

MOJAVE BRANDS INC.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Nine Months Ended May 31, 2023

(Unaudited – Prepared by Management)

(EXPRESSED IN CANADIAN DOLLARS)

MANAGEMENT'S RESPONSIBILITY FOR INTERIM FINANCIAL REPORT

The accompanying unaudited condensed consolidated interim financial report of Mojave Brands Inc. (the "Company") has been prepared by and is the responsibility of the Company's management.

MOJAVE BRANDS INC.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Unaudited – Prepared by Management)

	Note	May 31, 2023	August 31, 2022
ASSETS			
Current assets			
Cash		\$ 751,946	\$ 881,136
Prepaid		2,794	2,906
Total assets		\$ 754,740	\$ 884,042
LIABILITIES AND EQUITY			
Current liabilities			
Accounts payables and accrued liabilities	5	\$ 156,985	\$ 139,906
Non-current liabilities			
Loan payable	7	-	40,000
Total liabilities		156,985	179,906
Equity			
Share capital	8	55,937,788	55,937,788
Share-based payments reserve	9	7,020,615	7,020,615
Deficit		(62,360,648)	(62,254,267)
Total equity		597,755	704,136
Total liabilities and equity		\$ 754,740	\$ 884,042

Nature of business (Note 1)

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

MOJAVE BRANDS INC.**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS**

(Unaudited – Prepared by Management)

	Note	Three Months Ended May 31, 2023	Three Months Ended May 31, 2022	Nine Months Ended May 31, 2023	Nine Months Ended May 31, 2022
Expenses					
Accounting and audit		\$ 2,000	\$ 1,932	\$ 8,656	\$ 8,332
Consulting		27,000	-	27,000	250
Filing and transfer agent		3,427	3,066	16,834	13,093
Legal fees		10,165	840	16,738	12,636
Management fees	7	22,500	30,000	67,500	90,000
Office and general		1,681	914	9,326	3,632
Shareholder information		-	-	2,918	475
Loss before items below		(66,773)	(36,752)	(148,972)	(128,418)
Foreign exchange gain (loss)		(260)	(1,490)	18,587	2,849
Interest income		6,085	3,704	14,004	4,743
Gain on loan repayment	6	-	-	10,000	-
Recovery of doubtful receivables		-	-	-	201,118
Net income (loss) from continuing operations		(60,948)	(34,538)	(106,381)	78,802
Net income (loss) from discontinued operations	4	-	(1,116)	-	32,759
Net income (loss) and comprehensive income (loss) for the period		\$ (60,948)	\$ (35,654)	\$ (106,381)	\$ 111,561
Basic and diluted income (loss) per common share					
Continuing operations		\$ (0.01)	\$ (0.00)	\$ (0.01)	\$ 0.01
Discontinued operations		\$ (0.00)	\$ 0.00	\$ (0.00)	\$ 0.00
		\$ (0.01)	\$ (0.00)	\$ (0.01)	\$ 0.01

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

MOJAVE BRANDS INC.**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

(Unaudited – Prepared by Management)

	Number of Shares	Share capital	Share-based payments reserve	Deficit	Total equity
Balance, August 31, 2022	10,242,428	\$ 55,937,788	\$ 7,020,615	\$ (62,254,267)	\$ 704,136
Comprehensive loss for the period	-	-	-	(106,381)	(106,381)
Balance, May 31, 2023	10,242,428	\$ 55,937,788	\$ 7,020,615	\$ (62,360,648)	\$ 597,755

	Number of Shares	Share capital	Share-based payments reserve	Deficit	Total equity
Balance, August 31, 2021	10,242,428	\$ 55,937,788	\$ 7,020,615	\$ (62,321,386)	\$ 637,017
Comprehensive income for the period	-	-	-	111,561	111,561
Balance, May 31, 2022	10,242,428	\$ 55,937,788	\$ 7,020,615	\$ (62,209,825)	\$ 748,578

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

MOJAVE BRANDS INC.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
NINE MONTHS ENDED MAY 31
(Unaudited – Prepared by Management)

