgments

The preparation of 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 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 consolidated financial statements have been prepared using the judgments, estimates and assumptions summarized below.

Going concern

The assessment of the Company's ability to continue as a going concern and to raise sufficient funds to pay its ongoing operating expenditures and to meet its liabilities for the ensuing year, involves significant judgment based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances. The factors considered by management are disclosed in Note 1.

Inventory

Inventory consists of raw materials, work in progress, shipping materials and finished goods recorded at the lower of cost and net realizable value. Inventory previously represented a significant portion of the asset base of the Company and its value was reviewed at each reporting period. Inventories are written down to net realizable value when the cost of inventories is estimated to be unrecoverable due to obsolescence, expiry, damage, or slow moving. The assessment of whether inventory is slow moving is subject to management's estimates of future sales forecasts and expected shelf lives of inventory. Actual net realizable value can vary from the estimated provision. During the year ended December 31, 2023 inventory was impaired due to the decision taken to cease the operations of Ambari USA (Note 7).

3 Material accounting policies

The accounting policies set out below have been applied consistently in the consolidated financial statements.

Inventory

Inventory is valued at the lower of cost and net realizable value. The cost of inventory is calculated using the first-in-first-out method and comprises all costs of purchase necessary to bring the goods to sale. Net realizable value represents the estimated selling price for products sold in the ordinary course of business less the estimated costs necessary to make the sale. Management uses the most reliable evidence available in determining the net realizable value of inventories. Actual selling prices may differ from estimates, based on market conditions at the time of sale. Allowances are made against obsolete or damaged inventory and are charged directly to cost of sales. The reversal of any write-down of inventory arising from increase in the net realizable value is recognized as a reduction of direct cost in the period in which the reversal occurred.

Financial instruments

Financial assets

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("FVTPL"), the transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss. Financial assets are considered in the entirety when determining whether their cash flows are solely payment of principal and interest.

Subsequent measurement of financial assets depends on their classification. The classification depends on the Company's business model for managing the financial assets and contractual terms of the cash flows. These are the measurement categories under which the Company classifies its financial assets:

- Amortized cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. A gain or loss on a debt investment that is subsequently measured at amortized cost is recognized in profit or loss when the asset is derecognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

The Company's cash and trade receivables are measured at amortized cost.

Non-derivative financial liabilities

Financial liabilities are recognized initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument. Financial liabilities that are not designated at FVTPL are initially measured at fair value plus or minus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortized cost using the effective interest method. Financial assets and liabilities are offset and the net amount presented in the consolidated statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously. The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled, or expire.

Accounts payable and accrued liabilities are recognized initially at fair value and are subsequently measured at amortized cost using the effective interest method.

3 Material accounting policies *(continued)*

Income taxes

Income tax expense comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity. Current tax expense is the expected tax payable on taxable income for the period, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous periods.

Deferred tax is recognized in respect of temporary differences, between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Temporary differences are not provided for relating to goodwill not deductible for tax purposes, the initial recognition of assets and liabilities that affect neither accounting nor taxable loss, and differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

Basic and diluted loss per share

Basic loss per share is computed by dividing the net loss by the weighted average number of outstanding shares in issue during the reporting period. Diluted loss per share is computed similar to basic loss except that the weighted average number of outstanding shares include additional shares for the assumed exercise of stock options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options and warrants were exercised and the proceeds from such exercises were used to acquire common stock at the average market price during the reporting periods. In a loss reporting period, potentially dilutive common shares are excluded from the loss per share calculation as the effect would be anti-dilutive.

Revenue recognition

Revenue is recognized at the point in which the performance obligation under the terms of a contract with the customer have been satisfied and control has transferred. The Company’s performance obligation is typically defined as the accepted purchase order with the customer which requires the Company to deliver the requested products at agreed upon prices at the location of the customer’s choice. The Company satisfies its performance obligation and transfers control to the customer upon customer receipt and acceptance of the product before expiry of the return period. Billings rendered in advance of performance under contracts are recorded as deferred revenue.

Revenue is measured at the fair value of the consideration received or receivable, net of estimated returns and discounts. The time between invoicing and when payment is due is not significant. None of the Company's customer contracts contain a significant financing component.

3 Material accounting policies *(continued)*

Share capital

Instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares, special warrants and warrants are classified as equity instruments. Incremental costs directly attributable to the issue of new equity instruments are shown in equity as a deduction, net of tax, from the proceeds. In the event that the financing is not completed, these costs are expensed to profit or loss.

The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. The fair value of the common shares issued is first measured, based on the bid price on the date the units are priced, and then the residual value of the proceeds is allocated to the warrants (if any).

Share-based payments

The Company issues warrants to purchase common shares of the Company to agents in connection with financings. In situations where equity instruments are issued to non-employees and some or all of the goods or services received as consideration cannot be specifically identified, the equity instruments are measured at the fair value of the share-based payment. Otherwise, share-based payments are measured at the fair value of goods or services received.

Proceeds from the exercise of warrants are recorded as share capital in the amount for which the warrant enabled the holder to purchase a share in the Company. Any previously recorded share-based payment included in the reserves account is transferred to share capital on exercise of warrants. Charges for warrants that are cancelled, forfeited, or expired remain in reserves.

The fair value of compensatory warrants is measured and recognized on the grant date using the Black-Scholes option pricing model. Share-based payments are initially recorded to reserves. Subsequently, the amount together with the consideration received for the shares on the exercise of share-based payments are credited to share capital.

Expected volatility is determined based on factors of the historical analysis of the market price of the Company's common shares.

Cash

Cash on the consolidated statements of financial position consists of cash balances held with financial institutions, which are subject to insignificant risk or changes in value.

3 Material accounting policies *(continued)*

Standards issued but not yet effective

IAS 1, Presentation of Financial Statements ("IAS 1"): In October 2022, the IASB issued amendments to IAS 1 titled Non-current Liabilities with Covenants. These amendments seek to improve the information that an entity provides when its right to defer settlement of a liability is subject to compliance with covenants within 12 months after the reporting period. These amendments to IAS 1 do not override but incorporate the previous amendments, Classification of Debt as Current or Non-current, issued in January 2020, which clarified that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Liabilities should be classified as non-current if a company has a substantive right to defer settlement for at least 12 months at the end of the reporting period. The amendments are effective January 1, 2024, with early adoption permitted. Retrospective application is required on adoption.

The Company does not expect these amendments to have a material effect on its consolidated financial statements.

New accounting standards adopted during the year

IAS 1and IFRS Practice Statement 2: In February 2021, the IASB issued amendments to IAS 1 and the IFRS Practice Statement 2 Making Materiality Judgments to provide guidance on the application of materiality judgments to accounting policy disclosures. The amendments to IAS 1 replace the requirement to disclose 'significant' accounting policies with a requirement to disclose 'material' accounting policies. Guidance and illustrative examples are added in the Practice Statement to assist in the application of materiality concept when making judgments about accounting policy disclosures. The amendments are effective for periods beginning January 1, 2023, with early adoption permitted. Prospective application is required on adoption.

The Company has reduced the disclosures within these consolidated financial statements upon adoption of the amendments in the standard.

4 Basis of fair value

Financial instruments that are measured subsequent to initial recognition at fair value are grouped in levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- 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 (unobservable inputs).

(Expressed in Canadian Dollars)

4 Basis of fair value *(continued)*

The Company uses judgment to select the methods used to make certain assumptions and in performing the fair value calculations in order to determine (a) the values attributed to each component of a transaction at the time of their issuance; (b) the fair value measurements for certain instruments that require subsequent measurement at fair value on a recurring basis; and (c) for disclosing the fair value of financial instruments subsequently carried at amortized cost. These valuation estimates could be significantly different because of the use of judgment and the inherent uncertainty in estimating the fair value of these instruments that are not quoted in an active market.

