

Disclosure Statement Pursuant to the Pink Basic Disclosure Guidelines
Spirits Capital Corporation

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7389

Annual Report

**For the period ending December 31, 2023
(the “Reporting Period”)**

Outstanding Shares

The number of shares outstanding of our Common Stock was:

102,595,020 as of April 16, 2024

102,595,020 as of December 31, 2023

94,717,470 as of December 31, 2022

Shell Status

Indicate by check mark whether the company is a shell company (as defined in Rule 405 of the Securities Act of 1933, Rule 12b-2 of the Exchange Act of 1934 and Rule 15c2-11 of the Exchange Act of 1934):

Yes: ☐ No: ☒

Indicate by check mark whether the company’s shell status has changed since the previous reporting period:

Yes: ☐ No: ☒

Change in Control

Indicate by check mark whether a Change in Control¹ of the company has occurred over this reporting period:

Yes: ☐ No: ☒

1) Name and address(es) of the issuer and its predecessors (if any)

In answering this item, provide the current name of the issuer any names used by predecessor entities, along with the dates of the name changes.

¹ “Change in Control” shall mean any events resulting in:

(i) Any “person” (as such term is used in Sections 13(d) and 14(d) of the Exchange Act) becoming the “beneficial owner” (as defined in Rule 13d-3 of the Exchange Act), directly or indirectly, of securities of the Company representing fifty percent (50%) or more of the total voting power represented by the Company’s then outstanding voting securities;

(ii) The consummation of the sale or disposition by the Company of all or substantially all of the Company’s assets;

(iii) A change in the composition of the Board occurring within a two (2)-year period, as a result of which fewer than a majority of the directors are directors immediately prior to such change; or

(iv) The consummation of a merger or consolidation of the Company with any other corporation, other than a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or its parent) at least fifty percent (50%) of the total voting power represented by the voting securities of the Company or such surviving entity or its parent outstanding immediately after such merger or consolidation.

Spirits Capital Corporation - Effective April 29, 2021

Capital Beverage Corporation

The state of incorporation or registration of the issuer and of each of its predecessors (if any) during the past five years; Please also include the issuer's current standing in its state of incorporation (e.g. active, default, inactive):

December 5, 1995 – Delaware (active)

Describe any trading suspension orders issued by the SEC concerning the issuer or its predecessors since inception:

None

List any stock split, stock dividend, recapitalization, merger, acquisition, spin-off, or reorganization either currently anticipated or that occurred within the past 12 months:

None

The address(es) of the issuer's principal executive office:

100 Bayview Circle, Suite 4100, Newport Beach, CA 92660

The address(es) of the issuer's principal place of business:

☒ Check if principal executive office and principal place of business are the same address:

Has the issuer or any of its predecessors been in bankruptcy, receivership, or any similar proceeding in the past five years?

No: ☒ Yes: ☐ If Yes, provide additional details below:

N/A

2) Security Information

Transfer Agent

Name: Continental Stock Transfer & Trust Company

Phone: 212-509-4000

Email: cstmail@continentalstock.com

Address: 1 State Street Plaza, 30th Floor, New York, NY 10004

Publicly Quoted or Traded Securities:

The goal of this section is to provide a clear understanding of the share information for its publicly quoted or traded equity securities. Use the fields below to provide the information, as applicable, for all outstanding classes of securities that are publicly traded/quoted.

Trading symbol:	<u>SSCC</u>
Exact title and class of securities outstanding:	<u>Common Stock</u>
CUSIP:	<u>84861E101</u>
Par or stated value:	<u>\$0.0001</u>

Total shares authorized:	<u>500,000,000</u>	as of date: <u>December 31, 2023</u>
Total shares outstanding:	<u>102,595,020</u>	as of date: <u>December 31, 2023</u>

Number of shares in the Public Float²: 1,644 as of date: December 31, 2023
Total number of shareholders of record: 147 as of date: December 31, 2023

All additional class(es) of publicly quoted or traded securities (if any):

Other classes of authorized or outstanding equity securities:

The goal of this section is to provide a clear understanding of the share information for its other classes of authorized or outstanding equity securities (e.g. preferred shares). Use the fields below to provide the information, as applicable, for all other authorized or outstanding equity securities.

Exact title and class of the security:	Preferred Stock
CUSIP (if applicable):	<u>N/A</u>
Par or stated value:	<u>\$0.0001</u>
Total shares authorized:	<u>1,000,000</u> as of date: <u>December 31, 2023</u>
Total shares outstanding (if applicable):	<u>0</u> as of date: <u>December 31, 2023</u>
Total number of shareholders of record (if applicable):	<u>0</u> as of date: <u>December 31, 2023</u>

Security Description:

The goal of this section is to provide a clear understanding of the material rights and privileges of the securities issued by the company. Please provide the below information for each class of the company's equity securities, as applicable:

1. **For common equity, describe any dividend, voting and preemption rights.**

None

2. **For preferred stock, describe the dividend, voting, conversion, and liquidation rights as well as redemption or sinking fund provisions.**

None

3. **Describe any other material rights of common or preferred stockholders.**

None

4. **Describe any material modifications to rights of holders of the company's securities that have occurred over the reporting period covered by this report.**

None

3) Issuance History

The goal of this section is to provide disclosure with respect to each event that resulted in any changes to the total shares outstanding of any class of the issuer's securities **in the past two completed fiscal years and any subsequent interim period.**

Disclosure under this item shall include, in chronological order, all offerings and issuances of securities, including debt convertible into equity securities, whether private or public, and all shares, or any other securities or options to acquire such securities, issued for services. Using the tabular format below, please describe these events.

A. Changes to the Number of Outstanding Shares

² "Public Float" shall mean the total number of unrestricted shares not held directly or indirectly by an officer, director, any person who is the beneficial owner of more than 10 percent of the total shares outstanding (a "control person"), or any affiliates thereof, or any immediate family members of officers, directors and control persons.

