

Sweet Poison Spirits Inc.
(formerly Yellow Stem Tech Inc.)

Condensed Interim Financial Statements

For the six months ended October 31, 2023

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

As at	October 31, 2023	April 30, 2023
Assets		
Current		
Cash	\$ 1,572	\$ 312
Amounts receivable	1,565	15,751
Other receivable (note 3)	-	13,562
Prepaid expenses	870	-
Total Current Assets	4,007	29,625
Non-Current assets		
Fixed assets	1,844	2,766
Distribution rights (notes 3 and 4)	-	111,486
Data centre equipment (note 1)	104,033	101,715
Total Assets	\$ 109,884	\$ 245,592
Liabilities		
Current		
Trade and other payables (note 9)	\$ 220,010	\$ 194,353
Advances payable (notes 5 and 9)	26,000	373,520
Total Liabilities	246,010	567,873
Equity (Deficiency)		
Share capital (note 5)	5,068,326	5,000,145
Reserves (note 5)	90,860	90,860
Accumulated deficit	(5,295,312)	(5,413,286)
Total Equity (Deficiency)	(136,126)	(322,281)
Total Liabilities and Equity (Deficiency)	\$ 109,884	\$ 245,592

Basis of Preparation and Going Concern (note 2)
Subsequent event (notes 3, 5 and 10)

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.
(formerly YELLOW STEM TECH 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,	
	2023	2022	2023	2022
Expenses:				
Audit and accounting fees (note 9)	\$ 13,496	\$ 9,180	\$ 20,821	\$ 29,442
Depreciation and amortization	3,279	-	6,558	-
Foreign exchange loss (gain)	(6,231)	240	(3,758)	1,094
Legal and corporate services (note 9)	592	22,993	17,048	34,116
Management and consulting fees (note 9)	66,500	16,500	83,000	33,000
Office, rent and administration (note 9)	5,134	10,014	9,676	17,479
Shareholder communication and marketing	4,148	5,068	5,576	21,169
Transfer agent and filing fees	10,750	5,178	14,645	23,585
Travel and accommodations (note 9)	(8,531)	38,520	(8,531)	40,299
Total expenses	(89,137)	(107,693)	(145,035)	(200,184)
Other items:				
Gain on debt settlement (note 5)	-	-	316,589	-
Write-down of other receivable and distribution rights (notes 3 and 4)	(53,580)	-	(53,580)	-
Total other items	(53,580)	-	263,009	-
Total income (loss) and comprehensive income (loss) for the period	\$ (142,717)	\$ (107,693)	\$ 117,974	\$ (200,184)
Basic and diluted income (loss) per share for the period	\$ (0.00)	\$ (0.00)	\$ 0.00	\$ (0.01)
Weighted average shares outstanding – basic and diluted – (note 6)	30,623,451	23,350,751	30,598,736	22,236,038

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

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

For the six months ended October 31,	2023	2022
Cash provided by (used in):		
Operating activities		
Income (loss) for the period	\$ 117,974	\$ (200,184)
Items not involving cash:		
Depreciation and amortization	6,558	921
Foreign exchange loss (gain)	(3,758)	-
Gain on debt settlement (note 5)	(316,589)	-
Write-down of other receivable and distribution rights (notes 3 and 4)	53,580	-
Cash spent in operating activities before working capital changes	(142,235)	(199,263)
Change in non-cash working capital items		
Amounts receivable	14,186	(8,884)
Other receivable	(1,383)	-
Prepaid expenses and advances	(870)	4,350
Trade and other payables	105,562	17,058
Cash outflow for operating activities	(24,740)	(186,739)
Financing activities		
Advances payable (note 9)	26,000	-
Cash inflow for financing activities	26,000	-
Total increase (decrease) in cash	1,260	(186,739)
Cash, beginning of period	312	270,100
Cash, end of period	\$ 1,572	\$ 83,361

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

SWEET POISON SPIRITS INC.
(formerly YELLOW STEM TECH INC.)
CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY (DEFICIENCY)
(Stated in Canadian Dollars)

