

Sweet Poison Spirits Inc.

Condensed Interim Financial Statements

For the six months ended October 31, 2024

SWEET POISON SPIRITS INC.
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
(Stated in Canadian Dollars)

As at	October 31, 2024	April 30, 2024
Assets		
Current		
Cash	\$ 11,920	\$ 11,702
Amounts receivable	625	1,802
Prepaid expenses	20	953
Total Current Assets	12,565	14,457
Non-Current assets		
Fixed assets	-	922
Investment (note 3)	10	10
Data centre equipment (notes 1 and 5)	20,874	20,619
Total Assets	\$ 33,449	\$ 36,008
Liabilities		
Current		
Trade and other payables (note 10)	\$ 163,217	\$ 166,341
Deferred income (note 3)	8,333	8,750
Advances payable (note 10)	51,000	31,000
Total Liabilities	222,550	206,091
Shareholders' Deficiency		
Share capital (note 6)	5,454,169	5,454,169
Reserves (note 6)	90,860	90,860
Accumulated deficit	(5,734,130)	(5,715,112)
Total Shareholders' Deficiency	(189,101)	(170,083)
Total Liabilities and Shareholders' Deficiency	\$ 33,449	\$ 36,008

Basis of Preparation and Going Concern (note 2)

APPROVED ON BEHALF OF THE DIRECTORS:

“Robert Eadie”
Robert Eadie, Director

“Gary Arca”
Gary Arca, Director

The accompanying notes form an integral part of these unaudited condensed financial statements

SWEET POISON SPIRITS INC.
CONDENSED INTERIM STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
(LOSS)
(Stated in Canadian Dollars)

	For the three months ended October 31,		For the six months ended October 31,	
	2024	2023	2024	2023
Expenses:				
Amortization and depreciation	\$ 461	\$ 3,279	\$ 922	\$ 6,558
Audit and accounting fees (note 10)	(24)	13,496	726	20,821
Foreign exchange loss (gain)	186	(6,231)	599	(3,758)
Legal and corporate services (note 10)	55	592	55	17,048
Management and consulting fees (note 10)	9,000	66,500	25,500	83,000
Office, rent and administration (note 10)	3,800	5,134	7,725	9,676
Shareholder communications and marketing	1,154	4,148	2,175	5,576
Transfer agent and filing fees	3,441	10,750	6,066	14,645
Travel and accommodations (note 10)	250	(8,531)	250	(8,531)
Total expenses	(18,323)	(89,137)	(44,018)	(145,035)
Other items:				
Other income (note 3)	\$ 12,500	\$ -	\$ 25,000	\$ -
Gain on debt settlement (note 6)	-	-	-	316,589
Write-down of other receivable and distribution rights (note 4)	-	(53,580)	-	(53,580)
Total other items	12,500	(53,580)	25,000	263,009
Total loss and comprehensive loss for the period	\$ (5,823)	\$ (142,717)	\$ (19,018)	\$ 117,974
Basic and diluted loss per share for the period	\$ (0.00)	\$ (0.02)	\$ (0.00)	\$ 0.02
Weighted average shares outstanding – basic and diluted – (note 7)	9,821,088	7,655,863	9,829,783	7,649,684

The accompanying notes form an integral part of these unaudited condensed financial statements

SWEET POISON SPIRITS INC.
CONDENSED INTERIM STATEMENTS OF CASH FLOWS
(Stated in Canadian Dollars)

For the six months ended October 31,	2024	2023
Cash provided by (used in):		
Operating activities		
Income (loss) for the period	\$ (19,018)	\$ 117,974
Items not involving cash:		
Amortization and depreciation	922	6,558
Foreign exchange loss (gain)	599	(3,758)
Gain on debt settlement (note 6)	-	(316,589)
Write-down of other receivable and distribution rights (note 4)	-	53,580
Cash spent in operating activities before working capital changes	(17,497)	(142,235)
Change in non-cash working capital items		
Amounts receivable	1,177	14,186
Other receivable	-	(1,383)
Prepaid expenses	933	(870)
Deferred income	(417)	-
Trade and other payables	(3,978)	105,562
Cash outflow for operating activities	(19,782)	(24,740)
Financing activities		
Advances payable (note 10)	20,000	26,000
Cash inflow for financing activities	20,000	26,000
Total increase in cash	218	1,260
Cash, beginning of period	11,702	312
Cash, end of period	\$ 11,920	\$ 1,572