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income (loss) from continuing operations for the period	\$ (106,381)	\$ 78,802
Items not affecting cash:		
Foreign exchange loss	2,017	202
Gain on loan repayment	(10,000)	-
Changes in non-cash working capital items:		
GST recoverable	-	2,848
Prepaid expenses	112	11,802
Trade and other payables	15,062	(26,630)
Amounts due to related parties	-	(109,750)
Net cash used in operating activities	(99,190)	(42,726)
Net cash used in operating activities of discontinued operations	-	32,759
	(99,190)	(9,967)
CASH FLOWS FROM FINANCING ACTIVITIES		
Loan proceeds from related party	-	(8,820)
Loan repayment	(30,000)	-
Net cash provided by (used in) financing activities	(30,000)	(8,820)
Change in cash during the period	(129,190)	(18,787)
Cash, beginning of the period	881,136	915,068
Cash, end of the period	\$ 751,946	\$ 896,281

There are no significant non-cash investing and financing transactions during the nine months ended May 31, 2023 and 2022.

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

MOJAVE BRANDS INC.**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

NINE MONTHS ENDED MAY 31, 2023

(Unaudited – Prepared by Management)

1. NATURE OF BUSINESS

Mojave Brands Inc., (the “Company”) was incorporated in British Columbia on November 12, 2010. The registered office address of the Company is 1500 – 1055 West Georgia Street, P.O. Box 11117, Vancouver, BC, V6E 4N7. The principal place of business address is 2050 – 1055 West Georgia Street, P.O. Box 11121, Royal Centre, Vancouver, BC, V6E 3P3. The Company is a reporting issuer in British Columbia, Ontario and Alberta, and its common shares are traded on the Canadian Securities Exchange under the symbol “MOJO” and on the Frankfurt Exchange under symbol “FSE: 0HCN”.

The Company’s principal business was the manufacturing, processing and sale of cannabis extracts. Currently the Company is not generating revenues as it has closed down all its operations in the US, and plans to seek out other potential strategic alliances, joint venture, acquisition, or merger opportunities.

These consolidated financial statements have been prepared based on accounting principles applicable to a going concern, which assumes the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The Company has incurred losses since inception with an accumulated deficit as at May 31, 2023 of \$62,299,700. The continuing operations of the Company are dependent upon its ability to continue to raise adequate financing and to commence profitable operations in the future and repay its liabilities arising from normal business operations as they become due. Management believes that the current cash position will be sufficient to fund the Company’s operating requirements for at least the next 12 months. Should the Company identify a business acquisition opportunity, it would be required to raise additional capital to finance the transaction.

These consolidated financial statements do not include any adjustments to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

These consolidated financial statements were approved by the Board of Directors and authorized for issuance by the Board of Directors on July 30, 2023.

2. BASIS OF PREPARATION**Statement of compliance**

These condensed unaudited interim consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (“IFRS”), as issued by International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”), applicable to the preparation of interim financial statements, including International Accounting Standard (“IAS”) 34 *Interim Financial Reporting*.

The condensed interim consolidated financial statements do not include all of the disclosures required for a complete set of annual financial statements and should be read in conjunction with the audited annual financial statements for the year ended August 31, 2022, which have been prepared in accordance with IFRS as issued by the IASB.

Basis of consolidation

These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary, Coachellagro Corp. The financial statements of the subsidiary are included in the consolidated financial statements from the date that control commences until the date that control ceases. All inter-company transactions, balances, income and expenses are eliminated in full on consolidation.

MOJAVE BRANDS INC.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

NINE MONTHS ENDED MAY 31, 2023

(Unaudited – Prepared by Management)

2. BASIS OF PREPARATION (cont'd...)

Functional and presentation currency

These consolidated financial statements are presented in Canadian dollars, which is the functional currency of the Company. The functional currency for the subsidiary of the Company is the United States dollar (“USD”), and the financial statement items of the subsidiary are measured using that functional currency.

Basis of measurement

These consolidated financial statements have been prepared on a historical cost basis except for certain financial instruments that are measured at fair values. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

Significant accounting estimates and judgments

The preparation of the Company’s consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management’s experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from those estimates and judgments. The impacts of such estimates are pervasive throughout the financial statements and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised.

Areas requiring a significant degree of estimation and judgment by the Company’s management relate to but are not limited to:

- the fair value measurements for financial instruments;
- the recoverability and measurement of deferred tax assets and liabilities; and
- whether the Company has sufficient financing to operate as a going concern.

