

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

Condensed Interim Financial Statements

For the nine months ended January 31, 2024

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

As at	January 31, 2024	April 30, 2023
Assets		
Current		
Cash	\$ 1,598	\$ 312
Amounts receivable	1,014	15,751
Other receivable (note 4)	-	13,562
Total Current Assets	2,612	29,625
Non-Current assets		
Fixed assets	1,383	2,766
Distribution rights (note 4)	-	111,486
Data centre equipment (note 1)	100,478	101,715
Total Assets	\$ 104,473	\$ 245,592
Liabilities		
Current		
Trade and other payables (note 9)	\$ 101,101	\$ 194,353
Advances payable (notes 5 and 9)	31,000	373,520
Total Liabilities	132,101	567,873
Equity (Deficiency)		
Share capital (note 5)	5,240,988	5,000,145
Reserves (note 5)	90,860	90,860
Accumulated deficit	(5,359,476)	(5,413,286)
Total Equity (Deficiency)	(27,628)	(322,281)
Total Liabilities and Equity (Deficiency)	\$ 104,473	\$ 245,592

Basis of Preparation and Going Concern (note 2)
Subsequent Event (note 5)

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 January 31,		For the nine months ended January 31,	
	2024	2023	2024	2023
Expenses:				
Audit and accounting fees (note 9)	\$ 750	\$ 7,556	\$ 21,571	\$ 36,998
Depreciation and amortization	461	461	7,019	1,382
Directors fees (note 9)	-	-	50,000	-
Foreign exchange loss (gain)	3,938	33	180	1,127
Legal and corporate services	-	13,355	17,048	47,471
Management and consulting fees (note 9)	16,500	16,500	49,500	49,500
Office, rent and administration (note 9)	3,418	6,970	13,094	23,528
Shareholder communication (note 9)	5,397	5,052	2,442	26,221
Transfer agent and filing fees	4,923	2,500	19,568	26,085
Travel and accommodations	-	173	-	40,472
Total expenses	35,387	52,600	180,422	252,784
Other items:				
Gain (loss) on debt settlements (note 5)	(28,777)	-	287,812	-
Write down of data centre equipment (note 3)	-	(422,862)	-	(422,862)
Write down of other receivable and distribution rights (note 4)	-	-	(53,580)	-
Total income (loss) and comprehensive income (loss) for the period	\$ (64,164)	\$ (475,462)	\$ 53,810	\$ (675,646)
Basic and diluted income (loss) per share for the period	\$ (0.01)	\$ (0.08)	\$ 0.01	\$ (0.12)
Weighted average shares outstanding – basic and diluted - Note 6	7,687,807	5,837,688	7,651,985	5,765,188

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

For the nine months ended January 31,	2024	2023
Cash provided by (used in):		
Operating activities		
Income (loss) for the period	\$ 53,810	\$ (675,646)
Items not involving cash:		
Depreciation and amortization	7,019	1,382
Foreign exchange loss (gain)	180	-
Gain on debt settlement (note 5)	(287,812)	-
Write down of data centre equipment (note 3)	-	422,862
Write down of other receivable and distribution rights (note 4)	53,580	-
Cash spent in operating activities before working capital changes	(173,223)	(251,402)
Change in non-cash working capital items		
Amounts receivable	14,737	(11,843)
Other receivable	(1,383)	-
Prepaid expenses and advances	-	4,350
Trade and other payables	130,155	30,133
Cash outflow for operating activities	(29,714)	(228,762)
Financing activities		
Advances payable (note 9)	31,000	-
Cash inflow for financing activities	31,000	-
Total increase / (decrease) in cash	1,286	(228,762)
Cash, beginning of period	312	270,100
Cash, end of period	\$ 1,598	\$ 41,338

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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	5,504,205	\$ 4,852,605	\$ 90,860	\$ (4,459,160)	\$ 484,305
Enigma share issuance (note 1)	333,500	80,040	-	-	80,040
Loss for the period	-	-	-	(675,646)	(675,646)
Balance – January 31, 2023	5,837,705	4,932,645	90,860	(5,134,806)	(111,301)
Sweet Poison share issuance (note 4)	625,000	60,000	-	-	60,000
Finders fees (note 4)	62,500	7,500	-	-	7,500
Loss for the period	-	-	-	(278,480)	(278,480)
Balance – April 30, 2023	6,525,205	5,000,145	90,860	(5,413,286)	(322,281)
Debt settlements (notes 5 and 9)	4,008,383	308,343	-	-	308,343
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 period	-	-	-	53,810	53,810
Balance – January 31, 2024	9,846,088	\$ 5,240,988	\$ 90,860	\$ (5,359,476)	\$ (27,628)

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

SWEET POISON SPIRITS INC.
(formerly YELLOW STEM TECH INC.)
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
For the nine months ended January 31, 2024 and 2023
(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 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 January 31, 2024, 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 grants 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).