The accompanying notes form an integral part of these unaudited condensed financial statements

SWEET POISON SPIRITS INC.
CONDENSED INTERIM STATEMENTS OF CHANGES IN DEFICIENCY
(Stated in Canadian Dollars)

	Number of Shares Outstanding		Share Capital		Reserves		Accumulated Deficit		Total (Deficiency)
Balance – April 30, 2023	6,525,205	\$	5,000,145	\$	90,860	\$	(5,413,286)	\$	(322,281)
Debt settlement (note 6)	1,130,658		135,681		-		-		135,681
Cancellation of Sweet Poison shares issued (note 4)	(625,000)		(60,000)		-		-		(60,000)
Cancellation of Sweet Poison finders fees (note 4)	(62,500)		(7,500)		-		-		(7,500)
Income for the year	-		-		-		117,974		117,974
Balance – October 31, 2023	6,968,363	\$	5,068,326	\$	90,860	\$	(5,295,312)	\$	(136,126)
Debt settlement (note 6)	2,877,725		375,843		-		-		375,843
Write down of subscriptions receivable	-		10,000		-		-		10,000
Loss for the year	-		-		-		(419,800)		(419,800)
Balance – April 30, 2024	9,846,088	\$	5,454,169	\$	90,860	\$	(5,715,112)	\$	(170,083)
Cancellation of private placement shares issued	(25,000)		-		-		-		-
Loss for the year	-		-		-		(19,018)		(19,018)
Balance – October 31, 2024	9,821,088	\$	5,454,169	\$	90,860	\$	(5,734,130)	\$	(189,101)

The accompanying notes form an integral part of these condensed interim financial statements

SWEET POISON SPIRITS INC.
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
For the six months ended October 31, 2024 and 2023
(Stated in Canadian Dollars)

Note 1 **Corporate Information**

Sweet Poison Spirits Inc. (the “Company”) was incorporated as Hemp for Health Inc. on October 1, 2018, under the *Business Corporations Act* of British Columbia. The Company is listed on the Canadian Securities Exchange (the “CSE”) under the trading symbol “SPS”.

Change of Business (“COB”)

In June 2022, the Company completed a COB, as described below, and changed its name to “Yellow Stem Tech Inc”. At that time, the Company’s common shares commenced trading on the CSE under the trading symbol “YY”.

Pursuant to an asset purchase agreement and an operating agreement, the Company engaged Enigma Data Technologies LLC, a Delaware based company (the “Provider”) to initially source and acquire 150 Siacoin mining rigs for the aggregate purchase price of \$672,893 (US\$525,000) (paid). The Company engaged the Provider to set-up, host and operate the cryptocurrency mining activities in exchange for 333,500 shares of the Company valued at fair value on date of issue of \$0.24 per share, or \$80,040. This amount was recorded as a prepaid, but has been expensed in the year ended April 30, 2023 as there is no definitive timeline to place the mining rigs into operation. To date, the Company has not commenced operation of the mining rigs as they would not be profitable at the current value of related cryptocurrencies. As at October 31, 2024, the rigs remain unpacked in warehouse storage in the United States.

Name Change to Sweet Poison Spirits Inc.