Actual results may differ from those estimates and judgments.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out in the Company’s audited annual consolidated financial statements for the year ended August 31, 2022 were consistently applied to all the periods presented unless otherwise noted below.

New accounting standards

There were no new or amended IFRS pronouncements effective September 1, 2022 that impacted the Company’s interim consolidated financial statements.

MOJAVE BRANDS INC.**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

NINE MONTHS ENDED MAY 31, 2023

(Unaudited – Prepared by Management)

4. DISCONTINUED OPERATIONS

Coachellagro Corp. (“Coachellagro”)

Coachellagro owns a parcel of land in Coachella, California, where the Company intended to build a facility. During the year ended August 31, 2019, the Company determined that it would no longer pursue the development of the land and committed to a plan to locate a buyer for the land. As a result, the Company reclassified Coachellagro as an asset held for sale and recorded an impairment of \$5,077,872 to write down the asset group to the lesser of its carrying value and fair value less cost to sell, which was determined through an assessment of the market value of similar parcels of land. During the year ended August 31, 2020, the Company assessed a further impairment of \$889,215 due to the decrease in value of the land. During the year ended August 31, 2021, the Company sold the land and realized a loss of \$88,546.

The net income (loss) attributable to Coachellagro are summarized as follows:

	Nine months ended May 31, 2023	Year ended August 31, 2022
State franchise tax	\$ -	\$ (3,772)
Other income	-	36,531
Income from discontinued operations	\$ -	\$ 32,759

5. TRADE AND OTHER PAYABLES

	May 31, 2023	August 31, 2022
Trade payables	\$ 156,985	\$ 121,205
Accrued liabilities	-	18,701
	\$ 156,985	\$ 139,906

Trade payables of the Company are principally comprised of amounts outstanding for trade purchases relating to general operating activities. The usual credit period taken for trade purchases is between 30 to 90 days.

6. LOAN PAYABLE

In May 2020, the Company opened a Canada Emergency Business Account (“CEBA”) and received a loan of \$40,000 from the Canadian Government. The loan is unsecured and non-interest bearing until December 31, 2023. The principal amount of the loan will be reduced to \$30,000 if it is repaid before December 31, 2023. In February 2023, the Company repaid \$30,000 of the loan principal and recognized a gain of \$10,000.

MOJAVE BRANDS INC.**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

NINE MONTHS ENDED MAY 31, 2023

(Unaudited – Prepared by Management)

7. RELATED PARTY TRANSACTIONS AND BALANCES

Key management personnel include directors (executive and non-executive) and officers of the Company. The compensation paid or payable to key management personnel and entities over which they have control or significant influence during the nine month periods ended May 31 is as follows:

	2023	2022
Management fees	\$ 67,500	\$ 90,000

The Company entered into the following transactions with related parties during the nine months ended May 31, 2023:

a) Incurred management fees of \$67,500 (2022 - \$90,000) to a company controlled by a director of the Company.

The Company has entered into an administrative services agreement with a company controlled by a director of the Company for administrative and accounting services for a monthly fee of \$7,500.

8. SHARE CAPITAL**Authorized share capital**

The Company has authorized an unlimited number of common shares with no par value.

Issued share capital

At August 31, 2022 and May 31, 2023, the Company had 10,242,428 common shares outstanding.

9. SHARE-BASED PAYMENTS**Stock options**

The Company's Board of Directors approved the implementation of an aggregate maximum of 10% of the issued and outstanding common shares may be issued for granting of options to directors, senior officers, full time employees of the Company, affiliates or subsidiaries, or any consultants to the Company. The terms of the awards under the Plan are determined by the Board of Directors.

The Company had no stock option transactions during the year ended August 31, 2022 and the nine months ended May 31, 2023.

The options outstanding at May 31, 2023 have an exercise price of \$8.50 and a weighted average remaining contractual life of 0.94 year.