The Company's financial instruments consist of cash, trade receivables, and accounts payable and accrued liabilities. The Company has no financial instruments carried at fair value.

The carrying value of the Company's financial instruments approximate their fair values due to their short-term maturities.

There were no transfers between the levels of the fair value hierarchy during the year ended December 31, 2023 or 2022.

5 Amounts receivable

		As at December 31, 2023		**As at December 31, 2022**
Trade receivables	**$**	**337**	$	2,646
Sales tax receivable		**11,208**		20,276
	$	**11,545**	$	22,922

6 Prepaid expenses and deposits

		As at December 31, 2023		**As at December 31, 2022**
Retainers and prepayments for services	**$**	**34,771**	$	48,277
Deposits on inventory		**-**		10,835
Prepaid insurance		**1,353**		26,927
	$	**36,124**	$	86,039

(Expressed in Canadian Dollars)

7 Inventory

	As at December 31, 2023	As at December 31, 2022
Finished goods	**$ 7,874**	$ 439,925
Raw materials	**-**	148,230
Work in progress	**-**	60,827
Shipping materials	**-**	75,369
	$ 7,874	$ 724,351

During the year ended December 31, 2023, cost of sales includes $61,869 (December 31, 2022 - $48,041) of inventory, and impairment losses related to inventory of $645,760 (December 31, 2022 - $84,707). The remaining costs of sales comprise of fulfilment costs.

8 Accounts payable and accrued liabilities

	As at December 31, 2023	As at December 31, 2022
Trade payables	**$ 73,164**	$ 170,439
Accrued and other liabilities	**63,494**	63,688
	$ 136,658	$ 234,127

9 Share capital

Authorized

Unlimited common shares, without par value.

Common Shares Held in Escrow

As at December 31, 2023, 6,795,000 common shares (December 31, 2022 – 10,192,500 common shares) were held in escrow and restricted from trading. These common shares will be released from escrow as follows: 1,698,750 common shares released on January 25, 2024, 1,698,750 common shares released on July 25, 2024, 1,698,750 common shares released on January 25, 2025, and 1,698,750 common shares released on July 25, 2025.

Issued, Cancelled, Commitment to Issue

During the year ended December 31, 2023:

On February 24, 2023, the Company closed a non-brokered private placement and issued 2,000,000 units of the Company for gross proceeds of $500,000. Each unit is comprised of one common share of the Company and one-half of one warrant. Each whole warrant is exercisable into one common share of the Company at an exercise price of $0.35 per common share and expires on February 24, 2024. The attached warrants were fair valued at $Nil based on the residual value method.

9 Share capital *(continued)*

The Company paid finder's fees of $28,000 and issued 112,000 finder's warrants in connection with closing the non-brokered private placement. Each finder's warrant is exercisable into one common share of the Company at an exercise price of $0.35 per common share and expires on February 24, 2024. The fair value of the finder's warrants was $26,958 and was determined using the Black Scholes option pricing model using the following assumptions: estimated volatility of 99%, risk-free interest rate of 4.32%, expected life of 1 year, exercise price of $0.35, a dividend yield of 0%, and a unit price of $0.25.

On August 10, 2023, the Company issued 10,000 common shares pursuant to the exercise of 10,000 warrants for gross proceeds of $5,000.

On August 16, 2023, the Company issued 25,000 common shares pursuant to the exercise of 25,000 warrants for gross proceeds of $12,500.

On August 18, 2023, the Company closed a non-brokered private placement and issued 3,750,000 units of the Company for gross proceeds of $1,500,000. Each unit is comprised of one common share of the Company and one-half of one warrant. Each whole warrant is exercisable into one common share of the Company at an exercise price of $0.50 per common share and expires on August 18, 2024. The attached warrants were fair valued at $Nil based on the residual value method.

The Company paid finder's fees of $95,200 and issued 238,000 finder's warrants in connection with closing the non-brokered private placement. Each finder's warrant is exercisable into one common share of the Company at an exercise price of $0.50 per common share and expires on August 18, 2024. The fair value of the finder's warrants was $74,208 and was determined using the Black Scholes option pricing model using the following assumptions: estimated volatility of 126%, risk-free interest rate of 4.78%, expected life of 1 year, exercise price of $0.50, a dividend yield of 0%, and a unit price of $0.40.

On September 8, 2023, 531,656 agent compensation options ("ACOs") were exercised for gross proceeds of $265,828, and as a result the Company issued 648,620 units with each unit consisting of one common share and one-half of one warrant. Each whole warrant is exercisable into one common share of the Company at an exercise price of $0.75 per common share and expires on July 25, 2024. In connection with the ACOs exercised, $138,869 was reclassified from reserves to share capital.

During the year ended December 31, 2023, the Company incurred $6,927 of legal costs associated with the share issuances throughout the year.

During the year ended December 31, 2022:

On March 4, 2022, the Company repurchased and cancelled 500,000 common shares and 250,000 warrants, which were previously issued in connection with a unit private placement completed on February 18, 2020 for consideration of $150,000 pursuant to a unit purchase agreement.

On July 21, 2022, 9,175,700 special warrants issued during the year ended December 31, 2021 automatically converted in accordance with the underlying terms, and as a result the Company issued 11,093,154 units with each unit comprised of one common share and one-half of one warrant. A total of 5,546,577 warrants were issued with each warrant exercisable into one common share at an exercise price of $0.75 per common share and expiry of July 25, 2024.

(Expressed in Canadian Dollars)

9 Share capital *(continued)*

On November 16, 2022, the Company repurchased and cancelled 971,180 common shares with a fair value of $388,472 in exchange for the settlement of a loan receivable due from the Company's CEO, Avneesh Dhaliwal (Note 12). The loan receivable had a carrying value of $417,464, including a principal balance of $388,472 and accrued interest balance of $28,992. The Company recorded a loss on settlement of $28,992.

Warrants

	Number of Warrants		Weighted Average Exercise Price
Outstanding, December 31, 2021	**4,378,518**	**$**	**0.50**
Issued – Conversion of special warrants	5,546,577		0.75
Cancelled	(250,000)		0.50
Outstanding, December 31, 2022	**9,675,095**		**0.64**
Issued – Private placements	2,875,000		0.45
Issued – Finder's warrants	350,000		0.45
Issued – Agent compensation options	324,310		0.75
Exercised	(566,656)		0.50
Expired	(202,400)		0.50
Outstanding, December 31, 2023	**12,455,349**	**$**	**0.60**

As at December 31, 2023, the following warrants were outstanding:

Outstanding	Exercise Price	Expiry Date	Remaining Life (Years)
1,112,000	$0.35	February 24, 2024	0.15
5,546,577	$0.75	July 25, 2024	0.57
324,310	$0.75	July 25, 2024	0.57
3,359,462	$0.50	July 25, 2024	0.57
2,113,000	$0.50	August 18, 2024	0.63
12,455,349	**$0.60**		**0.54**

(Expressed in Canadian Dollars)

10 Revenue

The Company generates revenue from the sale of skincare products directly to consumers and to luxury department stores, and on a wholesale basis to distributors and spas.

The Company's revenue disaggregated by primary geographical markets is as follows:

During the years ended December 31, 2023 and 2022, the Company recognized no revenue relating to continuing operations.