Indicate by check mark whether there were any changes to the number of outstanding shares within the past two completed fiscal years:

No: ☐ Yes: ☒ (If yes, you must complete the table below)

Shares Outstanding as of Second Most Recent Fiscal Year End: <u>Opening Balance</u> Date <u>12/31/2021</u> Common: <u>61,676,320</u> Preferred: <u>0</u>			*Right-click the rows below and select "Insert" to add rows as needed.						
Date of Transaction	Transaction type (e.g. new issuance, cancellation, shares returned to treasury)	Number of Shares Issued (or cancelled)	Class of Securities	Value of shares issued (\$/per share) at Issuance	Were the shares issued at a discount to market price at the time of issuance? (Yes/No)	Individual/Entity Shares were issued to. *You must disclose the control person(s) for any entities listed.	Reason for share issuance (e.g. for cash or debt conversion) -OR- Nature of Services Provided	Restricted or Unrestricted as of this filing.	Exemption or Registration Type.
<u>1/14/2022</u>	New Issuance	<u>50,000</u>	<u>Common</u>	<u>\$1.00</u>	<u>Yes</u>	<u>Patrick Flynn</u>	<u>Share Subscription</u>	<u>Restricted</u>	
<u>1/31/2022</u>	New Issuance	<u>275,000</u>	<u>Common</u>	<u>\$1.00</u>	<u>Yes</u>	<u>Michael & Jacqueline Emmers</u>	<u>Share Subscription</u>	<u>Restricted</u>	
<u>2/16/2022</u>	New Issuance	<u>1,500,000</u>	<u>Common</u>	<u>\$1.00</u>	<u>Yes</u>	<u>Mike Weydemuller</u>	<u>Share Subscription</u>	<u>Restricted</u>	
<u>2/17/2022</u>	New Issuance	<u>250,000</u>	<u>Common</u>	<u>\$1.00</u>	<u>Yes</u>	<u>Vista Azul Asset Mgmt (Wayne Ake)</u>	<u>Share Subscription</u>	<u>Restricted</u>	
<u>2/28/2022</u>	New Issuance	<u>3,000</u>	<u>Common</u>	<u>\$1.00</u>	<u>Yes</u>	<u>Linda Boyd Jones</u>	<u>Consulting Services</u>	<u>Restricted</u>	
<u>3/7/2022</u>	New Issuance	<u>1,000,000</u>	<u>Common</u>	<u>\$1.00</u>	<u>Yes</u>	<u>Cort St. George</u>	<u>Share Subscription</u>	<u>Restricted</u>	

<u>3/22/2022</u>	New Issuance	<u>22,500,000</u>	<u>Common</u>	<u>\$0.0001</u>	<u>Yes</u>	<u>Green Capital Management Limited (Frank Dominick)</u>	<u>Share Subscription</u>	<u>Restricted</u>	
<u>3/22/2022</u>	New Issuance	<u>10,000</u>	<u>Common</u>	<u>\$1.00</u>	<u>Yes</u>	<u>Green Capital Management Limited (Frank Dominick)</u>	<u>Share Subscription</u>	<u>Restricted</u>	
<u>3/28/2022</u>	New Issuance	<u>4,500,000</u>	<u>Common</u>	<u>\$0.0001</u>	<u>Yes</u>	<u>Seyemoham madreza Hashemifesh araki</u>	<u>Share Subscription</u>	<u>Restricted</u>	
<u>3/28/2022</u>	New Issuance	<u>1,000,000</u>	<u>Common</u>	<u>\$1.00</u>	<u>Yes</u>	<u>Frank J. Longo</u>	<u>Share Subscription</u>	<u>Restricted</u>	
<u>3/28/2022</u>	New Issuance	<u>2,500</u>	<u>Common</u>	<u>\$1.00</u>	<u>Yes</u>	<u>Linda Boyd Jones</u>	<u>Consulting Services</u>	<u>Restricted</u>	
<u>3/31/2022</u>	New Issuance	<u>100,000</u>	<u>Common</u>	<u>\$1.00</u>	<u>Yes</u>	<u>Carmel, Milazzo & Feil LLP (Timothy Feil)</u>	<u>Consulting Services</u>	<u>Restricted</u>	
<u>4/4/2022</u>	New Issuance	<u>50,000</u>	<u>Common</u>	<u>\$1.00</u>	<u>Yes</u>	<u>James Amoroso</u>	<u>Share Subscription</u>	<u>Restricted</u>	
<u>4/18/2022</u>	New Issuance	<u>50,000</u>	<u>Common</u>	<u>\$1.00</u>	<u>Yes</u>	<u>David Zweig</u>	<u>Share Subscription</u>	<u>Restricted</u>	
<u>4/21/2022</u>	New Issuance	<u>25,000</u>	<u>Common</u>	<u>\$1.00</u>	<u>Yes</u>	<u>Jeh 485 Trust (Eli Haft)</u>	<u>Share Subscription</u>	<u>Restricted</u>	
<u>5/17/2022</u>	New Issuance	<u>100,000</u>	<u>Common</u>	<u>\$1.00</u>	<u>Yes</u>	<u>Patrick Flynn</u>	<u>Consulting Services</u>	<u>Restricted</u>	
<u>5/31/2022</u>	New Issuance	<u>1,800</u>	<u>Common</u>	<u>\$1.00</u>	<u>Yes</u>	<u>Linda Boyd Jones</u>	<u>Consulting Services</u>	<u>Restricted</u>	
<u>6/1/2022</u>	New Issuance	<u>154,500</u>	<u>Common</u>	<u>\$1.00</u>	<u>Yes</u>	<u>Mike Weydemuller</u>	<u>Consulting Services</u>	<u>Restricted</u>	
<u>6/1/2022</u>	New Issuance	<u>10,600</u>	<u>Common</u>	<u>\$0.0001</u>	<u>Yes</u>	<u>Mike Weydemuller</u>	<u>Consulting Services</u>	<u>Restricted</u>	

