Condensed Consolidated Interim Financial Statements of

YERBAÉ BRANDS CORP

Three-months ended March 31, 2023 and 2022
Unaudited Expressed in U.S. Dollars

NOTICE OF NO AUDITOR REVIEW OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3 (3) (a), if an auditor has not performed a review of the condensed consolidated interim financial statements, they must be accompanied by a notice indicating that an auditor has not reviewed the financial statements.

The accompanying unaudited condensed consolidated interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these condensed consolidated interim financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

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CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION
(Unaudited - Expressed in U.S. Dollars)

March 31, 2023 and December 31, 2022

	March 31, 2023	December 31, 2022
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$268,994	$856,547
Accounts receivable (Note 2)	$768,570	$922,725
Inventories (Note 6)	$1,009,345	$921,954
Unamortized incentives	$21,635	$21,635
Prepaid expenses and other current assets	$32,615	$116,861
Total current assets	$2,101,159	$2,839,722
Property and equipment, net (Note 5)	$178,527	$191,200
OTHER ASSETS		
Right-of-use assets - operating leases	$340,411	$340,411
TOTAL ASSETS	$2,620,098	$3,371,333
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)		
CURRENT LIABILITIES		
Accounts payable	$2,265,724	$2,733,015
Current maturities of notes payable (Note 8)	$161,681	$3,811,622
Due to Ampla (Note 7)	$548,829	$879,555
Current portion of long-term operating lease liabilities	$74,272	$74,272
Accrued interest	$2,589	$46,264
Accrued expenses	$672,703	$668,164
Total current liabilities	$3,725,798	$8,212,892
NONCURRENT LIABILITIES		
Long-term operating lease liabilities	$296,913	$296,913
Notes payable (Note 8)	$261,829	$279,882
Total noncurrent liabilities	$558,742	$576,795
Total liabilities	$4,284,540	$8,789,687
STOCKHOLDERS' EQUITY (DEFICIT)		
Common stock (Note 9)	$3,411	$1,923
Additional paid-in capital	$25,318,425	$5,977,997
Additional paid-in capital - stock options	$557,831	$502,551
Warrants outstanding	$3,429,228	$2,546,912
Accumulated deficit	($30,973,338)	($14,447,737)
Total stockholders' equity (deficit)	($1,664,442)	($5,418,354)
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)	$2,620,098	$3,371,333

See accompanying notes to financial statements

YERBAÉ BRANDS CORP

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF LOSS
(Unaudited - Expressed in U.S. Dollars)

For the Three-months Ended March 31, 2023 and 2022

	March 31, 2023	March 31, 2022
REVENUES		
Gross revenues	$3,691,362	$1,647,237
Less discounts	($172,353)	($116,804)
Total net revenues	$3,519,009	$1,530,433
COST OF SALES	$1,757,015	$519,283
Gross profit	$1,761,994	$1,011,150
OPERATING EXPENSES	$16,998,460	$2,490,240
Loss from operations	($15,236,467)	($1,479,090)
OTHER INCOME (EXPENSE)		
Interest expense	($46,185)	($27,066)
Accretion expense	($1,242,949)	$0
Total other income (expense)	($1,289,134)	($27,066)
NET LOSS BEFORE INCOME TAXES	($16,525,601)	($1,506,156)
Income tax expense	-	-
NET LOSS	($16,525,601)	($1,506,156)
LOSS PER SHARE		
Basic (Note 14)	($0.36)	($0.05)

See accompanying notes to financial statements

YERBAÉ BRANDS CORP

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY (DEFICIT)
(Unaudited - Expressed in U.S. Dollars)

For the Three-months Ended March 31, 2023 and 2022

	Common Stock		Additional Paid-In Capital	Additional Paid-In Capital - Stock Options	Warrants Outstanding	Accumulated Deficit	Total
	Number of Shares	Amount					
BALANCE (DEFICIT), DECEMBER 31, 2021	29,383,364	$ 1,840	$ 4,928,816	$ -	$ -	$ (5,347,311)	$ (416,655)
Net loss	-	-	-	-	-	(1,506,156)	(1,506,156)
BALANCE (DEFICIT), MARCH 31, 2022	29,383,364	1,840	4,928,816	-	-	(6,853,467)	(1,922,811)
BALANCE (DEFICIT), DECEMBER 31, 2022	30,217,566	$ 1,923	$ 5,977,997	$ 502,551	$ 2,546,912	$ (14,447,737)	$ (5,418,354)
Issuance of common stock (Note 9)	24,392,764	1,488	19,340,428	-	-	-	19,341,917
Stock compensation expense (Note 10)	-	-	-	55,280	-	-	55,280
Warrants outstanding (Note 11)	-	-	-	-	882,316	-	882,316
Net loss	-	-	-	-	-	(16,525,601)	(16,525,601)
BALANCE (DEFICIT), MARCH 31, 2023	54,610,330	3,411	25,318,425	557,831	3,429,228	(30,973,338)	(1,664,442)