	Year ended December 31, 2023				
	Direct Consumers	Distributors	Retailers	Other	Total
From discontinued operations (Note 16)					
United States	$ 6,697	$ 58,337	$ 10,120	$ -	$ **75,154**
European Union	360	23,792	-	-	**24,152**
	$ 7,057	**$ 82,129**	**$ 10,120**	**$ -**	**$ 99,306**

	Year ended December 31, 2022				
	Direct Consumers	Distributors	Retailers	Other	Total
From discontinued operations (Note 16)					
United States	$ 85,032	$ -	$ 44,787	$ 8,408	$ **138,227**
European Union	-	62,544	-	-	**62,544**
Other	2,872	-	-	-	**2,872**
	$ **87,904**	**$ 62,544**	**$ 44,787**	**$ 8,408**	**$ 203,643**

For the years ended December 31, 2023 and 2022, the following revenue from discontinued operations was recorded from customers that comprise 10% or more of revenue:

	Years ended December 31,	
	2023	2022
Customer A	**$ -**	**$** 20,149
Customer B	**$ 10,120**	**$** 24,451
Customer C	**$ 23,792**	**$** 62,545
Customer D	**$ 51,051**	**$** -

(Expressed in Canadian Dollars)

11 General and administrative expenses

From continuing operations:

	Years ended December 31, 2023	Years ended December 31, 2022
Bank charges	**$ 3,164**	$ 6,721
Dues and subscriptions	**659**	-
Insurance	**50,142**	53,065
Office expenses	**461**	1,044
Regulatory and filing fees	**47,425**	49,858
	$ 101,851	$ 110,688

From discontinued operations (Note 16):

	Years ended December 31, 2023	Years ended December 31, 2022
Bank charges	**$ 10,082**	$ 16,727
Dues and subscriptions	**16,265**	19,153
Insurance	**-**	1,639
Office expenses	**2,310**	9,043
Rent	**34,698**	46,098
	$ 63,355	$ 92,660

(Expressed in Canadian Dollars)

12 Related party transactions and balances

Related party transactions are comprised of services rendered by directors and/or officers of the Company or by a company with a director and/or officer in common. Related party transactions are in the ordinary course of business and are measured at the exchange amount.

Key management compensation

Key management personnel are those having authority and responsibility for planning, directing, and controlling the activities of the Company, directly or indirectly, and include the Company's executive officers and members of the Board of Directors. Key management compensation consisted of the following:

	Years ended December 31,			
		2023		**2022**
Consulting fees:				
Spiral Investment Corp.; a company controlled by Gurcharn Deol, Director	**$**	**36,000**	$	18,000
9317-3516 Quebec Inc.; a company controlled by Meissam Hagh Panah, Director		**6,449**		1,500
Salaries and benefits:				
Kate-Lynn Genzel, Former Chief Financial Officer		**14,950**		31,200
	$	**57,399**	**$**	50,700

Loan receivable

On January 4, 2021, the Company entered into a loan agreement for a principal balance of $388,472 payable by the Company's CEO, Avneesh Dhaliwal (the "CEO Loan Agreement"). The loan was provided to Ms. Dhaliwal for the purpose of purchasing common shares of the Company from former shareholders. The principal balance accrued interest at a rate of 4% per annum. The principal balance and all accrued interest thereon were due within 30 business days of the Company providing written notice of demand to Ms. Dhaliwal. The loan was repayable to the Company at any time without further bonus or penalty.

On November 16, 2022, the Company and Ms. Dhaliwal entered into a share purchase agreement pursuant to which Ms. Dhaliwal returned 971,180 common shares of the Company with a fair value of $388,472 in exchange for the settlement of the principal balance and accrued interest of the CEO Loan Agreement. 971,180 common shares of the Company were subsequently cancelled and returned to treasury (Note 9). The loan receivable had a carrying value of $417,464, including a principal balance of $388,472 and accrued interest balance of $28,992. The Company recorded a loss on settlement of $28,992 during the year ended December 31, 2022.

During the year ended December 31, 2023, the Company accrued interest income with respect to the loan receivable of $Nil (December 31, 2022 - $13,623).

(Expressed in Canadian Dollars)

12 Related party transactions and balances *(continued)*

Accounts payable and accrued liabilities

As at December 31, 2023, accounts payable and accrued liabilities includes $3,150 (December 31, 2022 - $18,900) related to consulting fees due to Spiral Investment Corp., a company controlled by Gurcharn Deol, Director. The amount is unsecured, non-interest bearing, and has no fixed terms of repayment.

As at December 31, 2023, accounts payable and accrued liabilities includes $500 (December 31, 2022 - $602) related to consulting fees due to 9317-3516 Quebec Inc., a company controlled by Meissam Hagh Panah, Director. The amount is unsecured, non-interest bearing, and has no fixed terms of repayment.

As at December 31, 2023, accounts payable and accrued liabilities includes $116 (December 31, 2022 - $67) related to general and administration expenses due to Avneesh Dhaliwal, Former Director, Corporate Secretary and CEO. The amount was unsecured, non-interest bearing, and had no fixed terms of repayment.

Accounts receivable and prepayments

As at December 31, 2023, prepaid expenses include $625 (December 31, 2022 - $Nil) related to an overpayment of consulting fees paid to 9317-3516 Quebec Inc., a company controlled by Meissam Hagh Panah, Director, during the year.

13 Income taxes

A reconciliation of income taxes at statutory rates is as follows:

		Year ended December 31, 2023		Year ended December 31, 2022
Loss before income taxes from continuing operations	**$**	**(1,738,936)**	$	**(861,040)**
Statutory income tax rates		**27%**		**27%**
Expected tax recovery	**$**	**(470,000)**	$	**(232,000)**
Temporary benefits not recognized		**(35,000)**		**(131,000)**
True up of prior year differences		**8,000**		**131,000**
Change in unrecognized deferred tax assets		**497,000**		**232,000**
Total current and deferred income tax recovery	**$**	**-**	$	**-**

(Expressed in Canadian Dollars)

13 Income taxes *(continued)*

The Company has the following deductible temporary differences for which no deferred tax asset has been recognized:

	Expiry		December 31, 2023		December 31, 2022
Non-capital loss carry-forwards	**2039 - 2043**	**$**	**7,985,000**	$	**1,678,000**
Inventory	**None**		**619,000**		**-**
Share issuance costs	**2025 - 2027**		**316,000**		**416,000**
Net temporary differences		**$**	**8,920,000**	$	**2,094,000**

14 Capital management

The Company's objective when managing capital is to safeguard its ability to continue as a going concern. The Company manages its capital structure to maximize its financial flexibility making adjustments to it in response to changes in economic conditions and the risk characteristics of the underlying assets and business opportunities. The Company does not presently utilize any quantitative measures to monitor its capital. In order to fund future product developments and pay for general administrative costs, the Company will raise additional amounts as needed.

The Company reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. The Company considers shareholders' equity and working capital as components of its capital base. The Company may access capital through the issuance of shares or the disposition of assets. Management historically funds the Company's expenditures by issuing share capital rather than using capital sources that require fixed repayments of principal and/or interest. The Company is not subject to externally imposed capital requirements and does not have exposure to asset-backed commercial paper or similar products. The Company believes it will be able to raise additional equity capital as required, but recognizes the uncertainty attached thereto. There was no change to the Company's approach to capital management during the year ended December 31, 2023.

15 Risk management and liquidity

The Company's risk exposures and the impact on the Company's consolidated financial statements are summarized below.

<u>Credit risk</u>

Financial instruments that potentially subject the Company to a significant concentration of credit risk consist of cash and trade receivables. The risk arises from the non-performance by counterparties of contractual financial obligations. To minimize credit risk, the Company places cash with high credit quality financial institutions. The Company's trade receivables consists of sales orders due from reputable luxury department stores, distributors, and third-party credit card processing services; and as such, trade receivables are not subject to significant credit risk.

15 Risk management and liquidity *(continued)*

<u>Interest rate risk</u>

Interest rate risk is the risk that future cash flows will fluctuate because of changes in market interest rates. The interest earned on cash is insignificant. The Company does not rely on interest income to fund its operations and does not have any interest-bearing debt.