<u>6/13/2022</u>	New Issuance	<u>25,000</u>	<u>Common</u>	<u>\$1.00</u>	<u>Yes</u>	<u>Crown Dragon Asset Mgmt Trust (Richard Howard)</u>	<u>Consulting Services</u>	<u>Restricted</u>	
<u>6/29/2022</u>	New Issuance	<u>100,000</u>	<u>Common</u>	<u>\$0.000</u> <u>1</u>	<u>Yes</u>	<u>Dzung Chantepie</u>	<u>Share Subscription</u>	<u>Restricted</u>	
<u>6/29/2022</u>	New Issuance	<u>5,000</u>	<u>Common</u>	<u>\$1.00</u>	<u>Yes</u>	<u>Mary Tanguma</u>	<u>Share Subscription</u>	<u>Restricted</u>	
<u>6/29/2022</u>	New Issuance	<u>5,000</u>	<u>Common</u>	<u>\$1.00</u>	<u>Yes</u>	<u>Diana and David Selecky</u>	<u>Share Subscription</u>	<u>Restricted</u>	
<u>6/29/2022</u>	New Issuance	<u>17,500</u>	<u>Common</u>	<u>\$1.00</u>	<u>Yes</u>	<u>Deborah and Rodolfo Campos</u>	<u>Share Subscription</u>	<u>Restricted</u>	
<u>9/14/2022</u>	New Issuance	<u>100,000</u>	<u>Common</u>	<u>\$1.00</u>	<u>Yes</u>	<u>David Zweig</u>	<u>Share Subscription</u>	<u>Restricted</u>	
<u>9/16/2022</u>	New Issuance	<u>150,000</u>	<u>Common</u>	<u>\$0.000</u> <u>1</u>	<u>Yes</u>	<u>Exchange Listing LLC (Peter Goldstein)</u>	<u>Consulting Services</u>	<u>Restricted</u>	
<u>9/22/2022</u>	New Issuance	<u>25,000</u>	<u>Common</u>	<u>\$1.00</u>	<u>Yes</u>	<u>Jeh 485 Trust (Eli Haft)</u>	<u>Share Subscription</u>	<u>Restricted</u>	
<u>9/30/2022</u>	New Issuance	<u>12,500</u>	<u>Common</u>	<u>\$1.00</u>	<u>Yes</u>	<u>Deborah and Rodolfo Campos</u>	<u>Share Subscription</u>	<u>Restricted</u>	
<u>9/30/2022</u>	New Issuance	<u>13,750</u>	<u>Common</u>	<u>\$0.000</u> <u>1</u>	<u>Yes</u>	<u>Mike Weydemuller</u>	<u>Consulting Services</u>	<u>Restricted</u>	
<u>11/7/2022</u>	New Issuance	<u>200,000</u>	<u>Common</u>	<u>\$1.00</u>	<u>Yes</u>	<u>David Zweig</u>	<u>Share Subscription</u>	<u>Restricted</u>	
<u>12/5/2022</u>	New Issuance	<u>5,000</u>	<u>Common</u>	<u>\$1.00</u>	<u>Yes</u>	<u>Glenda and Joseph Furlong</u>	<u>Share Subscription</u>	<u>Restricted</u>	
<u>12/17/2022</u>	New Issuance	<u>750,000</u>	<u>Common</u>	<u>\$0.000</u> <u>1</u>	<u>Yes</u>	<u>Jonathan Wolf</u>	<u>Share Subscription</u>	<u>Restricted</u>	
<u>12/31/2022</u>	New Issuance	<u>50,000</u>	<u>Common</u>	<u>\$1.00</u>	<u>Yes</u>	<u>Mike Weydemuller</u>	<u>Consulting Services</u>	<u>Restricted</u>	

<u>1/10/2023</u>	New Issuance	<u>25,000</u>	<u>Common</u>	<u>\$1.00</u>	<u>Yes</u>	<u>Patrizia Cobian</u>	<u>Share Subscription</u>	<u>Restricted</u>	
<u>1/25/2023</u>	New Issuance	<u>65,000</u>	<u>Common</u>	<u>\$1.00</u>	<u>Yes</u>	<u>Legacy Mgmt Holdings Trust (Kristin Adams)</u>	<u>Share Subscription</u>	<u>Restricted</u>	
<u>2/3/2023</u>	New Issuance	<u>25,000</u>	<u>Common</u>	<u>\$1.00</u>	<u>Yes</u>	<u>YESS Trust (Seema Maheshwari)</u>	<u>Share Subscription</u>	<u>Restricted</u>	
<u>2/6/2023</u>	New Issuance	<u>50,000</u>	<u>Common</u>	<u>\$1.00</u>	<u>Yes</u>	<u>Septenary Trust (Kevin Fatland)</u>	<u>Share Subscription</u>	<u>Restricted</u>	
<u>2/16/2023</u>	New Issuance	<u>50,000</u>	<u>Common</u>	<u>\$1.00</u>	<u>Yes</u>	<u>Jesse Ferber</u>	<u>Share Subscription</u>	<u>Restricted</u>	
<u>2/24/2023</u>	New Issuance	<u>25,000</u>	<u>Common</u>	<u>\$1.00</u>	<u>Yes</u>	<u>Trinity Trust (Shari Williams)</u>	<u>Share Subscription</u>	<u>Restricted</u>	
<u>3/3/2023</u>	New Issuance	<u>75,000</u>	<u>Common</u>	<u>\$1.00</u>	<u>Yes</u>	<u>PALS Legacy Trust (Nicolas A Villa Guillen)</u>	<u>Share Subscription</u>	<u>Restricted</u>	
<u>3/3/2023</u>	New Issuance	<u>75,000</u>	<u>Common</u>	<u>\$1.00</u>	<u>Yes</u>	<u>ARRA Investment Trust (Ajay Pabby)</u>	<u>Share Subscription</u>	<u>Restricted</u>	
<u>3/3/2023</u>	New Issuance	<u>75,000</u>	<u>Common</u>	<u>\$1.00</u>	<u>Yes</u>	<u>Castell Kruger Trust (Miguel Castellanos)</u>	<u>Share Subscription</u>	<u>Restricted</u>	
<u>3/3/2023</u>	New Issuance	<u>75,000</u>	<u>Common</u>	<u>\$1.00</u>	<u>Yes</u>	<u>YBAP Holdings Trust (Brittney Greer)</u>	<u>Share Subscription</u>	<u>Restricted</u>	
<u>2/3/2023</u>	New Issuance	<u>175,000</u>	<u>Common</u>	<u>\$0.001</u>	<u>Yes</u>	<u>Edward Allen Fazio Family Trust (Edward Fazio)</u>	<u>Consulting Services</u>	<u>Restricted</u>	