See accompanying notes to financial statements

YERBAÉ BRANDS CORP

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
(Unaudited - Expressed in U.S. Dollars)

For the Three-months Ended March 31, 2023 and 2022

	March 31, 2023	March 31, 2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	$ (16,525,601)	$ (1,506,156)
Adjustments to reconcile net loss to net cash flows from operating activities		
Bad debt	(162)	591
Depreciation	12,673	18,343
Accretion on detachable warrants	1,242,949	-
Noncash operating lease expense	-	-
Noncash listing expense (RTO)	10,362,904	-
Noncash consulting expense	1,410,000	-
Warrants issued	882,316	-
Stock compensation expense	55,280	-
(Increase) decrease in		
Accounts receivable	158,545	(350,314)
Inventory	(87,391)	(308,061)
Prepaid expenses and other current assets	76,550	19,991
Increase (decrease) in		
Accounts payable	(476,351)	211,109
Accrued interest	(44,306)	(791)
Accrued expenses	8,679	137,153
Total adjustments	13,601,687	(271,979)
Net cash from operating activities	(2,923,914)	(1,778,135)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	-	(54,437)
Net cash from investing activities	-	(54,437)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments to Ampla	(1,231,733)	(314,481)
Proceeds from Ampla	901,169	1,104,360
Payments on note payable	(510,944)	(10,374)
Proceeds from note payable	100,000	-
Proceeds from issuance of common stock	3,069,011	1,020,000
Net cash from financing activities	2,327,503	1,799,505
NET INCREASE IN CASH AND CASH EQUIVALENTS	(596,411)	(33,067)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	865,406	348,500
CASH AND CASH EQUIVALENTS, END OF PERIOD	$ 268,995	$ 315,433
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash paid for interest	$ (89,685)	$ (27,066)

See accompanying notes to financial statements

1. DESCRIPTION OF BUSINESS

Yerbaé Brands Corp. ("**Yerbaé**" or the "**Company**"), is a beverage manufacturer and marketing company incorporated pursuant to the provisions of the *Business Corporations Act* (British Columbia) ("**BCBCA**"), that produces products for the consumer-packaged goods industry. Yerbaé's head office is located at 18801 N. Thompson Peak Parkway, Suite D-380, Scottsdale, Arizona 85255 and its registered and records office is located at 800-885 West Georgia Street, Vancouver, British Columbia, V6C 3H1

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of the significant accounting policies followed by the Company:

Basis of Preparation

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standards ("**IAS**") 34, Interim Financial Reporting as issued by the International Accounting Standards Board and use the same accounting policies as the most recent audited annual financial statements. These condensed consolidated interim financial statements do not include all of the disclosures required for annual financial statements prepared in accordance with International Financial Reporting Standards ("**IFRS**") and should be read in conjunction with the annual audited financial statements of the Company for December 31, 2022. The condensed consolidated interim financial statements of the Company for the three-month periods ending March 31, 2023 and 2022 were authorized for issue by the Company's Board of Directors on May 30, 2023.

Current Versus Noncurrent Classification

The Company presents assets and liabilities in the statement of financial position based on current/noncurrent classification. An asset is current when it is:

- expected to be realized or intended to be sold or consumed in the normal operating cycle,
- held primarily for the purpose of trading,
- expected to be realized within twelve months after the reporting period, or
- cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

All other assets are classified as noncurrent.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A liability is current when:

- it is expected to be settled in the normal operating cycle,
- it is held primarily for the purpose of trading,
- it is due to be settled within twelve months after the reporting date, or
- there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification. The Company classifies all other liabilities as noncurrent. Deferred tax assets and liabilities are classified as noncurrent assets and liabilities.

Significant Accounting Judgments, Estimates, and Assumptions

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Other disclosures relating to the Company's exposure to risks and uncertainties include: financial instruments (See Note 4)

Judgments

In the process of applying the Company's accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognized in the financial statements.