<u>Liquidity risk</u>

All of the Company's financial liabilities are classified as current and are anticipated to mature within the next 12 months. The Company intends to settle these with funds from its positive working capital position.

<u>Foreign currency risk</u>

The Company may be exposed to foreign currency risk on fluctuations related to cash balances that are denominated in a foreign currency. As at December 31, 2023, the Company held cash of US$27,560 (December 31, 2022 – US$10,709), trade receivables of US$255 (December 31, 2022 – US$1,954) and trade payables of US$27,643 (December 31, 2022 – US$61,929) denominated in US dollars which expose the Company to minimal foreign currency exchange rate risk. The Company currently does not plan to enter into foreign currency future contracts to mitigate this risk as the Company consider this risk to be immaterial.

16 Discontinued operations

During the year ended December 31, 2023, the Company made the decision to discontinue the operations of Ambari USA. As a result, Ambari USA was classified as a discontinued operation in accordance with IFRS 5 *Non-Current Assets Held for Sales and Discontinued Operations* for the years ended December 31, 2023 and 2022.

The loss and comprehensive loss from discontinued operations (Ambari USA) for the years ended December 31, 2023 and 2022 are comprised of the following:

(Expressed in Canadian Dollars)

16 Discontinued operations *(continued)*

	Year ended December 31, 2023		Year ended December 31, 2022
Revenue (Note 10)	$	**99,306**	$	203,643
Cost of sales (Note 7)		**719,735**		160,266
Gross profit (loss)		**(620,429)**		43,377
Expenses				
Advertising and promotion		**70,906**		375,575
General and administrative (Note 11)		**63,355**		92,660
Professional fees		**6,549**		24,627
Research and development		**12,187**		5,379
Total expenses		**(152,997)**		(498,241)
Other items				
Foreign exchange loss		**(1,787)**		(1,503)
Net loss for the year from discontinued operations		**(775,213)**		(456,367)
Exchange difference on translating discontinued foreign operations		**(3,948)**		47,421
Total comprehensive loss from discontinued operations	$	**(779,161)**	$	(408,946)
Loss per common share – basic and diluted from discontinued operations	$	**(0.01)**	$	(0.01)
Weighted average number of common shares outstanding – basic and diluted		**53,396,696**		44,893,717

Cash flows from Ambari USA are as follows:

		Year ended December 31, 2023		Year ended December 31, 2022
CASH FLOWS USED IN OPERATING ACTIVITIES				
Net loss for the year from discontinued operations	$	**(775,213)**	$	(456,367)
Items not affecting cash:				
Impairment of inventory		**645,760**		84,707
Changes in non-cash working capital items:				
Amounts receivable		**2,309**		1,851
Prepaid expenses and deposits		**5,110**		53,069
Inventory		**70,717**		(156,702)
Accounts payable and accrued liabilities		**(47,315)**		50,779
Net cash used in operating activities in discontinued operations		**(98,632)**		(422,663)
Total cash used in discontinued operations	$	**(98,632)**	$	(422,663)

17 Subsequent event

On February 24, 2024, 1,112,000 warrants with an exercise price of $0.35 expired without being exercised.

SCHEDULE B: MANAGEMENT DISCUSSION AND ANALYSIS

This Management's Discussion and Analysis ("MD&A") of Ambari Brands Inc. (the "Company" or "Ambari") is dated April 29, 2024. This MD&A should be read in conjunction with the consolidated financial statements and accompanying notes for the years ended December 31, 2023 and 2022, which are prepared in accordance with IFRS Accounting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). All amounts are stated in Canadian dollars unless otherwise indicated.

FORWARD LOOKING INFORMATION

This MD&A may contain forward "forward-looking statements" that reflect the Company's current expectations and projections about its future results. Forward-looking statements are statements that are not historical facts, and include, but are not limited to: estimates and their underlying assumptions; statements regarding plans, objectives, and expectations with respect to future operations, capital raising initiatives, the impact of industry and macroeconomic factors on the Company's operations, and market opportunities; and statements regarding future performance.

Forward-looking statements used in this MD&A are subject to various risks, uncertainties, and other factors, most of which are difficult to predict and are generally beyond the control of the Company. These risks, uncertainties and other factors may include, but are not limited to, those set forth under "*Risk Factors*" contained in the Company's Prospectus dated July 13, 2022 (the "Prospectus") that is available under the Company's profile on SEDAR+ at https://www.sedarplus.ca/.

Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this MD&A or as of the date otherwise specifically indicated herein. Due to risks, uncertainties, and other factors, including the risks, uncertainties and other factors identified in the Prospectus and this MD&A, actual events may differ materially from current expectations. The Company disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by securities law.

CORPORATE OVERVIEW

Ambari Brands Inc. was incorporated under the British Columbia Business Corporations Act on June 20, 2019 and primarily carried on business through its wholly-owned subsidiary, Ambari Beauty USA, Inc. ("Ambari USA"), which was incorporated under the laws of the State of Nevada on September 27, 2019.

The Company's common shares trade on the Canadian Securities Exchange (the "CSE") under the trading symbol "AMB", the OTCQB Venture Market under the symbol "AMBBF" and the Frankfurt Stock Exchange under the symbol "Y92".

The Company's head office and the registered and records office address is 6th Floor – 905 West Pender Street, Vancouver, British Columbia, Canada, V6C 1L6.

DESCRIPTION OF BUSINESS

Ambari was a consumer-packaged goods company and has developed a luxury, performance-driven skincare line of products based on its customized "Modern Blend." The formula combines high levels of active ingredients, smart adaptogens and broad-spectrum CBD. The Company's mission was to provide clinical-grade skincare products that provide professional results from the comfort of your home.

To date, the Company has developed four core products – the Gold Profection22 Mask, the PM Active12 Serum, the Complex4 Hydrator Cream and the AM Active10 Essence – all of which are based on the Company's "Modern Blend" concept, which leverages the powerful combination of active ingredients, adaptogens, and broad-spectrum CBD to calm, balance, and transform the skin. In the development of its products, the Company has focused on sourcing high quality, pure ingredients to ensure the cleanest result. All Ambari products are vegan, cruelty-free, and formulated without silicones, parabens, fragrance, or phthalates.

The Company's products were sold directly through its e-commerce platform, as well as through select luxury retailers and international distributors.

RECENT DEVELOPMENTS AND OUTLOOK

Discontinued operations

During the year ended December 31, 2023, the Company made the decision to discontinue the operations of its subsidiary, Ambari Beauty USA, Inc. ("Ambari USA"). As a result, Ambari USA was classified as a discontinued operation in accordance with IFRS 5 Non-Current Assets Held for Sales and Discontinued Operations for the year ended December 31, 2023. The financial results of Ambari USA are segregated in the consolidated statements of loss and comprehensive loss as discontinued operations. See Note 16 of the consolidated financial statements for the years ended December 31, 2023 and 2022.

Corporate

During the year ended December 31, 2023, the Company completed two non-brokered private placements for gross proceeds of $2,000,000, as discussed in *"Share Capital"*. The net proceeds are being used for marketing expenses, general working capital purposes and development of the Scarlett software, as discussed further below.

Distribution

The Company entered into an agreement with FabFitFun (www.fabfitfun.com), one of the largest subscription boxes in the USA, whereby FabFitFun distributed Ambari products to its broad base of users. The Company fulfilled FabFitFun's initial purchase order in the first quarter of fiscal 2023.

Furthering the Company's international expansion which launched in fiscal 2022, the Company entered into an agreement for the distribution of Ambari products in India through e-tailer shops and brick and mortar chains. The Company does not expect to complete the registration process, due to the decision to discontinue the operations of Ambari USA.