As at May 31, 2023, the following stock options were outstanding:

Number of Options	Exercise Price	Expiry Date
20,000	\$ 8.50	May 8, 2024

MOJAVE BRANDS INC.**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

NINE MONTHS ENDED MAY 31, 2023

(Unaudited – Prepared by Management)

9. SHARE-BASED PAYMENTS (cont'd...)**Performance Share Units and Restricted Share Units**

The Company's Board of Directors approved the implementation of a restricted share unit plan (the "RSU Plan"). Under the RSU Plan, eligible persons may (at the discretion of the Board) be allocated several RSUs as the Board deems appropriate, with vesting provisions also to be determined by the Board, subject to a maximum vesting term of three (3) years from the end of the calendar year in which RSUs were granted. Upon vesting, eligible participants shall be entitled to a cash payment equal to the number of RSUs granted, multiplied by the fair market value of the Company's common shares on the redemption date. The Company shall also have the option (at the discretion of the Board) to settle amounts owing to eligible persons via the issuance of common shares of the Company.

The Company had no RSU transactions during the year ended August 31, 2022 and the nine months ended May 31, 2023. There were no RSUs outstanding as at August 31, 2022 and May 31, 2023.

Warrants

Warrants are issued as private placement incentives. Agents' warrants are measured at fair value on the date of the grant as determined using the Black-Scholes option pricing model.

Warrant transactions are summarized as follows:

	Number of Warrants	Weighted Average Exercise Price
Balance, August 31, 2021	6,387,220	\$ 0.88
Warrants expired	(637,220)	7.50
Balance, August 31, 2022 and May 31, 2023	5,750,000	\$ 0.15

The warrants outstanding at May 31, 2023 have an exercise price of \$0.15 and a weighted average remaining contractual life of 2.12 years.

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

Number of Warrants	Exercise Price	Expiry Date
5,750,000	\$ 0.15	July 12, 2025

The share-based payment reserve records items recognized as share-based compensation expense and other share-based payments until such time that the stock options or warrants are exercised, at which time the corresponding amount will be transferred to share capital.

MOJAVE BRANDS INC.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

NINE MONTHS ENDED MAY 31, 2023

(Unaudited – Prepared by Management)

10. FINANCIAL INSTRUMENTS

As of May 31, 2023, the carrying amounts of accounts payables carried at amortized cost are considered a reasonable approximation of their fair values due to the relatively short period to maturity of these financial instruments.

Financial risk management

The Company's financial risks arising from its financial instruments are credit risk, liquidity risk, and interest rate risk. Risk management is carried out by the Company's management team with guidance from the Audit Committee under policies approved by the Board of Directors. The Board of Directors also provides regular guidance for overall risk management.

Credit risk

Credit risk is the risk of potential loss to the Company if the counter party to a financial instrument fails to meet its contractual obligations. The credit risk of the Company is associated with cash. The credit risk with respect to its cash is minimal as they are held with high-credit quality financial institutions.

Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have enough liquidity to meet liabilities when due. As at May 31, 2023, the Company has a cash balance of \$751,946 and current liabilities of \$156,985. The Company's accounts payable have contractual maturities of less than 30 days and are subject to normal trade terms.

Interest rate risk

The Company is exposed to interest rate risk arising from cash held in Canadian financial institutions. The interest rate risk on cash is not considered significant due to its short-term nature and maturity. The exposure to interest rates for the Company is considered minimal.

MOJAVE BRANDS INC.**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

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(Unaudited – Prepared by Management)

11. FAIR VALUE MEASUREMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value hierarchy establishes three levels to classify the inputs to valuation techniques used to measure fair value. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 inputs are quoted prices in markets that are not active, quoted prices for similar assets or liabilities in active markets, inputs other than quoted prices that are observable for the asset or liability, or inputs that are derived principally from or corroborated by observable market data or other means. Level 3 inputs are unobservable (supported by little or no market activity). The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs.

Financial instruments measured at fair value on the statement of financial position are summarized in levels of fair value hierarchy as follows. There have been no changes in these levels and no changes in classifications during the nine months ended May 31, 2023.

	Level 1	Level 2	Level 3	Total
May 31, 2023				
Cash	\$ 751,946	\$ -	\$ -	\$ 751,946
August 31, 2022				
Cash	\$ 881,136	\$ -	\$ -	\$ 881,136

12. CAPITAL MANAGEMENT

The Company manages its capital structure and adjusts it, based on the funds available to the Company to support the growth and development of its subsidiaries and additional acquisition opportunities. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The Company defines capital to include all components of its shareholders' equity.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management during the period. The Company is not subject to externally imposed capital requirements.