Estimates and Assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which depends on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option or appreciation right, volatility and dividend yield and making assumptions about them.

- Deferred tax assets are recognized for unused tax losses to the extent that it is probable that taxable profit will be available against which the loses can be utilized. Significant management judgement is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies.

Cash and Cash Equivalents

Cash and cash equivalents in the statement of financial position comprise cash at banks and on hand and short-term highly liquid deposits with a maturity date of three months or less, that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value. For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits.

Accounts Receivable

Trade accounts receivable are recorded at the invoiced amount and do not bear interest. Accounts are considered delinquent when the account is not paid within the terms specified for each customer. To reduce credit risk with accounts receivable, the Company performs ongoing evaluations of its customers' financial condition and generally requires no collateral from its customers. The expected credit loss is the Company's best estimate of the amount of probable credit losses in the Company's existing accounts receivable. Account balances are charged off against the allowance after all means of collection have been exhausted and the potential for recovery is considered remote. The Company does not have any off-balance-sheet credit exposure related to its customers.

Inventories

Inventories are valued at the lower of cost or net realizable value with cost determined on a first-in/first-out ("**FIFO**") basis. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment

Property and equipment are recorded at cost. Depreciation is computed on a straight-line method over the following estimated useful lives of the assets:

	Years
Vehicles	5

Depreciation expense totaled $12,673 and $18,343 for the periods ended March 31, 2023 and 2022, respectively.

Revenue From Contracts With Customers

The Company is in the business of manufacturing plant-based beverages and derives its revenues from one primary source, product sales. Revenue from contracts with customers is recognized when control of the goods are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods. The Company has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods before transferring them to the customer.

Product Sales

Contracts with customers include the sale of plant-based beverages. The Company transfers control and recognizes revenue from the sale of product at a point in time upon delivery of the product to customers or distributors pursuant to the terms of the contract. In general, the sale of sparkling water does not include multiple promised goods and services.

Sales taxes collected from customers are excluded from revenues and the obligation is included in accrued liabilities until the taxes are remitted to the appropriate taxing authorities. The Company accounts for shipping and handling activities as a fulfillment of its promise to transfer the goods.

Performance Obligations and Significant Judgments and Estimates

The transaction price is allocated to each distinct performance obligation using an estimate of stand-alone selling price. The stand-alone selling price is generally based on observable prices. The establishment of stand-alone selling price requires judgment as to whether there is a sufficient quantity of items sold on a stand-alone basis and those prices demonstrate an appropriate level of concentration to conclude that a stand-alone selling price exists.

(Unaudited - Expressed in U.S. Dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The following reflects the disaggregation of the Company's net revenue from contracts with customers for the periods ended March 31, 2023 and 2022:

Geographical Region

	March 31, 2023	March 31, 2022
United States - Midwest	$ 1,280,767	$ 403,385
United States - West	1,909,229	789,027
United States - East	329,013	338,021
TOTAL NET REVENUE	$ 3,519,009	$ 1,530,443

Timing of Net Revenue Recognition

	March 31, 2023	March 31, 2022
Goods and services transferred at a point in time	$ 3,519,009	$ 1,530,443
Services transferred over time	-	-
TOTAL NET REVENUE	$ 3,519,009	$ 1,530,443

Products are primarily sold to customers throughout the United States. Product orders are typically processed within five days of order receipt and collected within 30 days from shipment. Various economic factors affect the recognition of revenue and cash flows including availability of products at competitive prices from overseas manufacturers; skilled labor; and prompt payment by customers.

Contract Assets and Liabilities

The timing of revenue recognition, billings, and cash collections results in billed accounts receivable (contract assets) on the statement of financial position. Amounts are billed upon shipment of the products and acceptance by the customer. The Company may request advances or deposits from customers before revenue is recognized, which results in contract liabilities. These contract liabilities are released as the performance obligations are satisfied. As of March 31, 2023 and December 31, 2022, there were no contract liabilities.

	March 31, 2023	December 31, 2022
Accounts receivable	$ 768,570	$ 922,725

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes

Income taxes are provided for the tax effects of transactions reported in the financial statements and consist of taxes currently due plus deferred taxes. Deferred taxes are recognized for differences between the basis of assets and liabilities for financial statement and income tax purpose. The differences relate primarily to depreciable assets, expected credit losses, basis of inventories, and certain liabilities. The deferred tax assets and liabilities represent the future tax return consequences of those differences, which will either be deductible or taxable when the assets and liabilities are recovered or settled. Deferred taxes also are recognized for operating losses and tax credits that are available to offset future taxable income.