During the year ended December 31, 2023, the Company began to focus on liquidation distributors to alleviate storage costs on inventory held at two of the storage facilities. Due to the slower movement of inventory through the direct consumer and retail channels, this decision allowed the Company to direct more attention to the research and development of the Company's artificial intelligence software development. As a result, the operations of Ambari USA were discontinued as explained above.

Artificial Intelligence Software Development

In July 2023, the Company commenced research and development towards an artificial intelligence-powered software name "Scarlett" with B2B and consumer applications. The software is intended to provide cutting-edge artificial intelligence technology and augmented reality to further personalize the beauty experiences of customers. The Company hopes that Scarlett will be able to identify and assess customers' skin and provide recommendations of the best products available for their unique individual needs. Additionally, the software will utilize augmented reality by means of a virtual try-on feature allowing the customers to try a wide range of beauty products. A long-term focus of the Company is implementing the technology within the retail sector, to potentially eliminate the need for human beauty advisors and provide customers individualized information within seconds. Further details can be found on the Company's webpage for Scarlett at www.ambari.ai.

(Stated in Canadian Dollars)

As at December 31, 2023, the Company began the finalization of a beta version of the application. In late January 2024, the Company announced the beta version was available to shareholders and the public to provide valuable feedback and become involved in testing the application. The Company continues to refine the application and work on improving the software and addressing any bugs that may occur.

The regulatory landscape for Artificial Intelligence ("AI") and other emerging technologies is still evolving. Uncertainty in the legal regulatory regime relating to AI may require significant resources to modify and maintain business practices to comply with changes in laws and regulations related to AI, data privacy, and cybersecurity which could impact our operations.

SELECTED ANNUAL INFORMATION

The financial data presented in the table below is prepared in accordance with IFRS.

		Year ended December 31, 2023		**Year ended December 31, 2022**		**Year ended December 31, 2021**
		(Audited)		(Audited)		(Audited)
Consolidated Statement of Loss and Comprehensive Loss[1]						
Results from continuing operations:						
Total revenues	$	-	$	-	$	-
Net loss for the year	$	(1,738,936)	$	(861,040)	$	(391,941)
Basic and diluted loss per share	$	(0.03)	$	(0.02)	$	(0.01)
Total net loss for the year	$	(2,514,149)	$	(1,317,407)	$	(3,661,918)
Total basic and diluted loss per share	$	(0.04)	$	(0.03)	$	(0.08)
Consolidated Statement of Financial Position						
Total assets	$	618,248	$	1,080,613	$	2,828,804
Total non-current financial liabilities	$	-	$	-	$	-
Cash dividends	$	-	$	-	$	-

The composition of net loss for the years ended December 31, 2023 and 2022 is detailed below in "Results of Operations". During the year ended December 31, 2021, the Company launched their initial product line and focused on advertising and promotional activities to draw in customers.

Total assets as at December 31, 2023, decreased to $618,248 from $1,080,613 as at December 31, 2022. The decrease in total assets of $462,365 is attributable to a decrease in inventory as a result of impairment and write off losses, partially offset by an increase in cash as a result of private placement financings and warrant exercises during the year ended December 31, 2023.

Total assets as at December 31, 2022 decreased to $1,080,613 from $2,828,804 as at December 31, 2021. The decrease in total assets of $1,748,191 is attributable to the decrease in cash as a result of no financing during the year ended December 31, 2022 and the repayment of the loan receivable due from Avneesh Dhaliwal, CEO of the Company, as described below in "*Related Party Transactions*". These decreases to total assets were partially offset by the increase

[1] Ambari USA is a discontinued operation as explained above and has been excluded from the results of continuing operations in the consolidated statements of loss and comprehensive loss. Refer to the Discontinued Operations section of this document for further discussion on discontinued operations.

in prepaid expenses and deposits related to prepayments for future services and annual insurance premiums, net of deposits applied to inventory production orders, and the increase in inventory for finished goods and work in progress produced during the year ended December 31, 2022.

Refer to "*Capital Resources and Liquidity*" for additional detail on working capital and cash flows for the years ended December 31, 2023, and 2022.

RESULTS OF OPERATIONS

From continuing operations:

Years ended December 31, 2023 ("Current year") and 2022 ("Prior year")

During the year ended December 31, 2023, the Company recorded a net loss from continuing operations of $1,738,936 (December 31, 2022 - $861,040). The increase in net loss of $877,896 is primarily attributable to an increase in advertising and promotion expenses as a result of more advertising and marketing campaigns. During the year ended December 30, 2022, the Company focused on preparations for and filing of the Prospectus and the process to list the Company's common shares on the CSE, the OTCQB Venture Market and the Frankfurt Stock Exchange. The composition and changes within net loss are further discussed below.

Expenses

The Company incurred investor relations expenses from continuing operations of $1,058,833 (December 31, 2022 - $254,217) during the year ended December 31, 2023, representing an increase of $804,616 compared to the same period of the Prior year. During the years ended December 31, 2023 and December 31, 2022, the Company began to focus its marketing strategy on comprehensive digital marketing campaigns to heighten market and brand awareness and broaden the Company's reach within the investment community.

The Company incurred consulting fees from continuing operations of $77,699 (December 31, 2022 - $157,075) during the year ended December 31, 2023, representing a decrease of $79,376 compared to the same period of the Prior year. The decrease in consulting fees is a direct result of the Company not renewing certain service agreements with third parties.

The Company incurred general and administrative expenses from continuing operations of $101,851 (December 31, 2022 - $110,688) during the year ended December 31, 2023, representing a decrease of $8,837 compared to the same period of the Prior year. The decrease in general and administrative expenses is explained by a decrease in bank fees due to decrease activity and decreased insurance costs due to cancellations of policies.

Professional fees from continuing operations for the year ended December 31, 2023 amounted to $220,549 (December 31, 2022 - $289,915), representing a decrease of $69,366. The decrease in professional fees incurred by the Company is due to the preparations for a public listing during the year ended December 31, 2022, including the completion of interim review and annual audit engagements by the Company's auditors and preparations of filing documents by the Company's advisors. During the Current year, professional fees are comprised of public company compliance and maintenance.

The Company incurred research and development expenses from continuing operations of $259,002 during the year ended December 31, 2023 (December 31, 2022 - $Nil), representing an increase of $259,002. The increase is a direct result of the commencement of research and development of Scarlett software.

The Company incurred salaries and benefits from continuing operations during the year ended December 31, 2023 and 2022 of $16,143 and $33,469, respectively, in connection with an employment agreement with a former officer of the Company. The decrease of $17,326 is a result of the termination of the employment agreement for several months during the year ended December 31, 2023. The employment agreement was later reinstated, and salaries and benefits continued. Refer to *"Related Party Transactions."*

Other items

The Company recorded interest income for the year ended December 31, 2023 of $1,254 for interest income earned on the Company's cash balances. During the year ended December 31, 2022, the Company recorded interest income of $15,602 which primarily related to an interest-bearing loan agreement between the Company and Avneesh Dhaliwal, Former Chief Executive Officer ("CEO") of the Company. Refer to *"Related Party Transactions"* for additional details of the loan agreement.

The Company recorded a loss on settlement of the loan receivable from Avneesh Dhaliwal, CEO of the Company, of $28,992 for the year ended December 31, 2022 as a result of entering into a share purchase agreement pursuant to which Ms. Dhaliwal returned 971,180 common shares of the Company with a fair value of $388,472 in exchange for the settlement of the principal balance and accrued interest of the loan receivable. Refer to *"Related Party Transactions"* for additional details of the loan agreement.

<u>Three months ended December 31, 2023 and 2022</u>

During the three months ended December 31, 2023, the Company recorded a net loss of $365,918 (December 31, 2022 - $322,797). The increase in net loss of $43,121 is further discussed below.