On November 3, 2022, the Company signed a Product Distribution Agreement (the “Distribution Agreement”) with Sweet Poison Spirits S de RL de CV, a Mexican company headquartered in Guadalajara, Mexico, and Sweet Poison Spirits LLC, a California limited liability corporation headquartered in San Diego, California (collectively, “Sweet Poison”). The Distribution Agreement granted the Company the worldwide distribution rights to Sweet Poison’s premium Tequila and Mezcal products under the “Sweet Poison” brand names for an initial period of ten years, renewable for a further ten years and beyond (see note 4). The Company changed its name to Sweet Poison Spirits Inc. thereafter and, on June 1, 2023, the Company’s common shares commenced trading on the CSE under the trading symbol “SPS”.

Share Consolidation

On May 1, 2023, the Company’s outstanding common shares were consolidated on the basis of two existing shares for one new share. On January 8, 2024, the Company’s outstanding common shares were consolidated on the basis of four existing shares for one new share. All share, per share, and warrant amounts have been retroactively restated.

The registered address and the Company’s corporate office and principal place of business is 750 – 580 Hornby Street, Vancouver, British Columbia, Canada.

SWEET POISON SPIRITS INC.

Notes to the Condensed Interim Financial Statements

October 31, 2024

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Note 2 Basis of Preparation and Going Concern

a) Statement of Compliance

These unaudited condensed interim financial statements for the Company have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”).

These unaudited condensed interim financial statements, for the six month period ended October 31, 2024, have been prepared in accordance with International Accounting Standard (“IAS”) 34 Interim Financial Reporting, and do not include all the information required for full annual financial statement. For summary of material accounting policies, see note 3 of the Company’s April 30, 2024 audited annual consolidated financial statements.

These unaudited condensed interim financial statements should be read in conjunction with the Company’s April 30, 2024 audited annual financial statements.

The financial statements were authorized for issue by the Board of Directors on December 17, 2024.

b) Basis of Measurement and Going Concern

The unaudited condensed financial statements have been prepared on a historical cost basis except for certain financial instruments measured at fair value. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cashflow information. The preparation of unaudited condensed financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the Company’s accounting policies. The areas involving a higher degree of judgment or complexity or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4 of the Company’s April 30, 2024 audited annual consolidated financial statements.

The Company has incurred a loss of \$19,018 during the period ended October 31, 2024. While the Company has been successful in obtaining the necessary financing through the issuance of common shares in the past, there is no assurance it will be able to raise funds in this manner in the future. As at October 31, 2024, the Company had \$11,920 in cash, a working capital deficiency of \$209,985 and no long-term debt.

These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Company’s ability to continue as a going concern. These financial statements do not give effect to adjustments that would be necessary should the Company be unable to continue as a going concern and, therefore, be required to realize its assets and liquidate its liabilities and commitments in other than the normal course of operations, and at amounts different from those in the accompanying financial statements.

These financial statements do not include the accounts of Knightswood as the Company does not have control based on the definition of control under IFRS 10 (note 3).

SWEET POISON SPIRITS INC.

Notes to the Condensed Interim Financial Statements

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Note 3 Acquisition of Knightswood Holdings Ltd.

On March 1, 2024 the Company acquired all the issued and outstanding shares of Knightswood Holdings Ltd. (“Knightswood”) from an unrelated party for \$10. Knightswood is in the business of providing its subsidiaries a qualified investment, as defined in the *Income Tax Act* (Canada), for their debentures or debt securities.

The Company has recognized the Investment as a financial asset under *IFRS 9 – Financial Instruments* measured at fair value of \$10, being the market value on the date the Company purchased Knightswood. Subsequently, the Investment in Knightswood will be measured at fair value with any changes recorded through profit or loss (“FVTPL”).

On March 1, 2024, the Company entered into an Agreement with an unrelated third party (the “Operator”), for the sole management of Knightswood to be undertaken by the Operator (the “Knightswood Agreement”). The Knightswood Agreement has a term of five years expiring February 28, 2029 but may be terminated earlier either by mutual agreement or providing a 60-day written notice to the other party. Upon termination, the Company will transfer all the shares of Knightswood to the Operator for \$10.