Advertising

The Company expenses advertising costs as incurred. Total advertising expense was $349,671 and $622,861 for the three month periods ended March 31, 2023 and 2022, respectively.

Fair Value Measurement

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

Share-Based Payments

The Company records all share-based payments at their fair value. Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured and are recorded at the date the goods or services are received. The corresponding amount is charged to reserves.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Company uses the Black-Scholes option pricing model to estimate the fair value of share-based payments. The share-based payments costs are charged to operations over the stock option vesting period.

Warrants issued are recorded at their fair value using the Black Scholes option pricing model on the date of issue as share issuance costs. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of stock options expected to vest. On the exercise of stock options and warrants, share capital is credited for consideration received and for fair value amounts previously credited to reserves.

Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset over a period of time in exchange for consideration. The Company assesses whether the contract involves the use of an identified asset, whether it has the right to obtain substantially all of the economic benefits from the use of the asset during the term of the contract and it has the right to direct the use of the asset.

The right-of-use asset is subsequently depreciated from the commencement date to the earlier of the end of the lease term, or the end of the useful life of the asset. The right-of-use asset may be reduced due to impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

A lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date discounted by the interest rate implicit in the lease or, if that rate cannot be readily determined the incremental borrowing rate. The lease liability is subsequently measured at amortized cost using the effective interest method. Lease payments included in the measurement of the lease liability comprise fixed payments, variable lease payments, and amounts expected to be payable at the end of the lease term.

The Company does not recognize the right-of-use assets and lease liabilities for short-term leases that have a lease term of twelve months or less. The lease payments associated with these leases are charged directly to income on a straight-line basis over the lease term.

(Unaudited - Expressed in U.S. Dollars)

3. CAPITAL MANAGEMENT

The Company's objective when managing capital is to use short-term funding sources to manage its working capital requirements and fund expenditures required to execute its operating and strategic plans. The Company is not subject to any capital requirements imposed by regulators or creditors. As of March 31, 2023 and December 31, 2022, the Company's capital structure is composed of the following:

	March 31, 2023	December 31, 2022
Cash and cash equivalents	$ 268,994	$ 856,547
Due to Ampla LLC	(548,829)	(879,555)
Notes payable	(423,510)	(4,091,504)
Subtotal	(703,345)	(4,114,512)
Equity (deficit)	(1,664,442)	(5,418,354)
NET CAPITAL (DEFICIT)	$ (2,367,787)	$ (9,532,866)

4. FINANCIAL INSTRUMENTS

The Company's principal financial liabilities are comprised of loans, borrowings, and accounts payable. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include accounts receivable and cash and cash equivalents that derive directly from its operations. The Company is exposed to credit risk, liquidity risk, and interest rate risk.

Credit Risk

Credit risk is the risk that a counter party will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily accounts receivable) and from its financing activities, including deposits with banks and financial institutions. The Company places its cash with high credit quality financial institutions, which are federally insured up to prescribed limits. At certain times, the amount of cash equivalents at any one institution may exceed the federally insured prescribed limits; however, no losses have been incurred to date.

(Unaudited - Expressed in U.S. Dollars)

4. FINANCIAL INSTRUMENTS (Continued)

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due. The following are the contractual maturities of financial liabilities as of March 31, 2023 and December 31, 2022:

	March 31, 2023				
Financial Liabilities	Carrying Amount	Contractual Cash Flow	0 to 12 Months	13 to 24 Months	Thereafter
Accounts payable	$ 2,265,724	$ 2,265,724	$ 2,265,724	$ -	$ -
Accrued interest	2,589	2,589	2,589	-	-
Accrued expenses	672,703	672,703	672,703	-	-
Due to Ampla LLC	548,829	548,829	548,829	-	-
Notes payable	423,510	423,510	161,681	61,681	200,148
Operating lease liabilities	371,185	371,185	74,272	74,272	222,641
TOTAL	$ 4,284,540	$ 4,284,540	$ 3,725,798	$ 135,953	$ 422,789