The Company incurred investor relations expenses of $Nil (December 31, 2022 - $119,548) during the three months ended December 31, 2023, representing a decrease of $119,548 compared to the same period of the prior year. During the three months ended December 31, 2023, the Company paused its marketing efforts and focused on the continued development of the application, Scarlett. During the three months ended December 31, 2022, the Company focused on strategic partnerships to bolster sales directly to retailers and identify new international channels.

The Company incurred consulting fees of $10,500 (December 31, 2022 - $39,183) during the three months ended December 31, 2023, representing a decrease of $28,683 compared to the same period of the prior year. The decrease in consulting fees is a direct result of the Company not renewing certain service agreements with third parties.

The Company incurred general and administrative expenses of $13,632 (December 31, 2022 - $40,242) during the three months ended December 31, 2023, representing a decrease of $26,610 compared to the same period of the prior year. The decrease in primarily attributable to decreased insurance costs due to changes in policy coverage and lower regulatory and filing fees due to the timing of corporate transactions.

Professional fees for the three months ended December 31, 2023 amounted to $121,453 (December 31, 2022 - $88,307), representing an increase of $33,146. The increase in professional fees incurred by the Company is due to higher accrual raised for audit fees and legal costs during the three months ended December 31, 2023.

The Company incurred research and development expenses of $215,835 during the three months ended December 31, 2023 (December 31, 2022 – $Nil), representing an increase of $215,835. The increase is a direct result of the commencement of development of Scarlett software.

The Company incurred salaries and benefits during the three months ended December 31, 2023 and 2022 of $5,594 and $8,367, respectively, in connection with an employment agreement with an officer of the Company. Refer to *"Related Party Transactions"*.

(Stated in Canadian Dollars)

Other items

The Company recorded interest income for the three months ended December 31, 2023 of $1,185 for interest income earned on the Company's cash balances. During the three months ended December 31, 2022, the Company recorded interest income of $2,014 which primarily related to an interest-bearing loan agreement between the Company and Avneesh Dhaliwal, CEO of the Company. Refer to *"Related Party Transactions"* for additional details of the loan agreement.

From discontinued operations:

As explained above, the Company has resolved to discontinue the operations of Ambari USA. As a result, Ambari USA was classified as a discontinued operation in accordance with IFRS 5 Non-Current Assets Held for Sale and Discontinued Operations for the year ended December 31, 2023.

The statements of loss and comprehensive loss for discontinued operations (Ambari USA) for the year ended December 31, 2023 and 2022 are comprised of the following:

		Year ended December 31,		
		2023		**2022**
Revenue	**$**	**99,306**	$	203,643
Cost of sales		**719,735**		160,266
Gross profit (loss)		**(620,429)**		43,377
Expenses				
Advertising and promotion		**70,906**		375,575
General and administrative		**63,355**		92,660
Professional fees		**6,549**		24,627
Research and development		**12,187**		5,379
Total expenses		**(152,997)**		(498,241)
Other Items				
Foreign exchange loss		**(1,787)**		(1,503)
Net loss for the year from discontinued operations		**(775,213)**		(456,367)
Exchange difference on translating discontinued foreign operations		**(3,948)**		47,421
Comprehensive loss	**$**	**(779,161)**	$	(408,946)
Loss per common share from discontinued operations – basic and diluted	**$**	**(0.01)**	$	(0.01)
Weighted average number of common shares outstanding – basic and diluted		**53,396,696**		44,893,717

(Stated in Canadian Dollars)

The operating results of the discontinued operations are discussed below:

Gross profit

The Company recorded revenue from discontinued operations for the year ended December 31, 2023 of $99,306 (December 31, 2022 - $203,643) related to the sale of products directly to consumers, luxury retailers, distributors and wholesalers, as summarized in the table below.

	Year ended December 31,					
		2023			2022	
Direct consumers	$	7,057	7%	$	87,904	43%
Distributors		82,129	83%		62,544	31%
Retailers		10,120	10%		44,787	22%
Other		-	0%		8,408	4%
	$	99,306	100%	$	203,643	100%

During the year ended December 31, 2023, the Company generated decreased total revenue compared to the same period of the prior year while focusing on the expansion of distribution channels, as discussed in "*Recent Developments and Outlook*". Direct to consumer sales contributed the largest share of total revenue for the year ended December 31, 2022 as a result of targeted digital marketing initiatives during the period.

The composition of revenue by product line for the years ended December 31, 2023 and 2022 is summarized in the table below.

	Year ended December 31,	
	2023	2022
Gold Profection22 Mask	11%	31%
PM Active12 Serum	41%	26%
Complex4 Hydrator Cream	42%	24%
AM Active10 Essence	6%	13%
Product bundles	-	6%
	100%	100%

The change in the composition of revenue by product line was directly attributable to the shift from individual direct to consumer orders during the year ended December 31, 2022 to large quantity purchase orders from distributors during the year ended December 31, 2023.

Cost of sales for the year ended December 31, 2023 amounted to $719,735 (December 31, 2022 - $160,266) and included the inputs to finished goods sold, including raw materials, bottling and packaging, fulfillment costs, count adjustment, write-offs, and impairment adjustments.

As a result of the cost of sales exceeding revenue, the Company realized a gross loss for the year ended December 31, 2023 of $620,429 and gross margin of -625%. During the year ended December 31, 2022, the Company realized a gross profit of $43,377 and gross margin of 21%. The decrease in gross profit for the year ended December 31, 2023 is primarily attributable to impairment and write-off losses recognized during the year related to inventory adjustments of raw materials, work-in-progress, and finished goods held at the storage facilities.

(Stated in Canadian Dollars)

Gross profit

The Company recorded revenue for the three months ended December 31, 2023 of $10,611 (December 31, 2022 - $27,467) related to the sale of products directly to consumers, luxury retailers, distributors and wholesalers, as summarized in the table below.

	Three months ended December 31,					
	2023			2022		
Direct consumers	$	695	7%	$	6,711	24%
Distributors		7,350	69%		13,452	49%
Retailers		2,566	24%		5,781	21%
Other		-	-		1,523	6%
	$	10,611	100%	$	27,467	100%

During the three months ended December 31, 2023, the Company generated decreased total revenue compared to the same period of the prior year while focusing on development of Scarlett, as discussed in "*Recent Developments and Outlook*". Distributor sales contributed the largest share of total revenue for the three months ended December 31, 2023. During the three months ended December 31, 2022, the Company expanded its distribution to the European Union and focused its efforts on retail expansions, resulting in the increased revenue derived from these channels.

Cost of sales for the three months ended December 31, 2023 amounted to $659,412 (December 31, 2022 - $82,493) and included the inputs to finished goods sold, including raw materials, bottling and packaging, fulfillment costs, count adjustments, write-off and impairment adjustments.

As a result of the cost of sales exceeding revenue, the Company realized a gross loss for the three months ended December 31, 2023 of $648,801 and gross margin of -6,114%. During the three months ended December 31, 2022, the Company realized a gross loss of $55,026 and gross margin of -50%. The increase in gross loss for the three months ended December 31, 2023 is primarily attributable to reduced sales volume in the period, and write-off and impairment expenses incurred on inventory that became obsolete.

(Stated in Canadian Dollars)

SUMMARY OF QUARTERLY RESULTS

The table below sets forth selected results of the continuing operations of the Company. All figures are in accordance with IFRS. The continuing operations results for the comparatives exclude discontinued operations results from Ambari USA.