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. 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.

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 nine month period ended January 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 statements. 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 March 21, 2024.

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 \$53,810 during the period ended January 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 January 31, 2024, the Company had \$1,598 in cash, a working capital deficiency of \$129,489 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 **Data Centre Equipment**

As at January 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 year ending April 30, 2023, the Company determined that an 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 over the preceding two quarters. The Company recorded an impairment loss of \$422,862 (US\$337,500) for the period ending January 31, 2023. As at January, 31, 2024, the mining rigs were valued at \$100,478 (US\$75,000) (April 30, 2023 - \$101,715 (US\$75,000)).

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 the shares pursuant to the Distribution Agreement. The Distribution Agreement grants 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 licences granted by Sweet Poison, the Company issued to the shareholders of Sweet Poison 625,000 common shares (the "Shares") valued at fair value

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

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 January 31, 2024, the Company made further advances of \$1,383 (US\$980) to Sweet Poison.

Termination of Sweet Poison Agreements

On November 14, 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”) were terminated. As a result of the termination of the Agreements, the Company cancelled the 625,000 common shares (the “Shares”) issued to the shareholders of Sweet Poison, and 62,500 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 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.

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.

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

a) Common share issuances – (cont’d)

The Company engaged Enigma of the mining rigs to set-up, host and operate the cryptocurrency mining activities in exchange for 333,500 shares of the Company. The shares were valued at \$0.24, or \$80,040, the fair market value on June 29, 2022, the date of issue (see note 1).

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 (see note 4). 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 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 officers and directors 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 \$0.12 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 January 31, 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 “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 period ended January 31, 2024.

b) Warrants

A summary of the Company’s outstanding share purchase warrants at January 31, 2024, April 30, 2023 and April 30, 2022 is as follows:

	Number of warrants	Weighted average exercise price
Balance, April 30, 2022	1,599,688	\$ 0.88
Warrants expired	(37,813)	4.80
Balance, April 30, 2023	1,561,875	0.80
Warrants expired	(905,625)	0.80
Balance, January 31, 2024	656,250	\$ 0.80

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

b) Warrants – (cont’d)

During the period ending January 31, 2024, 905,625 warrants exercisable at \$0.80 per share expired unexercised. During the period ending January 31, 2023, 37,813 warrants exercisable at \$4.80 per share expired unexercised.

Subsequent to January 31, 2024, 656,250 warrants exercisable at \$0.80 per share until February 2, 2024, 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 January 31, 2024.

Note 6 **Income (Loss) Per Share**

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

For the period ending January 31,	2024	2023
Issued and outstanding, beginning of the period	6,525,188	5,504,188
Weighted average shares issued net of shares cancelled during the period	1,126,797	261,000
Basic and diluted weighted average number of shares	7,651,985	5,765,188

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 January 31, 2024, 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 January 31, 2024, US dollar amounts were converted at a rate of \$1.3397 Canadian dollars to \$1 US and Euros were converted at a rate of \$1.4532 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 \$12. A 10% increase or decrease in the EUR\$ exchange may increase or decrease loss for the period by approximately \$2,906.

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 January 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 January 31, 2024 is \$1,598 (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 January 31, 2024, the Company was holding cash of \$1,598 (April 30, 2023 – \$312).

SWEET POISON SPIRITS INC.
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Note 9 Related Party Transactions

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

For the period ended January 31,	2024	2023
Audit and accounting	\$ 9,571	\$ 4,500
Directors fees	50,000	-
Management fees	49,500	49,500
Office and administration	11,250	20,250
Shareholder communication	(7,000)	-
Total	\$ 113,321	\$ 74,250

During the nine months ended January 31, 2024, the Company incurred fees and operational expenses totalling \$113,321 (January 31, 2023 - \$74,250) from companies controlled by an officer and director of the Company and by other officers and directors. During the period ending January 31, 2024, the Company received advances of \$31,000 (January 31, 2023 - \$nil) from officers and directors. As of January 31, 2024, the Company had amounts and advances payable to officers and directors, and companies with directors in common of \$42,728 (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 1,130,675 shares at a deemed price of \$0.40 when the fair value price of the Company's shares were \$0.12 per share (the "Debt Settlement") (see note 5).

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 "Debt Settlement") (see note 5).