	December 31, 2022				
Financial Liabilities	Carrying Amount	Contractual Cash Flow	0 to 12 Months	13 to 24 Months	Thereafter
Accounts payable	$ 2,733,015	$ 2,733,015	$ 2,733,015		
Accrued interest	$ 46,264	46,264	46,264	$ -	$ -
Accrued expenses	668,164	668,164	668,164	-	-
Due to Ampla LLC	879,555	879,555	879,555	-	-
Notes payable	4,091,504	5,625,727	5,236,256	61,681	327,790
Operating lease liabilities	371,185	371,185	74,272	136,807	160,106
TOTAL	$ 8,789,687	$ 10,322,910	$ 9,637,526	$ 198,488	$ 487,896

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of financial instruments will fluctuate as market interest rates change. The Company is exposed to interest rate risk on its note payable and due to shareholder, for which the interest rates charged are fixed.

(Unaudited - Expressed in U.S. Dollars)

4. FINANCIAL INSTRUMENTS (Continued)

Measurement Categories and Fair Values

As explained in Note 2, financial assets and liabilities have been classified into categories that determine their basis of measurement and, for items measured at fair value, whether changes in fair value are recognized in the statement of loss. Those categories are: fair value through profit or loss; loans and receivables; and other financial liabilities. The following tables show the carrying values and the fair values of assets and liabilities for each of these categories as of March 31, 2023 and December 31, 2022:

	Loans and Receivables		Other Financial Liabilities		Fair Value Through Profit or Loss	
March 31, 2023	Carrying Amount	Fair Value	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Cash and cash equivalents	$ 268,994	$ 268,994	$ -	$ -	$ -	$ -
Accounts receivable	768,570	768,570	-	-	-	-
Accounts payable	-	-	2,265,724	2,265,724	-	-
Accrued Interest	-	-	2,589	2,589	-	-
Accrued expenses	-	-	672,703	672,703	-	-
Due to Ampla LLC	-	-	548,829	548,829	-	-
Notes payable	-	-	423,510	423,510	-	-
Operating lease liability	-	-	371,185	371,185	-	-

	Loans and Receivables		Other Financial Liabilities		Fair Value Through Profit or Loss	
December 31, 2022	Carrying Amount	Fair Value	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Cash and cash equivalents	$ 856,547	$ 856,547	$ -	$ -	$ -	$ -
Accounts receivable	922,725	922,725	-	-	-	-
Accounts payable	-	-	2,733,015	2,733,015	-	-
Accrued Interest	-	-	46,264	46,264	-	-
Accrued expenses	-	-	668,164	668,164	-	-
Due to Ampla LLC	-	-	879,555	879,555	-	-
Note payable	-	-	4,091,504	4,091,504	-	-
Operating lease liability	-	-	371,185	371,185	-	-

(Unaudited - Expressed in U.S. Dollars)

5. PROPERTY AND EQUIPMENT

Property and equipment consist of the following as of March 31, 2023:

		Vehicles
Cost		
Balance at January 1, 2023	$	253,454
Additions		-
Balance at March 31, 2023		253,454
Accumulated Depreciation		
Balance at January 1, 2023		62,254
Additions		12,673
Balance at March 31, 2023		74,927
Carrying Amount		
At December 31, 2022	$	191,200
At March 31, 2023		178,527

6. INVENTORIES

Inventories consist of the following as of March 31, 2023 and December 31, 2022:

		March 31, 2023		December 31, 2022
Raw material	$	90,814	$	55,462
Finished goods		920,347		867,601
Reserve for shrinkage		(1,816)		(1,109)
TOTAL	$	1,009,345	$	921,954

7. DUE TO AMPLA

On December 16, 2019, the Company signed a production run sale agreement with Ampla LLC ("**Ampla**"). The agreement indicates that Ampla will advance funds for production runs for an advance fee of .5% of the invoice. If the production requires an advance deposit, Ampla may add a mark-up in the amount of .5% to the deposit invoice. The interest charged by Ampla on all outstanding invoices is 1% per month. The agreement automatically extends for one year annually and is guaranteed by a shareholder of the Company. The outstanding balance due to Ampla was $548,829 and $879,555 at March 31, 2023 and December 31, 2022, respectively. The agreement has no fixed repayment terms.