	Number of Shares Outstanding	Share Capital	Reserves	Accumulated Deficit	Total Equity (Deficiency)
Balance – April 30, 2022	22,016,751	\$ 4,852,605	\$ 90,860	\$ (4,459,160)	\$ 484,305
Enigma share issuance (note 1)	1,334,000	80,040	-	-	80,040
Loss for the year	-	-	-	(200,184)	(200,184)
Balance – October 31, 2022	23,350,751	\$ 4,932,645	\$ 90,860	\$ (4,659,344)	\$ 364,161
Sweet Poison share issuance (note 5)	2,500,000	60,000	-	-	60,000
Finders fees (note 5)	250,000	7,500	-	-	7,500
Loss for the year	-	-	-	(753,942)	(753,942)
Balance – April 30, 2023	26,100,751	\$ 5,000,145	\$ 90,860	\$ (5,413,286)	\$ (322,281)
Debt settlement (notes 5 and 9)	4,522,700	135,681	-	-	135,681
Cancellation of Sweet Poison shares issued (note 5)	(2,500,000)	(60,000)	-	-	(60,000)
Cancellation of Sweet Poison finders fees (note 5)	(250,000)	(7,500)	-	-	(7,500)
Income for the year	-	-	-	117,974	117,974
Balance – October 31, 2023	27,873,451	\$ 5,068,326	\$ 90,860	\$ (5,295,312)	\$ (136,126)

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

SWEET POISON SPIRITS INC.
(formerly YELLOW STEM TECH INC.)
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
For the six months ended October 31, 2023 and 2022
(Stated in Canadian Dollars)

Note 1 **Corporate Information**

Sweet Poison Spirits Inc. (formerly Yellow Stem Tech Inc.) (the “Company”) was incorporated as Hemp for Health Inc. on October 1, 2018, under the Business Corporations Act of British Columbia. The Company was listed on the Canadian Securities Exchange (the “CSE”) under the trading symbol “HFH”. In prior years, the Company was in the business of growing, processing, packaging, and selling hemp-based products in Europe and set up a wholly-owned Italian subsidiary, Hemp For Health H4H s.r.l. (“H4Hsrl”) to operate the business interests in Italy. The Company sold H4Hsrl, and effectively the hemp operations, for nominal value in March 2022.

Change of Business (“COB”)

During the year ending April 30, 2023, the Company completed the COB and changed its name to “Yellow Stem Tech Inc”. The Company entered into a binding letter of agreement to engage a third party to host cryptocurrency mining activities on behalf of the Company.

Pursuant to an asset purchase agreement and an operating agreement, both dated March 18, 2022, 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 1,334,000 shares of the Company valued at fair value on date of issue of \$0.06 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, 2023, the rigs remain unpacked in warehouse storage in the United States.

The above transactions resulted in a COB for the Company and required CSE and shareholder approval. The Company announced the COB as completed on June 17, 2022. In conjunction with the COB, the Company changed its name to “Yellow Stem Tech Inc” and on June 20, 2022, the Company’s common shares commenced trading on the CSE under the trading symbol “YY”.

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 3).

Note 1 **Corporate Information – (cont'd)**

The Company changed its name from Yellow Stem Tech Inc. 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. 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.

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, 2023, 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 significant accounting policies, see note 3 of the Company's April 30, 2023 audited annual financial statements.

These unaudited condensed interim financial statements should be read in conjunction with the Company's April 30, 2023 audited annual financial statements.

The financial statements were authorized for issue by the Board of Directors on December 21, 2023.

b) **Basis of Measurement and Going Concern**

The unaudited condensed financial statements have been prepared on a historical cost basis, 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, 2023 audited annual financial statements.

Note 2 **Basis of Preparation and Going Concern – (cont'd)**

b) **Basis of Measurement and Going Concern – (cont'd)**

The Company has not generated revenue from operations and incurred an income of \$117,974 during the period ended October 31, 2023. 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, 2023, the Company had \$1,572 in cash, a working capital deficiency of \$242,003 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.

Note 3 **Sweet Poison Spirits**

On March 28, 2023, the Company closed ("Closing") on the Distribution Agreement signed November 3, 2022 with Sweet Poison by issuing the shares pursuant to the Distribution Agreement. 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.