<u>3/31/2023</u>	<u>New Issuance</u>	<u>49,000</u>	<u>Common</u>	<u>\$0.001</u>	<u>Yes</u>	<u>Mike Weydemuller</u>	<u>Consulting Services</u>	<u>Restricted</u>	
<u>4/7/2023</u>	<u>New Issuance</u>	<u>50,000</u>	<u>Common</u>	<u>\$1.00</u>	<u>Yes</u>	<u>Bubbie Zaide Trust, Larry Weprin, Trustee</u>	<u>Share Subscription</u>	<u>Restricted</u>	
<u>4/7/2023</u>	<u>New Issuance</u>	<u>25,000</u>	<u>Common</u>	<u>\$1.00</u>	<u>Yes</u>	<u>Trinity Trust, Shari Lyn Williams, Trustee</u>	<u>Share Subscription</u>	<u>Restricted</u>	
<u>4/10/2023</u>	<u>New Issuance</u>	<u>50,000</u>	<u>Common</u>	<u>\$1.00</u>	<u>Yes</u>	<u>Crown Dragon Asset Mngt Trust, Richard Howard, Trustee</u>	<u>Share Subscription</u>	<u>Restricted</u>	
<u>4/10/2023</u>	<u>New Issuance</u>	<u>35,000</u>	<u>Common</u>	<u>\$1.00</u>	<u>Yes</u>	<u>Legacy Management Holdings Trust, Kevin Adams, Trustee</u>	<u>Share Subscription</u>	<u>Restricted</u>	
<u>4/20/2023</u>	<u>New Issuance</u>	<u>300,000</u>	<u>Common</u>	<u>\$1.00</u>	<u>Yes</u>	<u>Sun & Shield 84 11 Trust, Adam J. Ausloos, Trustee</u>	<u>Share Subscription</u>	<u>Restricted</u>	
<u>4/21/2023</u>	<u>New Issuance</u>	<u>100,000</u>	<u>Common</u>	<u>\$1.00</u>	<u>Yes</u>	<u>JW Inc. LTD</u>	<u>Share Subscription</u>	<u>Restricted</u>	
<u>4/23/2023</u>	<u>New Issuance</u>	<u>100,000</u>	<u>Common</u>	<u>\$1.00</u>	<u>Yes</u>	<u>Daily Path Trust, David K Severson, Trustee</u>	<u>Share Subscription</u>	<u>Restricted</u>	
<u>4/23/2023</u>	<u>New Issuance</u>	<u>50,000</u>	<u>Common</u>	<u>\$1.00</u>	<u>Yes</u>	<u>Generous Life Trust, Kent F Willett, Trustee</u>	<u>Share Subscription</u>	<u>Restricted</u>	

<u>4/23/2023</u>	<u>New Issuance</u>	<u>25,000</u>	<u>Common</u>	<u>\$1.00</u>	<u>Yes</u>	<u>High Cotton Trust, David A Allison, Trustee</u>	<u>Share Subscription</u>	<u>Restricted</u>	
<u>4/23/2023</u>	<u>New Issuance</u>	<u>75,000</u>	<u>Common</u>	<u>\$1.00</u>	<u>Yes</u>	<u>High Road Trust, Garrett E Chappell, Trustee</u>	<u>Share Subscription</u>	<u>Restricted</u>	
<u>4/23/2023</u>	<u>New Issuance</u>	<u>25,000</u>	<u>Common</u>	<u>\$1.00</u>	<u>Yes</u>	<u>Murphy Hendrix Trust, Jeffrey W King, Trustee</u>	<u>Share Subscription</u>	<u>Restricted</u>	
<u>4/23/2023</u>	<u>New Issuance</u>	<u>50,000</u>	<u>Common</u>	<u>\$1.00</u>	<u>Yes</u>	<u>The Hood Canal 4 Trust, Gregory J Wetterhus, Trustee</u>	<u>Share Subscription</u>	<u>Restricted</u>	
<u>4/23/2023</u>	<u>New Issuance</u>	<u>50,000</u>	<u>Common</u>	<u>\$1.00</u>	<u>Yes</u>	<u>Lifewater Trust, William Darr, Trustee</u>	<u>Share Subscription</u>	<u>Restricted</u>	
<u>4/23/2023</u>	<u>New Issuance</u>	<u>50,000</u>	<u>Common</u>	<u>\$1.00</u>	<u>Yes</u>	<u>Pactel Talent Trust, Paul E King, Trustee</u>	<u>Share Subscription</u>	<u>Restricted</u>	
<u>4/23/2023</u>	<u>New Issuance</u>	<u>50,000</u>	<u>Common</u>	<u>\$1.00</u>	<u>Yes</u>	<u>Renalbert Trust, Brian E Handel, Trustee</u>	<u>Share Subscription</u>	<u>Restricted</u>	
<u>4/23/2023</u>	<u>New Issuance</u>	<u>100,000</u>	<u>Common</u>	<u>\$1.00</u>	<u>Yes</u>	<u>Sport Clay Trust, Steve Lee Surber, Trustee</u>	<u>Share Subscription</u>	<u>Restricted</u>	
<u>4/23/2023</u>	<u>New Issuance</u>	<u>25,000</u>	<u>Common</u>	<u>\$1.00</u>	<u>Yes</u>	<u>TDF Trust, Jon-Claude LaFlamme, Trustee</u>	<u>Share Subscription</u>	<u>Restricted</u>	
<u>4/23/2023</u>	<u>New Issuance</u>	<u>25,000</u>	<u>Common</u>	<u>\$1.00</u>	<u>Yes</u>	<u>Vaocluse Trust, Harlen</u>	<u>Share Subscription</u>	<u>Restricted</u>	