Under the Knightswood Agreement, the Operator is solely responsible for managing the business operations and financial affairs, making decisions and setting out policies of Knightswood. In return, the Operator is entitled to all the cash surplus in Knightswood after paying a fixed annual fee of \$50,000 to the Company for holding the shares of Knightswood (the “Fixed Fee”). The Fixed Fee is due in four equal instalments at the end of each calendar quarter and paid by Knightswood directly to the Company. For the period ended October 31, 2024, the Company reported \$25,000 (October 31, 2023 - \$nil) in other income and \$8,333 (April 30, 2024 - \$8,750) of deferred income on the Statement of Financial Position. No amounts were outstanding from Knightswood at October 31, 2024 (April 30, 2024 - \$nil).

Furthermore, the Company will not commit its management or resources and is under no obligation to advance funds to or cover the expenses of Knightswood. Conversely, the Company does not have any right to any variable financial returns from the activities of Knightswood other than the Fixed Fee. The Company also has no rights, power, ability or obligation to direct the activities of Knightswood or be involved in any of the daily affairs, decision making, management or activities of Knightswood. As such, the financial results and position of Knightswood are not consolidated with the financial statements of the Company pursuant to the definition of control under IFRS.

Note 4 Sweet Poison Spirits

On March 28, 2023, the Company closed (“Closing”) on the Distribution Agreement signed November 3, 2022 with Sweet Poison by issuing to the shareholders of Sweet Poison 625,000 common shares (the “Shares”) valued at fair value on date of issue of \$60,000, subject to resale restrictions from 4 to 24 months on 4 equal tranches of share releases. Pursuant to the Distribution Agreement, the Company paid Finder’s Fees of 10% in the form of shares valued at fair value on date of issue of \$7,500, and other costs of \$45,000 for a total of \$112,500.

During the year ended April 30, 2024, the Company advanced \$1,383 (US\$980) to Sweet Poison.

SWEET POISON SPIRITS INC.

Notes to the Condensed Interim Financial Statements

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(Stated in Canadian Dollars) - Page 4

Note 4 **Sweet Poison Spirits – (cont'd)**

Termination of Sweet Poison Agreements

On November 14, 2023, the Product Distribution Agreement entered into with Sweet Poison and the Share Purchase Option Agreement with the shareholders of Sweet Poison (collectively, the “Agreements”) were terminated. As a result of the termination of the Agreements, the Company cancelled the Shares issued to the shareholders of Sweet Poison and 62,500 common shares issued in lieu of finders fees. During the year ended April 30, 2024, the Company recorded a net write down of \$121,080 being the value of the distribution rights of \$112,500 less accumulated amortization of \$6,650 and other receivable of \$15,230.

Note 5 **Data Centre Equipment**

As at October 31, 2024, none of the Company’s Siacoin mining rigs (see note 1) had been placed into operations and, as such, have not been amortized. Once operations have begun, the rigs will be amortized accordingly.

Impairment tests on non-financial assets are subject to impairment tests at the end of each reporting period and whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount, which is the higher of value in use and fair value less costs of disposal, the asset is written down accordingly.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the asset’s cash-generating unit. During the years ended April 30, 2024 and 2023, the Company determined that further impairment on its data centre equipment was required due to the decrease in the fair market value of identical equipment, not yet put into service, as a result of the significant reduction in the applicable cryptocurrencies. The Company recorded an impairment loss of \$81,018 (US\$60,000) for the year ended April 30, 2024 (April 30, 2023 - \$571,178 (US\$450,000)). As at October 31, 2024, the mining rigs were valued at \$20,874 (US\$15,000) (April 30, 2024 - \$20,619 (US\$15,000)).

Note 6 **Share Capital and Reserves**

a) **Common share issuances**

The Company is authorized to issue an unlimited number of no par value common shares, issuable in series. The holders of common shares are entitled to one vote per share at meetings of the Company and to receive dividends, which may be declared from time-to-time. To date, equity financings have provided the main source of financing. No dividends have been declared by the Company since its inception. All shares are ranked equally with regard to the Company’s residual net assets.