In consideration of the rights and licenses granted by Sweet Poison, the Company issued to the shareholders of Sweet Poison 2,500,000 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 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.

Concurrent with the Distribution Agreement, the Company also signed an agreement (the "Option Agreement") with the shareholders of Sweet Poison whereby the Company was granted the option to acquire all of the shares of Sweet Poison subject to the Company fulfilling its obligations under the Distribution Agreement. The terms of the Option Agreement included an option price of US\$1,000,000 payable as to US\$400,000 in cash and US\$600,000 in common shares of the Company, and exercisable by the Company at any time after 24 months from the date of the Option Agreement and prior to 36 months.

During the year ending April 30, 2023, the Company advanced \$13,562 (US\$10,000) to Sweet Poison. During the period ending October 31, 2023, the Company made further advances of \$1,383 (US\$980) to Sweet Poison.

SWEET POISON SPIRITS INC.
(formerly YELLOW STEM TECH INC.)
Notes to the Condensed Interim Financial Statements
October 31, 2023
(Stated in Canadian Dollars) - Page 4

Note 3 **Sweet Poison Spirits – (cont'd)**

Termination of Sweet Poison Agreements

Subsequent to October 31, 2023, the Product Distribution Agreement entered into with Sweet Poison Spirits S. De R.L. de C.V. and Sweet Poison Spirits LLC (collectively, “Sweet Poison”), and the Share Purchase Option Agreement with the shareholders of Sweet Poison (collectively, the “Agreements”) have been terminated. As a result of the termination of the Agreements, the Company cancelled the 2,500,000 common shares (the “Shares) issued to the shareholders of Sweet Poison, and 250,000 common shares issued in lieu of finders fees. The Company has recorded a net write down of \$53,580 being the value of the distribution rights of \$112,500 less accumulated amortization of \$6,650, other receivable of \$15,230 and reversal of the cancelled shares and finders fees issued to Sweet Poison valued at \$67,500.

Note 4 **Distribution Rights**

	Total
Cost	
Balance April 30, 2023	\$ 112,500
Additions	-
Write-down of distribution rights (note 3)	(112,500)
Balance, October 31, 2023	-
Accumulated Amortization	
Balance April 30, 2023	\$ (1,014)
Amortization for the period	(5,636)
Write-down of distribution rights (note 3)	6,650
Balance, October 31, 2023	-
	Total
Carrying amount	
Balance, April 30, 2023	\$ 111,486
Balance, October 31, 2023	\$ -

Note 5 **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.

Note 5 **Share Capital and Reserves** – (cont'd)

a) Common share issuances – (cont'd)

Consolidation

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

Enigma

The Company has engaged Enigma of the mining rigs to set-up, host and operate the cryptocurrency mining activities in exchange for 1,334,000 shares of the Company. The shares were valued at \$0.06, or \$80,040, the fair market value on June 29, 2022, the date of issue (see note 1).

Sweet Poison

The Company issued to the shareholders of Sweet Poison 2,500,000 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 issue of \$7,500. On October 31, 2023, the Company cancelled the shares issued to the shareholders of Sweet Poison as a result of the termination of the agreements with Sweet Poison (see note 3).

Debt Settlement

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 4,522,700 shares at a deemed price of \$0.10 when the fair value price of the Company's shares were \$0.03 per share (the "Debt Settlement"). As a result, the Company recorded a gain on debt settlement of \$316,589 in the Company's profit or loss for the period ended October 31, 2023.

The proposed Debt Settlement involves amounts owing to non-arm's length parties, with \$415,520 owing to the Company's CEO and \$36,750 owing to the CFO, as follows:

- i) The amount owing to the CEO represents \$373,520 in funds advanced and \$42,000 in unpaid management fees. The advances of \$373,520 have been outstanding since November 2021 and had been recognized in the Company's audited statements as an unsecured non-interest bearing loan; and
- ii) The amount owing to the CFO represents unpaid management fees.