						<u>H Harless, Trustee</u>			
<u>4/24/2023</u>	<u>New Issuance</u>	<u>195,000</u>	<u>Common</u>	<u>\$1.00</u>	<u>Yes</u>	<u>Glenda Marie Furlong and Joseph Richard Furlong</u>	<u>Share Subscription</u>	<u>Restricted</u>	
<u>4/25/2023</u>	<u>New Issuance</u>	<u>10,000</u>	<u>Common</u>	<u>\$1.00</u>	<u>Yes</u>	<u>Seven Legacy Trust, Dr. Neal Agarwal</u>	<u>Share Subscription</u>	<u>Restricted</u>	
<u>4/25/2023</u>	<u>New Issuance</u>	<u>200,000</u>	<u>Common</u>	<u>\$1.00</u>	<u>Yes</u>	<u>In Jesus Name, Amen Trust. - Karen Stanek, Trustee</u>	<u>Share Subscription</u>	<u>Restricted</u>	
<u>4/25/2023</u>	<u>New Issuance</u>	<u>2,000</u>	<u>Common</u>	<u>\$1.00</u>	<u>Yes</u>	<u>Pedro Change</u>	<u>Share Subscription</u>	<u>Restricted</u>	
<u>4/25/2023</u>	<u>New Issuance</u>	<u>5,000</u>	<u>Common</u>	<u>\$1.00</u>	<u>Yes</u>	<u>Nathan Cha</u>	<u>Share Subscription</u>	<u>Restricted</u>	
<u>4/25/2023</u>	<u>New Issuance</u>	<u>12,000</u>	<u>Common</u>	<u>\$1.00</u>	<u>Yes</u>	<u>Jin Soo Kwon</u>	<u>Share Subscription</u>	<u>Restricted</u>	
<u>4/25/2023</u>	<u>New Issuance</u>	<u>25,000</u>	<u>Common</u>	<u>\$1.00</u>	<u>Yes</u>	<u>Youjun Zhu</u>	<u>Share Subscription</u>	<u>Restricted</u>	
<u>4/25/2023</u>	<u>New Issuance</u>	<u>100,000</u>	<u>Common</u>	<u>\$1.00</u>	<u>Yes</u>	<u>Top Tycoon Enterprises</u>	<u>Share Subscription</u>	<u>Restricted</u>	
<u>4/25/2023</u>	<u>New Issuance</u>	<u>100,000</u>	<u>Common</u>	<u>\$1.00</u>	<u>Yes</u>	<u>Septenary Trust, Kevin L. Fatland, Trustee</u>	<u>Share Subscription</u>	<u>Restricted</u>	
<u>4/25/2023</u>	<u>New Issuance</u>	<u>10,000</u>	<u>Common</u>	<u>\$1.00</u>	<u>Yes</u>	<u>Luke Uyemura</u>	<u>Share Subscription</u>	<u>Restricted</u>	
<u>4/25/2023</u>	<u>New Issuance</u>	<u>100,000</u>	<u>Common</u>	<u>\$1.00</u>	<u>Yes</u>	<u>Sicilians Trust, Frank Taormani, Trustee</u>	<u>Share Subscription</u>	<u>Restricted</u>	

<u>4/25/2023</u>	<u>New Issuance</u>	<u>10,000</u>	<u>Common</u>	<u>\$1.00</u>	<u>Yes</u>	<u>Cliff Humphris & Kristin Humphris</u>	<u>Share Subscription</u>	<u>Restricted</u>	
<u>4/25/2023</u>	<u>New Issuance</u>	<u>5,000</u>	<u>Common</u>	<u>\$1.00</u>	<u>Yes</u>	<u>Brad Jacobsen</u>	<u>Share Subscription</u>	<u>Restricted</u>	
<u>4/26/2023</u>	<u>New Issuance</u>	<u>25,000</u>	<u>Common</u>	<u>\$1.00</u>	<u>Yes</u>	<u>Helen Harless</u>	<u>Share Subscription</u>	<u>Restricted</u>	
<u>4/26/2023</u>	<u>New Issuance</u>	<u>10,000</u>	<u>Common</u>	<u>\$1.00</u>	<u>Yes</u>	<u>Annie Koonapareddy</u>	<u>Share Subscription</u>	<u>Restricted</u>	
<u>5/1/2023</u>	<u>New Issuance</u>	<u>225,000</u>	<u>Common</u>	<u>\$1.00</u>	<u>Yes</u>	<u>ARRA Investment Trust, Ajay Pabby, Trustee</u>	<u>Share Subscription</u>	<u>Restricted</u>	
<u>5/1/2023</u>	<u>New Issuance</u>	<u>10,000</u>	<u>Common</u>	<u>\$1.00</u>	<u>Yes</u>	<u>Tracie A. Farr</u>	<u>Share Subscription</u>	<u>Restricted</u>	
<u>5/1/2023</u>	<u>New Issuance</u>	<u>10,000</u>	<u>Common</u>	<u>\$1.00</u>	<u>Yes</u>	<u>Lisa M. OBrien</u>	<u>Share Subscription</u>	<u>Restricted</u>	
<u>5/1/2023</u>	<u>New Issuance</u>	<u>125,000</u>	<u>Common</u>	<u>\$1.00</u>	<u>Yes</u>	<u>Castell Krugar Trust, Miguel Enrique Ordonez Castellanos, Trustee</u>	<u>Share Subscription</u>	<u>Restricted</u>	
<u>5/1/2023</u>	<u>New Issuance</u>	<u>225,000</u>	<u>Common</u>	<u>\$1.00</u>	<u>Yes</u>	<u>PALS Legacy Trust, Nicolas A Villa Guillen, Trustee</u>	<u>Share Subscription</u>	<u>Restricted</u>	
<u>5/2/2023</u>	<u>New Issuance</u>	<u>5,000</u>	<u>Common</u>	<u>\$1.00</u>	<u>Yes</u>	<u>Skylar & Halie Peterson</u>	<u>Share Subscription</u>	<u>Restricted</u>	
<u>5/3/2023</u>	<u>New Issuance</u>	<u>20,000</u>	<u>Common</u>	<u>\$1.00</u>	<u>Yes</u>	<u>Jonathan Dienhart</u>	<u>Share Subscription</u>	<u>Restricted</u>	