Sweet Poison

During the year ended April 30, 2023, the Company issued to the shareholders of Sweet Poison 625,000 common shares (the “Shares”) valued at fair value on date of issue of \$60,000, in consideration of the rights and licences granted by Sweet Poison. The Company paid Finder’s Fees of 10% in the form of shares valued at fair value on date of

SWEET POISON SPIRITS INC.

Notes to the Condensed Interim Financial Statements

October 31, 2024

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Note 6 Share Capital and Reserves – (cont'd)a) Common share issuances – (cont'd)Sweet Poison – (cont'd)

issue of \$7,500. On November 14, 2023, the Company cancelled all shares issued to the shareholders of Sweet Poison, as a result of, the termination of the agreements with Sweet Poison (see note 4).

Debt Settlements

On May 1, 2023, the Company arranged to settle certain outstanding debt with the CEO and a director in the aggregate amount of \$452,270 through the issuance of 1,130,675 shares at a deemed price \$0.40 when the fair value price of the Company's shares were \$0.24 per share (the "May 1, 2023 Debt Settlement"). As a result, the Company recorded a gain on Debt Settlement of \$180,908 in the Company's profit or loss for the year ended April 30, 2024. Included in these amounts was \$373,520 in funds advanced by the CEO which were outstanding since November 2021 and had been recognized as an unsecured non-interest bearing loan. The remaining amounts represent unpaid management fees.

On January 8, 2024, the Company arranged to settle outstanding debt with various creditors, including officers and directors and companies controlled by officers and directors, in the aggregate amount of \$143,885 through the issuance of 2,877,708 shares at a deemed price of \$0.05, when the fair value price of the Company's shares were \$0.06 per share (the "January 8, 2024 Debt Settlement"). As a result, the Company recorded a loss on Debt Settlement of \$28,777 in the Company's profit or loss for the year ended April 30, 2024.

b) Warrants

A summary of the Company's outstanding share purchase warrants at October 31, 2024, April 30, 2024 and April 30, 2023 is as follows:

	Number of warrants	Weighted average exercise price
Balance, April 30, 2023	1,561,875	\$ 0.80
Warrants expired	(1,561,875)	0.80
Balance, April 30, 2024 and October 31, 2024	-	\$ -

During the year ended April 30, 2024, 1,561,875 warrants exercisable at \$0.80 per share until February 2, 2024 expired unexercised.

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Notes to the Condensed Interim Financial Statements

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(Stated in Canadian Dollars) - Page 6

Note 6 **Share Capital and Reserves – (cont'd)**c) **Share-Based Payments**

The Company's Board has adopted a Stock Option Plan available to eligible directors, officers, employees and consultants to acquire up to 10% of common shares then outstanding (the "Plan"). Under the Plan, options may be granted by the Board at an option price in accordance with regulatory policy for a maximum term of 10 years. No amounts are paid or payable by the recipient on receipt and the options are not dependent on any performance-based criteria. Share purchase options will vest at the discretion of the Company and in accordance with regulatory policy. No share purchase options have been granted in prior periods and none were granted during the period ended October 31, 2024.

Note 7 **Income (Loss) Per Share**

The denominator for the calculation of income (loss) per share, being the weighted average number of common shares for the period ended October 31, 2024 and 2023 is as follows:

For the period ending October 31,	2024	2023
Issued and outstanding, beginning of the period	9,846,088	6,525,205
Weighted average shares issued (cancelled) during the period	(16,305)	1,124,479
Basic and diluted weighted average number of shares	9,829,783	7,649,684

Note 8 **Capital Management**

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders. The Company considers the items included in shareholders' deficiency as capital. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new shares through private placements, sell assets to reduce debt or return capital to shareholders. The Company is not subject to externally imposed capital requirements.