Note 5 Share Capital and Reserves – (cont’d)

b) Warrants

A summary of the Company’s outstanding share purchase warrants at October 31, 2023, April 30, 2023 and April 30, 2022 is as follows:

	Number of warrants	Weighted average exercise price
Balance, April 30, 2022	6,398,750	0.22
Warrants expired	(151,250)	1.20
Balance, April 30, 2023 and October 31, 2023	6,247,500	\$ 0.20

A summary of the Company’s outstanding share purchase warrants is presented below:

Number of Warrants	Exercise Price	Expiry Date
3,622,500	\$0.20	December 9, 2023
2,625,000	\$0.20	February 2, 2024
6,247,500	\$0.20	

During the year ended April 30, 2023, 151,250 warrants exercisable at \$1.20 per share expired unexercised. Subsequent to October 31, 2023, 3,622,500 warrants exercisable at \$0.20 per share expired unexercised.

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, 2023.

Note 6 **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, 2023 and 2022 is as follows:

For the period ending October 31,	2023	2022
Issued and outstanding, beginning of the period	26,100,751	22,016,751
Weighted average shares issued net of shares cancelled during the period	4,497,985	219,287
Basic and diluted weighted average number of shares	30,598,736	22,236,038

Note 7 **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 equity 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 8 **Financial Instruments**

As at October 31, 2023, the Company's financial instruments consist of cash, amounts and other receivable, advances payable, and trade and other payables. The fair value of the Company's amounts and other receivable, advances payable, and trade and other payables approximate their carrying value, which is the amount on the statements 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, 2023, 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 \$1.47 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 \$15. A 10% increase or decrease in the EUR\$ exchange may increase or decrease loss for the period by approximately \$2,938.

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, 2023. Future cash flows from interest income on cash will be affected by interest rate fluctuations. Interest rate risk consists of two

Note 8 **Financial Instruments** – (cont’d)

b) Interest Rate Risk – (cont’d)

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, 2023 is \$1,572 (April 30, 2023 – \$312). 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, 2023, the Company was holding cash of \$1,572 (April 30, 2023 – \$312).

Note 9 **Related Party Transactions**

The following is a summary of charges incurred by the Company with related parties for the period ended October 31, 2023 and 2022:

Period ended October 31,	2023	2022
Audit and accounting	\$ 8,821	\$ -
Legal and corporate services	17,922	-
Management and director fees	83,000	33,000
Office and administration	7,875	16,500
Regulatory fees	8,501	-
Travel and accommodations	(7,000)	-
Total	\$ 119,119	\$ 49,500

Note 9 **Related Party Transactions - (cont'd)**

During the six months ended October 31, 2023, the Company incurred fees and operational expenses totalling \$119,119 (October 31, 2022: \$49,500) from companies controlled by an officer and director of the Company and by other officers and directors. During the period ending October 31, 2023, the Company received advances of \$26,000 (October 31, 2022 – \$nil) from officers and directors. As of October 31, 2023, the Company had amounts and advances payable to officers and directors, and companies with directors in common of \$147,217 (April 30, 2023: \$88,709).

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 4,522,700 shares at a deemed price of \$0.10 when the fair value price of the Company's shares were \$0.03 per share (the "Debt Settlement") (see note 5).

Note 10 **Subsequent Events**

Share consolidation

Subsequent to October 31, the Company's shareholders approved the consolidation of the common shares on the basis of four existing shares for one new share (the "Consolidation"). Currently, the Company's authorized share capital is an unlimited number of common shares without par value, of which 27,873,451 shares are issued and outstanding, with a further 6,247,500 shares reserved for issuance upon the exercise of outstanding warrants. Upon completion of the Consolidation, there will be approximately 6,968,363 common shares issued and outstanding, subject to any shares being issued upon exercise of warrants prior to the effective date of the Consolidation and subject to adjustment for fractional shares. The Consolidation is subject to approval by the CSE.

Share for debt settlement

Subsequent to October 31, 2023, the Company has arranged to settle outstanding debt with various creditors, including insiders and a private company controlled by an insider, in the aggregate amount of \$143,885.40 through the issuance of up to 2,877,708 post-consolidated shares at a post-consolidated price of \$0.05 per share (the "Debt Settlement"). The amount of \$131,285.40 is owing to officers and directors and companies controlled by officers and directors.