(Unaudited - Expressed in U.S. Dollars)

8. NOTES PAYABLE

Notes payable consisted of the following at March 31, 2023 and December 31, 2022:

	March 31, 2023	December 31, 2022
Note payable to the Small Business Administration, secured by all assets of the Company, due July 2050, payable in monthly principal and interest payments of $731. Interest on the note is at 3.75%. The first monthly installment is due in October 2022 and post against accrued interest.	$ 150,000	$ 150,000
Notes payable due in a lump payment at maturity, including interest at 8%, due February 8, 2023. The notes are secured by certain assets of the Company. The note as paid in full subsequent to year end.	-	500,000
Notes payables to two investors in the amount of $4,500,000 in total. The loans accrue interest at 8.00%. All accrued interest was waived on conversion of the notes. The notes are secured by substantially all the assets of the Company and are due on the earlier of 12 months from issue date or upon completion of a liquidation event as defined in the agreements. These notes also contain certain conversion rights as described in the agreement. There are two conversion options: (a) automatic conversion upon liquidation event; and (b) upon maturity of the notes. Subsequent to year end on February 8, 2023, all of the notes have converted into stock of the Company.	$ -	$ 3,257,051
Short term note payable to insider. All accrued interest waived. Repayment will be made in Q2 2023	$ 100,000	$ -
Notes payable in monthly installments ranging from $543 to $652, including interest ranging from 2.90% to 5.49%, due October 2026 to December 2026. The notes are secured by vehicles.	$ 173,510	$ 184,453
Subtotal	423,510	4,091,504
Less current maturities	(161,681)	(3,811,622)
TOTAL	$ 261,829	$ 279,882

(Unaudited - Expressed in U.S. Dollars)

8. NOTE PAYABLE (Continued)

Future principal maturities of long-term debt at March 31 were as follows:

2023	$ 161,681
2024	61,681
2025	61,681
2026	61,681
2027	8,772
Thereafter	68,014
TOTAL	$ 423,510

9. STOCK TRANSACTION

	As of March 31, 2023
Common Shares (1)	**54,610,330**
Warrants	**9,716,913**
Stock Options	**2,548,147**
RSUs (2)	**808,041**
PSUs (3)	**783,693**
Fully-Diluted Share Total:	**68,467,124**

(1) The outstanding Common Share total is inclusive of the 8,000,000 Performance Shares. See "*Reverse Takeover Transaction – Securities at the Closing of the Transaction*" for more information.

(2) The RSUs vest after 12 months.

(3) The PSUs vest contingent upon and at the time the Company reaches US$12,500,000 in net sales for 2023.

On May 19, 2022, Yerbaé (formerly Kona Bay Technologies Inc. ("**Kona Bay**")) entered into a definitive arrangement agreement and plan of merger, as amended on August 31, 2022, and February 8, 2023 (collectively, the "**Arrangement Agreement**"), with Yerbaé Brands Co. ("**Yerbaé US**"), Kona Bay Technologies (Delaware) Inc. ("**Merger Sub**"), a wholly owned Delaware subsidiary of the Company, 1362283 B.C. Ltd. ("**FinCo**"), a wholly owned British Columbia subsidiary of Kona Bay, and Todd and Karrie Gibson, with respect to the proposed merger and business combination of Kona Bay with Yerbaé US (the "**Transaction**").

9. STOCK TRANSACTION (Continued)

On February 8, 2023, Yerbae completed its Transaction with Yerbaé US by way of a reverse takeover conducted pursuant to: (i) the provisions of the Delaware *General Corporations Law* ("**DGCL**") in which Merger Sub merged with and into Yerbaé US, and (ii) a plan of arrangement conducted pursuant to the provisions of the BCBCA, which resulted in the amalgamation of Kona Bay with FinCo (the "**Amalgamation**"). In connection with the Closing, Yerbaé (formerly, Kona Bay Technologies Inc.) consolidated its outstanding common shares (each, a "**Common Share**") on the basis of 5.8 pre-consolidation Common Shares for every one post-consolidation Common Share prior to the completion of the Amalgamation and changed its name from "Kona Bay Technologies Inc." to "Yerbaé Brands Corp.".

At the time of Closing, an aggregate of 54,493,953 Common Shares were issued and outstanding of which: 35,848,290 Common Shares were issued to the former Yerbaé shareholders (inclusive of an aggregate of 5,631,276 Common Shares issued to former holders of an aggregate of US$4,500,000 in convertible promissory notes of Yerbaé converted immediately prior to Closing), 8,000,000 performance Common Shares (each, a "**Performance Share**") were issued, which Performance Shares are held in escrow and to be released upon the completion of certain performance-based incentives related to the listing of the Common Shares on the TSX Venture Exchange ("**TSXV**"), future equity financings, and certain trailing gross revenue targets, 3,153,746 Common Shares were issued to the former holders of Common Share purchase warrants (each, a "**Warrant**") of the Company exercised in connection with the Closing, and 2,015,163 Shares were issued to former holders of subscription receipts of FinCo issuable in connection to a concurrent financing to the Transaction.