Note 9 **Financial Instruments**

As at October 31, 2024, the Company's financial instruments consist of cash, amounts receivable, investment, advances payable, and trade and other payables. The fair value of the Company's amounts receivable, investment, advances payable, and trade and other payables approximate their carrying value, which is the amount on the statement of financial position, due to their short-term maturities or ability of prompt liquidation.

a) **Currency Risk**

Currency risk is the risk to the Company's earnings that arises from fluctuations of foreign exchange rates and the degree of volatility of these rates. The Company does not use derivative instruments to reduce its exposure to foreign currency risk. At October 31,

SWEET POISON SPIRITS INC.

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(Stated in Canadian Dollars) - Page 7

Note 9 Financial Instruments – (cont'd)

a) Currency Risk – (cont'd)

2024, US dollar amounts were converted at a rate of \$1.39 Canadian dollars to \$1 US dollar and Euros were converted at a rate of \$1.51 Canadian dollars to 1 Euro. A 10% increase or decrease in the US dollar exchange may increase or decrease loss for the period by approximately \$5. A 10% increase or decrease in the EUR\$ exchange may increase or decrease loss for the period by approximately \$3,024.

b) Interest Rate Risk

The Company's cash earns interest at a variable interest rate. Because of the nature of these financial instruments, fluctuations in market rates do not have a significant impact on estimated fair values as of October 31, 2024. Future cash flows from interest income on cash will be affected by interest rate fluctuations. Interest rate risk consists of two components, i) to the extent that payments made or received on the Company's monetary assets and liabilities are affected by changes in the prevailing market interest rates, the Company is exposed to interest rate cash flow risk; and ii) To the extent that changes in prevailing market interest rates differ from the interest rates in the Company's monetary assets and liabilities, the Company is exposed to interest rate price risk.

The Company's exposure to interest rate fluctuations is minimal.

c) Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company is exposed to credit risk with respect to its cash, the balance of which at October 31, 2024 is \$11,920 (April 30, 2024 – \$11,702). As at that date, cash was held at a chartered Canadian financial institution and the Company does not consider the risks to be significant.

d) Liquidity Risk

Liquidity risk arises from the excess of financial obligations over available financial assets due at any point in time. Additional cash requirements could be met with the issuance of additional share capital; however, there is no assurance the Company will be able to raise funds in this manner in the future. As at October 31, 2024, the Company was holding cash of \$11,920 (April 30, 2024 – \$11,702).

SWEET POISON SPIRITS INC.

Notes to the Condensed Interim Financial Statements

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(Stated in Canadian Dollars) - Page 8

Note 10 Related Party Transactions

The following is a summary of charges incurred by the Company with related parties for the period ended October 31, 2024 and 2023:

Period ended October 31,	2024	2023
Audit and accounting	\$ 1,500	\$ 8,821
Legal and corporate services	-	17,922
Management and director fees	33,000	83,000
Office and administration	6,750	7,875
Regulatory fees	-	8,501
Travel and accommodations	-	(7,000)
Total	\$ 41,250	\$ 119,119

During the six months ended October 31, 2024, the Company incurred fees and operational expenses totalling \$41,250 (October 31, 2023 - \$119,119) from companies controlled by an officer and director of the Company and by other officers and directors. As of October 31, 2024, the Company had amounts and advances payable to officers and directors, and companies with directors in common of \$119,731 (April 30, 2024 - \$65,804).

On May 1, 2023, the Company arranged to settle certain outstanding debt with the CEO and a director of the Company, in the aggregate amount of \$452,270 through the issuance of 1,130,675 shares at a deemed price of \$0.40 when the fair value price of the Company's shares were \$0.24 per share (the "May 1, 2023 Debt Settlement") (see note 6).

On January 8, 2024, the Company arranged to settle outstanding debt with various creditors, including officers and directors and companies controlled by officers and directors, in the aggregate amount of \$131,285 through the issuance of 2,625,708 shares at a deemed price of \$0.05, when the fair value price of the Company's shares were \$0.06 per share (the "January 8, 2024 Debt Settlement") (see note 6).