For the three months ended		Revenue		Loss for the period from continuing operations		Loss per share from continuing operations (basic and diluted)		Total loss for the period		Total loss per share (basic and diluted)
December 31, 2023	$	-	$	(365,918)	$	(0.01)	$	(1,029,405)	$	(0.02)
September 30, 2023	$	-	$	(1,069,834)	$	(0.02)	$	(1,078,042)	$	(0.02)
June 30, 2023	$	-	$	(174,317)	$	(0.00)	$	(230,669)	$	(0.00)
March 31, 2023	$	-	$	(128,867)	$	(0.00)	$	(176,033)	$	(0.00)
December 31, 2022	$	-	$	(322,797)	$	(0.01)	$	(359,194)	$	(0.01)
September 30, 2022	$	-	$	(297,319)	$	(0.01)	$	(351,800)	$	(0.01)
June 30, 2022	$	-	$	(105,789)	$	(0.00)	$	(207,334)	$	(0.01)
March 31, 2022	$	-	$	(135,135)	$	(0.00)	$	(399,079)	$	(0.01)

Historical quarterly results of operations and loss per share do not necessarily reflect any recurring expenditure patterns or predictable trends. The Company's expenditure is driven by the availability of financing to fund continued operations. The Company incurred an increased loss for the three months ended September 30, 2023, while the Company engaged strategic partners and focused on digital marketing campaigns to broaden and heighten the Company's brand and investor awareness and commence the development of Scarlett. The Company experienced a decrease in loss for the three months ended December 31, 2023, as compared to the previous quarter, as a result of decreased advertising expenses, as the marketing campaign was completed prior to the beginning of the three months ended December 31, 2023, offset by write-offs and research and development expenses for the continued development of the Scarlett application.

CAPITAL RESOURCES AND LIQUIDITY

The Company's working capital as at December 31, 2023 was $481,590 compared to working capital of $846,486 as at December 31, 2022. The decrease in working capital of $364,896 during the year ended December 31, 2023 is due to an increase in cash of $315,404 as a result of completing financing during the period, net of operating and investing activities as detailed below in "*Capital Resources and Liquidity – Cash Flows*", offset by a decrease in inventory of $716,477 related to impairment, a decrease in amounts receivable of $11,377 related to sales tax receivables, a decrease in prepaid expenses and deposits of $49,915 due to the timing of payments and agreement terms with third parties, and a decrease in accounts payable and accrued liabilities of $97,469 due to the timing of payments to third parties.

Going Concern

The accompanying consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations.

For the year ended December 31, 2023, the Company had negative cash flows from continuing operations of $1,735,217, a net loss of $1,738,936, and as at that date an accumulated deficit of $8,341,671. As at December 31, 2023, the Company had working capital of $481,590. These factors indicate the existence of material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

(Stated in Canadian Dollars)

The Company's ability to continue its operations and to realize assets at their carrying values is dependent upon its ability to raise adequate financing from external sources and generate profits and positive cash flows from operations in order to carry out its business objectives. The Company will require additional financing for continuing operations, to evaluate strategic opportunities, and for working capital purposes. However, there is no assurance that the Company will be able to secure such financing on favorable terms. The accompanying consolidated financial statements do not give effect to any adjustments required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in the Company's consolidated financial statements. Such adjustments could be material.

Cash Flows

The Company's cash flows for the years ended December 31, 2023 and 2022 are summarized in the table below.

	Year ended December 31, 2023	Year ended December 31, 2022
Cash used in continuing operating activities	$ (1,735,217)	$ (915,077)
Cash used in discontinued operating activities	(98,632)	(422,663)
Cash provided by (used in) continuing financing activities	2,153,201	(150,000)
Cash provided by (used in) discontinued financing activities	-	-
Foreign exchange on cash	(3,948)	47,421
Change in cash for the year	315,404	(1,440,319)
Cash, beginning of the year	247,301	1,687,620
Cash, end of the year	$ 562,705	$ 247,301

In determining cash used in operating activities, the loss reported for the year is adjusted for non-cash items including, but not limited to, accrued interest income and gains and losses on foreign exchange. Cash used in operating activities also reflects changes in working capital items, such as amounts receivable, prepaid expenses and deposits, inventory, and accounts payable and accrued liabilities, which fluctuate in a manner that does not necessarily reflect predictable patterns for the overall use of cash. The generation of working capital is dependent on sources of financing to fund continuing operations.

Cash provided by financing activities for the year ended December 31, 2023 totaled $2,153,201 and primarily related to two non-brokered private placements for gross proceeds of $2,000,000, net of share issuance costs of $130,127. During the year ended December 31, 2023, cash provided by warrant exercises amounted to $283,328. Refer to *"Share Capital."* Cash used by financing activities for the year ended December 31, 2022 of $150,000 related to the repurchase and cancellation of 500,000 common shares and 250,000 warrants of the Company.

OFF-BALANCE SHEET ARRANGEMENTS

During the reporting periods there were no off-balance sheet arrangements.

(Stated in Canadian Dollars)

RELATED PARTY TRANSACTIONS

Key management personnel are those having authority and responsibility for planning, directing, and controlling the activities of the Company, directly or indirectly, and include the Company's executive officers and members of the Board of Directors. Key management compensation consisted of the following:

	Year ended December 31,	
	2023	**2022**
Consulting fees:		
Spiral Investment Corp.; a company controlled by Gurcharn Deol, Director	**$ 36,000**	$ 18,000
9317-3516 Quebec Inc.; a company controlled by Meissam Hagh Panah, Director	**6,449**	1,500
Salaries and benefits:		
Kate-Lynn Genzel, Former Chief Financial Officer	**14,950**	31,200
	$ 57,399	$ 50,700

Loan receivable

On January 4, 2021, the Company entered into a loan agreement for a principal balance of $388,472 payable by the Company's Former CEO, Avneesh Dhaliwal (the "CEO Loan Agreement"). The loan was provided to Ms. Dhaliwal for the purpose of purchasing common shares of the Company from former shareholders. The principal balance accrued interest at a rate of 4% per annum. The principal balance and all accrued interest thereon were due within 30 business days of the Company providing written notice of demand to Ms. Dhaliwal. The loan was repayable to the Company at any time without further bonus or penalty.

On November 16, 2022, the Company and the Company's Former CEO, Avneesh Dhaliwal, entered into a share purchase agreement pursuant to which Ms. Dhaliwal returned 971,180 common shares of the Company with a fair value of $388,472 in exchange for the settlement of the principal balance and accrued interest of the CEO Loan Agreement. 971,180 common shares of the Company were subsequently cancelled and returned to the treasury.

During the year ended December 31, 2023, the Company accrued interest income with respect to the loan receivable of $Nil (December 31, 2022 - $13,623).

Accounts payable and accrued liabilities

As at December 31, 2023, accounts payable and accrued liabilities includes $3,150 (December 31, 2022 - $18,900) related to consulting fees due to Spiral Investment Corp., a company controlled by Gurcharn Deol, Director. The amount is unsecured, non-interest bearing, and has no fixed terms of repayment.

As at December 31, 2023, accounts payable and accrued liabilities includes $500 (December 31, 2022 - $602) related to consulting fees due to 9317-3516 Quebec Inc., a company controlled by Meissam Hagh Panah, Director. The amount is unsecured, non-interest bearing, and has no fixed terms of repayment.

As at December 31, 2023, accounts payable and accrued liabilities includes $116 (December 31, 2022 - $67) related to general and administration expenses due to Avneesh Dhaliwal, Former Director, Corporate Secretary and CEO. The amount was unsecured, non-interest bearing, and had no fixed terms of repayment.

(Stated in Canadian Dollars)

Accounts receivable and prepayments

As at December 31, 2023, prepaid expenses include $625 (December 31, 2022 - $Nil) related to an overpayment of consulting fees paid to 9317-3516 Quebec Inc., a company controlled by Meissam Hagh Panah, Director, during the year.

Transactions with related parties were measured based on the consideration established and agreed to by the related parties. All services were made on terms equivalent to those that prevail with arm's length transactions.