<u>5/3/2023</u>	<u>New Issuance</u>	<u>5,000</u>	<u>Common</u>	<u>\$1.00</u>	<u>Yes</u>	<u>Braden Campos</u>	<u>Share Subscription</u>	<u>Restricted</u>	
<u>5/3/2023</u>	<u>New Issuance</u>	<u>10,000</u>	<u>Common</u>	<u>\$1.00</u>	<u>Yes</u>	<u>Jensen Campos</u>	<u>Share Subscription</u>	<u>Restricted</u>	
<u>5/3/2023</u>	<u>New Issuance</u>	<u>5,000</u>	<u>Common</u>	<u>\$1.00</u>	<u>Yes</u>	<u>Deborah & Rodolfo Campos</u>	<u>Share Subscription</u>	<u>Restricted</u>	
<u>5/3/2023</u>	<u>New Issuance</u>	<u>5,000</u>	<u>Common</u>	<u>\$1.00</u>	<u>Yes</u>	<u>Mary Vicki Tanguma</u>	<u>Share Subscription</u>	<u>Restricted</u>	
<u>5/10/2023</u>	<u>New Issuance</u>	<u>5,000</u>	<u>Common</u>	<u>\$1.00</u>	<u>Yes</u>	<u>Skylar & Halie Peterson</u>	<u>Share Subscription</u>	<u>Restricted</u>	
<u>5/24/2023</u>	<u>New Issuance</u>	<u>5,000</u>	<u>Common</u>	<u>\$1.00</u>	<u>Yes</u>	<u>Lisa M. OBrien</u>	<u>Share Subscription</u>	<u>Restricted</u>	
<u>5/25/2023</u>	<u>New Issuance</u>	<u>50,000</u>	<u>Common</u>	<u>\$1.00</u>	<u>Yes</u>	<u>The Logos Trust, Timothy Shen, Trustee</u>	<u>Share Subscription</u>	<u>Restricted</u>	
<u>5/25/2023</u>	<u>New Issuance</u>	<u>25,000</u>	<u>Common</u>	<u>\$1.00</u>	<u>Yes</u>	<u>Dream Family Trust, Jeffrey C. Bartlett, Trustee</u>	<u>Share Subscription</u>	<u>Restricted</u>	
<u>5/25/2023</u>	<u>New Issuance</u>	<u>100,000</u>	<u>Common</u>	<u>\$1.00</u>	<u>Yes</u>	<u>Acorn Legacy Trust, Laurie S. Johnson, Trustee</u>	<u>Share Subscription</u>	<u>Restricted</u>	
<u>5/25/2023</u>	<u>New Issuance</u>	<u>100,000</u>	<u>Common</u>	<u>\$1.00</u>	<u>Yes</u>	<u>AMDG Legacy Trust, Erick Chamblee, Trustee</u>	<u>Share Subscription</u>	<u>Restricted</u>	
<u>5/25/2023</u>	<u>New Issuance</u>	<u>100,000</u>	<u>Common</u>	<u>\$1.00</u>	<u>Yes</u>	<u>MYBSWH Trust, David and Sook Lee, Trustees</u>	<u>Share Subscription</u>	<u>Restricted</u>	

<u>5/25/2023</u>	<u>New Issuance</u>	<u>100,000</u>	<u>Common</u>	<u>\$1.00</u>	<u>Yes</u>	<u>TLK Trust, Toby Klusmeyer, Trustee</u>	<u>Share Subscription</u>	<u>Restricted</u>	
<u>5/25/2023</u>	<u>New Issuance</u>	<u>200,000</u>	<u>Common</u>	<u>\$1.00</u>	<u>Yes</u>	<u>Pink Shark Trust, Dustin Glendaly Cline, Trustee</u>	<u>Share Subscription</u>	<u>Restricted</u>	
<u>5/25/2023</u>	<u>New Issuance</u>	<u>150,000</u>	<u>Common</u>	<u>\$1.00</u>	<u>Yes</u>	<u>SMCW Trust, James F Walton III, Trustee</u>	<u>Share Subscription</u>	<u>Restricted</u>	
<u>5/25/2023</u>	<u>New Issuance</u>	<u>25,000</u>	<u>Common</u>	<u>\$1.00</u>	<u>Yes</u>	<u>TDF Trust, Jon-Claude LaFlamme, Trustee</u>	<u>Share Subscription</u>	<u>Restricted</u>	
<u>5/25/2023</u>	<u>New Issuance</u>	<u>25,000</u>	<u>Common</u>	<u>\$1.00</u>	<u>Yes</u>	<u>Yak 'Em Up Financial LLC</u>	<u>Share Subscription</u>	<u>Restricted</u>	
<u>5/25/2023</u>	<u>New Issuance</u>	<u>100,000</u>	<u>Common</u>	<u>\$1.00</u>	<u>Yes</u>	<u>Agape Trust, Thomas J Birong, Trustee</u>	<u>Share Subscription</u>	<u>Restricted</u>	
<u>5/25/2023</u>	<u>New Issuance</u>	<u>50,000</u>	<u>Common</u>	<u>\$1.00</u>	<u>Yes</u>	<u>CARD 27 Trust, Clifford A Doman, Trustee</u>	<u>Share Subscription</u>	<u>Restricted</u>	
<u>6/6/2023</u>	<u>New Issuance</u>	<u>100,000</u>	<u>Common</u>	<u>\$1.00</u>	<u>Yes</u>	<u>David Zweig</u>	<u>Share Subscription</u>	<u>Restricted</u>	
<u>8/10/2023</u>	<u>Cancellation</u>	<u>(25000)</u>	<u>Common</u>	<u>\$1.00</u>	<u>Yes</u>	<u>Helen Harless</u>	<u>Share Cancellation</u>	<u>Restricted</u>	
<u>9/28//2023</u>	<u>Cancellation</u>	<u>(100,000)</u>	<u>Common</u>	<u>\$1.00</u>	<u>Yes</u>	<u>PALS Legacy Trust</u>	<u>Share Cancellation</u>	<u>Restricted</u>	