Subsequent to Closing, there an additional 116,377 Common Shares were issued upon the due exercise of 11,6377 Warrants. At March 31, 20223 there were 54,610,330 shares issued and outstanding.

10. STOCK COMPENSATION PLAN

In connection with the Transaction, each outstanding stock option of Yerbaé US outstanding immediately prior to the Merger was exchanged for an equivalent number of stock options of Kona Bay (now Yerbaé) on the basis of one Kona Bay (now Yerbaé) stock option for ever one Yerbaé US stock option. As a result, Yerbaé US's former stock option plan was cancelled and subsequently replaced by the adoption of Yerbaé's current Equity Incentive Plan (the "**Plan**"), adopted by shareholders of the Company on December 21, 2022, and which became effective on February 8, 2023, in connection with the closing of the Transaction.

(Unaudited - Expressed in U.S. Dollars)

10. STOCK COMPENSATION PLAN (Continued)

The Plan is a rolling omnibus incentive plan for stock options ("**Options**") and a fixed 10% plan for performance-based awards such as restructure share units ("**RSUs**"), performance share units ("**PSUs**"), and deferred share units (collectively, "**Performance-Based Awards**"), **such** that the aggregate number of Common Shares that: (i) may be issued upon the exercise or settlement of Options granted under the Plan, shall not exceed 10% of the Company's issued and outstanding Common Shares from time to time, and (ii) may be issued in respect of Performance-Based Awards shall not exceed 5,455,121. Under the Plan, settled or terminated Options or Performance-Based Awards shall be available for subsequent grants under the Plan and the number of awards available to grant increases as the number of issued and outstanding Common Shares increases.

On March 31, 2023, the Company had an aggregate of 2,548,147 Options outstanding, and had granted 808,041 RSUs and 783,693 PSUs.

11. WARRANTS

At March 31, 2023, the Company had outstanding Warrants to purchase 9,716,913 Common Shares at prices ranging from $0.85 to $1.50 per Common Share. The Warrants expire at various dates through January 1, 2027. At March 31, 2023, Yerbaé had an aggregate of 9,716,913 Common Shares reserved for the due exercise of the outstanding Warrants.

Management used the Company's industry volatility index in the estimation of the fair value of the warrants.

Using the Black-Scholes-Merton option pricing model, management has determined that the options have a weighted average value ranging from $0.12 to $0.55 per Warrant, resulting in total value of $3,429,228 which has been recognized as Warrants outstanding in shareholder' equity.

The assumptions used in the calculated fair value of warrants are as follows:

Risk-free interest rate	3.99%
Expected life in years at date of issuance	5 years
Expected volatility	30.91%

(Unaudited - Expressed in U.S. Dollars)

12. REVERSE TAKEOVER TRANSACTION

On February 8, 2023, Yerbaé (formerly Kona Bay) acquired, pursuant to the terms of the Arrangement Agreement, all of the issued and outstanding securities of Yerbaé US by way of a reverse takeover conducted pursuant to: (i) the provisions of the DGCL in which Merger Sub merged with and into Yerbaé US, and (ii) a plan of arrangement conducted pursuant to the provisions of the BCBCA, which resulted in the Amalgamation of Kona Bay (now Yerbaé) with FinCo. Following the Closing, Yerbaé US became a wholly-owned subsidiary of the Company. In accounting for Transaction, consideration was determined by the market value of common shares of Kona Bay (now Yerbaé) plus and/or minus Kona Bay's assets and liabilities, at closing of the Transaction. The resulting consideration of the Transaction was $10,362,904 and is reflected in the income statement as "Listing Expense" with the offsetting entry booked to Additional Paid in Capital. It should be noted that "Listing Expense" is a Non-Cash Expense.