SHARE CAPITAL

The Company is authorized to issue an unlimited number of common shares without par value.

As at the date of the MD&A:

Security	Number outstanding
Common shares issued	56,528,815
Warrants	11,343,349
	67,872,164

During the year ended December 31, 2023:

On February 24, 2023, the Company closed a non-brokered private placement and issued 2,000,000 units of the Company for gross proceeds of $500,000. Each unit is comprised of one common share of the Company and one-half of one warrant. Each whole warrant is exercisable into one common share of the Company at an exercise price of $0.35 per common share and expires on February 24, 2024. The Company paid finder's fees of $28,000 and issued 112,000 finder's warrants in connection with closing the non-brokered private placement. Each finder's warrant is exercisable into one common share of the Company at an exercise price of $0.35 per common share and expires on February 24, 2024.

On August 10, 2023, the Company issued 10,000 common shares pursuant to the exercise of 10,000 warrants for gross proceeds of $5,000.

On August 16, 2023, the Company issued 25,000 common shares pursuant to the exercise of 25,000 warrants for gross proceeds of $12,500.

On August 18, 2023, the Company closed a non-brokered private placement and issued 3,750,000 units of the Company for gross proceeds of $1,500,000. Each unit is comprised of one common share of the Company and one-half of one warrant. Each whole warrant is exercisable into one common share of the Company at an exercise price of $0.50 per common share and expired on August 18, 2024. The Company paid finder's fees of $95,200 and issued 238,000 finder's warrant in connection with closing the non-brokered private placement. Each finder's warrant is exercisable into one common share of the Company at an exercise price of $0.50 per common share and expires on August 18, 2024.

On September 8, 2023, 531,656 agent compensation options ("ACOs") were exercised for gross proceeds of $265,828, and as a result the Company issued 648,620 units with each unit consisting of one common share and one-half of one warrant. Each whole warrant is exercisable into one common share of the Company at an exercise price of $0.75 per common share and expires on July 25, 2024. In connection with the ACOs exercised, $138,869 was reclassified from reserves to share capital.

During the year ended December 31, 2023, the Company incurred 6,927 of legal costs associated with the share issuances throughout the year.

MATERIAL ACCOUNTING POLICIES AND ESTIMATES

The preparation of 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 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. The accompanying consolidated financial statements have been prepared using the judgments, estimates and assumptions summarized below.

Going concern

The assessment of the Company's ability to continue as a going concern and to raise sufficient funds to pay its ongoing operating expenditures and to meet its liabilities for the ensuing year, involves significant judgment based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances. Refer to "*Capital Resources and Liquidity*".

Inventory

Inventory consists of raw materials, work in progress, shipping materials, and finished goods recorded at the lower of cost and net realizable value. Inventory previously represented a significant portion of the asset base of the Company and its value was reviewed at each reporting period. Inventories are written down to net realizable value when the cost of inventories is estimated to be unrecoverable due to obsolescence, expiry, damage, or slow moving. The assessment of whether inventory is slow moving is subject to management's estimates of future sales forecasts and expected shelf lives of inventory. Actual net realizable value can vary from the estimated provision. During the year ended December 31, 2023 inventory was impaired due to the decision taken to cease the operations of Ambari USA (Discontinued operation section).

STANDARDS ISSUED BUT NOT YET EFFECTIVE

IAS 1, Presentation of Financial Statements ("IAS 1"): In October 2022, the IASB issued amendments to IAS 1 titled Non-current Liabilities with Covenants. These amendments seek to improve the information that an entity provides when its right to defer settlement of a liability is subject to compliance with covenants within 12 months after the reporting period. These amendments to IAS 1 do not override but incorporate the previous amendments, Classification of Debt as Current or Non-current, issued in January 2020, which clarified that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Liabilities should be classified as non-current if a company has a substantive right to defer settlement for at least 12 months at the end of the reporting period. The amendments are effective January 1, 2024, with early adoption permitted. Retrospective application is required on adoption. The Company does not expect these amendments to have a material effect on its consolidated financial statements.

NEW ACCOUNTING STANDARDS ADOPTED DURING THE YEAR

IAS 1and IFRS Practice Statement 2: In February 2021, the IASB issued amendments to IAS 1 and the IFRS Practice Statement 2 Making Materiality Judgments to provide guidance on the application of materiality judgments to accounting policy disclosures. The amendments to IAS 1 replace the requirement to disclose 'significant' accounting policies with a requirement to disclose 'material' accounting policies. Guidance and illustrative examples are added in the Practice Statement to assist in the application of materiality concept when making judgments about accounting policy disclosures. The amendments are effective for periods beginning January 1, 2023, with early adoption permitted. Prospective application is required on adoption.

The Company has reduced the disclosures within these consolidated financial statements upon adoption of the amendments in the standard.

FINANCIAL AND OTHER INSTRUMENTS

Financial instruments that are measured subsequent to initial recognition at fair value are grouped in levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- 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 (unobservable inputs).

The Company uses judgment to select the methods used to make certain assumptions and in performing the fair value calculations in order to determine (a) the values attributed to each component of a transaction at the time of their issuance; (b) the fair value measurements for certain instruments that require subsequent measurement at fair value on a recurring basis; and (c) for disclosing the fair value of financial instruments subsequently carried at amortized cost. These valuation estimates could be significantly different because of the use of judgment and the inherent uncertainty in estimating the fair value of these instruments that are not quoted in an active market.

The Company's financial instruments consist of cash, trade receivables, and accounts payable and accrued liabilities. The Company has no financial instruments carried at fair value.

The carrying value of the Company's financial instruments approximate their fair values due to their short-term maturities.

There were no transfers between the levels of the fair value hierarchy during the year ended December 31, 2023 or 2022.

The Company's risk exposures and the impact on the Company's financial instruments are summarized below.

Credit risk

Financial instruments that potentially subject the Company to a significant concentration of credit risk consist primarily of cash and trade receivables. The risk arises from the non-performance by counterparties of contractual financial obligations. To minimize credit risk, the Company places cash with high credit quality financial institutions. The Company's trade receivables consists of sales orders due from reputable luxury department stores, distributors, and third-party credit card processing services; and as such, amounts receivable are not subject to significant credit risk.

Interest rate risk

Interest rate risk is the risk that future cash flows will fluctuate because of changes in market interest rates. The interest earned on cash is insignificant. The Company does not rely on interest income to fund its operations and does not have any interest-bearing debt.

Liquidity risk

All of the Company's financial liabilities are classified as current and are anticipated to mature within the next 12 months. The Company intends to settle these with funds from its positive working capital position.

The tables below summarize the maturity profile of the Company's financial liabilities.

As at December 31, 2023	Less than 1 year	1 – 3 years	4 – 5 years	Later than 5 years	Total
Accounts payable and accrued liabilities	$ 136,658	$ -	$ -	$ -	$ 136,658
Total liabilities	$ 136,658	$ -	$ -	$ -	$ 136,658

Foreign currency risk

The Company may be exposed to foreign currency risk on fluctuations related to cash balances that are denominated in a foreign currency. As at December 31, 2023, the Company held cash denominated in US dollars of US$27,560 (December 31, 2022 – US$10,709), trade receivables of US$255 (December 31, 2022 – US$1,954) and trade payables of US$27,643 (December 31, 2022 – US$61,929) denominated in US dollars which expose the Company to minimal foreign currency exchange rate risk. The Company currently does not plan to enter into foreign currency future contracts to mitigate this risk as the Company consider this risk to be immaterial.

APPROVAL

The Board of Directors of the Company has approved the disclosure contained in this MD&A.

SUBSEQUENT EVENTS

On February 24, 2024, 1,112,000 warrants with an exercise price of $0.35 expired without being exercised.