<u>9/28/2023</u>	<u>Cancellation</u>	<u>(100,000)</u>	<u>Common</u>	<u>\$1.00</u>	<u>Yes</u>	<u>ARRA Investment Trust</u>	<u>Share Cancellation</u>	<u>Restricted</u>	
<u>9/28/2023</u>	<u>New Issuance</u>	<u>1,000,000</u>	<u>Common</u>	<u>\$1.00</u>	<u>Yes</u>	<u>Advantage Life Puerto Rico</u>	<u>Share Subscription</u>	<u>Restricted</u>	
<u>9/28/2023</u>	<u>New Issuance</u>	<u>4,900</u>	<u>Common</u>	<u>\$1.00</u>	<u>Yes</u>	<u>Jonathan Chang</u>	<u>Share Subscription</u>	<u>Restricted</u>	
<u>9/28/2023</u>	<u>New Issuance</u>	<u>75,000</u>	<u>Common</u>	<u>\$1.00</u>	<u>Yes</u>	<u>Braveheart Family Holdings Trust</u>	<u>Share Subscription</u>	<u>Restricted</u>	
<u>9/28/2023</u>	<u>New Issuance</u>	<u>200,000</u>	<u>Common</u>	<u>\$1.00</u>	<u>Yes</u>	<u>Sapphire Unlimited Trust</u>	<u>Share Subscription</u>	<u>Restricted</u>	
<u>9/28/2023</u>	<u>New Issuance</u>	<u>115,000</u>	<u>Common</u>	<u>\$1.00</u>	<u>Yes</u>	<u>Saitama Trust</u>	<u>Share Subscription</u>	<u>Restricted</u>	
<u>10/02/2023</u>	<u>New Issuance</u>	<u>1,242,150</u>	<u>Common</u>	<u>\$0.001</u>	<u>Yes</u>	<u>Michael Weydemuller</u>	<u>Employment Agreement</u>	<u>Restricted</u>	
<u>10/02/2023</u>	<u>New Issuance</u>	<u>555,000</u>	<u>Common</u>	<u>\$1.00</u>	<u>Yes</u>	<u>Aptus, Inc.</u>	<u>Share Subscription</u>	<u>Restricted</u>	
<u>10/02/2023</u>	<u>New Issuance</u>	<u>165,000</u>	<u>Common</u>	<u>\$0.0001</u>	<u>Yes</u>	<u>Sun & Shield 84 11 Trust, Adam Ausloos, Trustee</u>	<u>Consulting Services</u>	<u>Restricted</u>	

<u>10/02/2023</u>	<u>New Issuance</u>	<u>200,000</u>	<u>Common</u>	<u>\$1.00</u>	<u>Yes</u>	<u>Steven Ennis</u>	<u>Share Subscription</u>	<u>Restricted</u>	
<u>10/02/2023</u>	<u>New Issuance</u>	<u>7,500</u>	<u>Common</u>	<u>\$0.000</u> <u>1</u>	<u>Yes</u>	<u>Jonathan D. Thomas</u>	<u>Consulting Services</u>	<u>Restricted</u>	
Shares Outstanding on Date of This Report:									
<u>Ending Balance</u>									
Date <u>12/31/2023</u> Common:									
<u>102,595,020</u>									
Preferred: <u>0</u>									

C. Describe the issuers' principal products or services.

Spirits Capital Corporation is a platform providing secured purchase of premium American Whiskey while maturing. The objectives of the company development was a vision to create an open, safe and secure marketplace for value hunters who want to capitalize on the strong and promising future of this spirit.

5) **Issuer's Facilities**

The goal of this section is to provide a potential investor with a clear understanding of all assets, properties or facilities owned, used or leased by the issuer and the extent in which the facilities are utilized.

In responding to this item, please clearly describe the assets, properties or facilities of the issuer, give the location of the principal plants and other property of the issuer and describe the condition of the properties. If the issuer does not have complete ownership or control of the property (for example, if others also own the property or if there is a mortgage on the property), describe the limitations on the ownership.

If the issuer leases any assets, properties or facilities, clearly describe them as above and the terms of their leases.

The Company currently leases 3,000 square feet of office space at 100 Bayview Circle, Suite 4100, Newport Beach, CA 92660. The lease expires on February 28, 2027.

6) **Officers, Directors, and Control Persons**

Using the table below, please provide information, as of the period end date of this report, regarding any officers, or directors of the company, individuals or entities controlling more than 5% of any class of the issuers securities, or any person that performs a similar function, regardless of the number of shares they own. **If any insiders listed are corporate shareholders or entities, provide the name and address of the person(s) beneficially owning or controlling such corporate shareholders, or the name and contact information (City, State) of an individual representing the corporation or entity in the note section.**

Include Company Insiders who own any outstanding units or shares of any class of any equity security of the issuer.

The goal of this section is to provide an investor with a clear understanding of the identity of all the persons or entities that are involved in managing, controlling or advising the operations, business development and disclosure of the issuer, as well as the identity of any significant or beneficial shareholders.

Names of All Officers, Directors and Control Persons	Affiliation with Company (e.g. Officer Title /Director/Owner of more than 5%)	Residential Address (City / State Only)	Number of shares owned	Share type/class	Ownership Percentage of Class Outstanding	Names of control person(s) if a corporate entity
Todd Sanders	Officer, Director, 5% Owner	Newport Beach, CA	43,281,000	Common	42.19%	
Seyemohammadrez a Hashemifesharaki	Officer	Playa del Rey, CA	4,500,000	Common	4.39%	
Green Capital Management Limited	5% Owner	Hong Kong	22,522,000	Common	21.95%	Frank Dominick
Peter Goldstein	5% Owner	Plantation, FL	5,504,000	Common	5.36%	
Tellson Ventures, LLC	5% Owner	Newport Beach, CA	6,503,900	Common	6.34%	Andrew Boyd-Jones

7) **Legal/Disciplinary History**

A. Identify whether any of the persons or entities listed above have, in the past 10 years, been the subject of:

1. A conviction in a criminal proceeding or named as a defendant in a pending criminal proceeding (excluding traffic violations and other minor offenses);

None

2. The entry of an order, judgment, or decree, not subsequently reversed, suspended or vacated, by a court of competent jurisdiction that permanently or temporarily enjoined, barred, suspended or otherwise limited such person's involvement in any type of business, securities, commodities, or banking activities;

None

3. A finding or judgment by a court of competent jurisdiction (in a civil action), the Securities and Exchange Commission, the Commodity Futures Trading Commission, or a state securities regulator of a violation of federal or state securities or commodities law, which finding or judgment has not been reversed, suspended, or vacated; or

None

4. The entry of an order by a self-regulatory organization that permanently or temporarily barred, suspended, or otherwise limited such person's involvement in any type of business or securities activities.

None

B. Describe briefly any material pending legal proceedings, other than ordinary routine litigation incidental to the business, to which the issuer or any of its subsidiaries is a party or of which any of their property is the subject. Include the name of the court or agency in which the proceedings are pending, the date instituted, the principal parties thereto, a description of the factual basis alleged to underlie the proceeding and the relief sought. Include similar information as to any such proceedings known to be contemplated by governmental authorities.