13. EXPENSES BY NATURE

Expenses by nature consist of the following as of March 31, 2023 and 2022:

	March 31, 2023	March 31, 2022
COST OF SALES		
Materials	$ 1,723,210	$ 463,468
Rent	33,804	55,814
Total cost of sales	1,757,014	519,283
OPERATING EXPENSES		
Non Cash Listing Expense (RTO)	$ 10,362,904	$ -
Non Cash Consulting Expense	2,292,316	-
Advertising, marketing, and promotions	1,944,662	2,558,497
Employee benefits	731,591	2,016,930
Shipping	758,600	1,668,067
Travel expenses	133,527	107,789
Professional fees	221,723	137,268
Miscellaneous	70,656	119,554
Slotting fees	159,300	103,225
Office expenses	267,902	144,243
Stock option compensation expense	55,280	-
Total Expenses	16,998,460	2,490,240
TOTAL	$ 18,755,474	$ 3,009,523

(Unaudited - Expressed in U.S. Dollars)

14. LOSS PER SHARE/UNIT

Basic loss per share is calculated by dividing the net loss by the weighted average number of common shares in issue during the periods ended March 31, 2023 and 2022.
The following table reflects the loss and share data used in the basic loss per share calculations:

	2023	2022
Net loss	$(16,525,601)	$ (1,506,156)
Weighted average number of common shares in issue	46,479,408	29,383,364
BASIC LOSS PER SHARE	$ (0.36)	$ (0.05)

15. SUBSEQUENT EVENTS

Subsequent events are events or transactions that occur after the reporting date but before financial statements are issued or are available to be issued. These events and transactions either provide additional evidence about conditions that existed at the date of the reporting date, including the estimates inherent in the process of preparing financial statements (that is, recognized subsequent events), or provide evidence about conditions that did not exist at the reporting date but arose after (that is, non-recognized subsequent events).

Management has evaluated subsequent events through May 30, 2023, which was the date that these financial statements were available for issuance, and determined that the following significant subsequent events occurred:

On April 13, 2023, Yerbaé successfully closed the first tranche (the "**First Tranche**") of a private placement offering of unsecured convertible debenture units (each, a "**Debenture Unit**") at a price of $1,000 per Debenture Unit, pursuant to which First Tranche consisted of 1,650 Debenture Units for gross proceeds of $1,650,000. Following the closing of the First Tranche, Yerbaé closed the second tranche (the "**Second Tranche**") of the Debenture offering on May 5, 2023, pursuant to which Second Tranche consisted of 2,152 Debenture Units for gross proceeds of $2,152,000. Each Debenture Unit consisted of: (i) one (1) $1,000 principal amount in unsecured convertible debenture (each, a "**Debenture**"); and (ii) 714 Warrants. Together with the proceeds of the First Tranche, the Company raised gross aggregate proceeds of $3,802,000 under the Offering.

15. SUBSEQUENT EVENTS (Continued)

The Debentures mature on April 30, 2025 (the "**Maturity Date**") and bear interest at a rate of 6.0% per annum, payable on the earlier of the Maturity Date or the date of conversion of the Debentures. The interest will be payable in Common Shares to be determined at the Market Price (as that term is defined in the Policies of the TSXV). The principal amount of the Debentures will be convertible at the holder's option into Common Shares at any time prior to the close of business on the earlier of: (i) the last business day immediately preceding the Maturity Date, and (ii) the date fixed for redemption in the case of a change of control, at a conversion price of $1.40 per Common Share (the "**Conversion Price**"), subject to adjustment in certain customary events. Each Warrant entitles the holder thereof to acquire one Common Share (each, a "**Warrant Share**") at a price per Warrant Share of $1.70 at any time prior to the Maturity Date, subject to an acceleration right whereby, if, in the event the Common Shares have a daily volume weighted average trading price on the TSXV (or such other recognized North American securities exchange) of $3.00 or greater per Common Share for any 10 consecutive trading day period at any time after the date that is four months following the issuance of the Warrants, the Company may accelerate the expiry of the Warrants by giving notice to the holders thereof (by disseminating a news release advising of the acceleration) and, in such case, the Warrants will be deemed to have expired on the day which is 30 days after the date of such notice.

On May 16, 2023, Yerbaé secured a new accounts receivable and inventory line of credit of $2,500,000 (the "**Debt Facility**") from Oxford Commercial Finance, a Michigan banking corporation, through its Delaware subsidiary Yerbaé LLC. The Debt Facility is structured as a revolving line of credit, which means that the Company can draw down funds as needed, and only pay interest on the amount borrowed. The Debt Facility is secured by a security interest in all assets of Yerbaé, including a first security interest in Yerbaé's accounts receivable and inventory.