None

8) Third Party Service Providers

Provide the name, address, telephone number and email address of each of the following outside providers. You may add additional space as needed.

Accountant or Auditor

Name: David Ritzert
Firm: Urish Popeck & Co. LLC
Address 1: Three Gateway Center, Suite 2400
Address 2: Pittsburgh, PA 15222
Phone: 412-391-1994
Email: dritzert@urishpopeck.com

9) Financial Statements

A. The following financial statements were prepared in accordance with:

- ☐ IFRS
☒ U.S. GAAP

B. The following financial statements were prepared by (name of individual)³:

Name: Todd Sanders

Title: CEO

Relationship to Issuer: CEO

Describe the qualifications of the person or persons who prepared the financial statements:

Mr. Sanders has a background in venture capital, investing, mergers & acquisitions, strategic planning and corporate finance. In his career Mr. Sanders has been a founder, executive, investor, board member, or consultant to over two dozen private and publicly traded companies

10) Issuer Certification

Principal Executive Officer:

The issuer shall include certifications by the chief executive officer and chief financial officer of the issuer (or any other persons with different titles but having the same responsibilities) in each Quarterly Report or Annual Report.

The certifications shall follow the format below:

I, Todd Sanders certify that:

1. I have reviewed this Disclosure Statement for Spirits Capital Corporation;
2. Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement; and
3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

April 16, 2024

/s/ Todd Sanders

Chief Executive Officer

³ The financial statements requested pursuant to this item must be prepared in accordance with US GAAP or IFRS and by persons with sufficient financial skills.

SPIRITS CAPITAL CORPORATION

Index to the Consolidated Financial Statements

**As of December 31, 2023 and 2022
and for the Years Ended December 31, 2023 and 2022**

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<u>Consolidated Statements of Operations</u>	F-4
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Report of Independent Registered Public Accounting Firm

Shareholders and Board of Directors
Spirits Capital Corporation
Newport Beach, California

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheet of Spirits Capital Corporation (the “Company”) as of December 31, 2023 and 2022, the related consolidated statements of operations, changes in stockholders’ equity(deficit), and cash flows for the years December 31, 2023 and 2022, and the related notes (collectively referred to as the consolidated financial statements).

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2023 and 2022, and the results of its operations and its cash flows for each of the years ended December 31, 2023 and 2022, in conformity with accounting principles generally accepted in the United States of America.

Substantial Doubt About the Company’s Ability to Continue as a Going Concern

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 2 to the consolidated financial statements, the Company has suffered recurring losses from operations and has a net capital deficiency at December 31, 2023 and 2022. These conditions raise substantial doubt about its ability to continue as a going concern. Management’s plans in regard to these matters are also described in Note 2. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on the Company’s consolidated financial statements based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (“PCAOB”) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audit we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ Urish Popeck & Co., LLC

We have served as the Company's auditor since 2021.

Pittsburgh, PA

April 16, 2024

SPIRITS CAPITAL CORPORATION
Consolidated Balance Sheets

	December 31,	
	2023	2022
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 2,057,843	\$ 397,440
Prepaid expenses	372,450	270,250
Inventory	516,802	454,900
Deposits	238,496	23,997
Total current assets	3,185,591	1,146,587
Operating lease right of use asset, net	353,830	449,062
Property and equipment, net	55,185	47,077
Total assets	<u>\$ 3,594,606</u>	<u>\$ 1,642,726</u>
LIABILITIES AND STOCKHOLDERS' DEFICIT		
Current Liabilities:		
Accounts payable	\$ 409,882	\$ 398,932
Accrued liabilities	592,904	705,679
Derivative liability, warrants	66,307	182,210
Notes payable, net of discount of \$4,618 and \$217,866	310,382	317,134
Operating lease right of use liability, current portion	112,415	81,187
Total current liabilities	1,491,890	1,685,142
Operating lease right of use liability	282,562	394,976
Other long-term liabilities	675,000	675,000
Total liabilities	<u>2,449,452</u>	<u>2,755,118</u>
Stockholders' equity (deficit):		
Preferred stock, \$0.0001 par value, 1,000,000 shares authorized, no shares issued or outstanding as of both December 31, 2023 and 2022	-	-
Common stock, \$0.0001 par value; 500,000,000 shares authorized, 102,595,020 and 94,717,470 shares issued and outstanding as of December 31, 2023 and 2022, respectively	11,254	10,453
Additional paid-in capital	94,118,207	86,270,357
Accumulated deficit	(92,984,307)	(87,393,202)
Total stockholders' equity (deficit)	<u>1,145,154</u>	<u>(1,112,392)</u>
Total liabilities and stockholders' equity (deficit)	<u>\$ 3,594,606</u>	<u>\$ 1,642,726</u>

See accompanying notes to consolidated financial statements.

SPIRITS CAPITAL CORPORATION
Consolidated Statements of Operations

	Year Ended December 31,	
	2023	2022
Revenue	\$ -	\$ -
Operating expenses:		
General and administrative expenses	1,479,019	493,515
Payroll and compensation	1,436,220	361,061
Professional fees	839,115	217,169
Stock based compensation expense	1,638,650	31,082,649
Total operating expenses	5,393,004	32,154,394
Operating loss	(5,393,004)	(32,154,394)
Other income (expense):		
Interest expense	(100,756)	(121,125)
Amortization of debt discount	(213,248)	-
Change in fair value of derivative liability, warrants	115,903	-
Loss on the impairment of assets	-	(202,100)
Total other income (expense)	(198,101)	(323,225)
Net loss	\$ (5,591,105)	\$ (32,477,619)
Net loss per common share - basic and diluted	<u>\$ (0.06)</u>	<u>\$ (0.38)</u>
Weighted average common shares outstanding - basic and diluted	<u>98,681,824</u>	<u>86,571,147</u>

See accompanying notes to consolidated financial statements.

SPIRITS CAPITAL CORPORATION
Consolidated Statement of Changes in Stockholders' Equity (Deficit)

	Preferred Stock		Common Stock		Additional Paid-in Capital	Accumulated Deficit	Total Stockholders' Equity (Deficit)
	Shares	Amount	Shares	Amount			
Balance at December 31, 2021	-	\$ -	61,676,320	\$ 6,249	\$ 53,905,612	\$ (54,915,583)	\$ (1,003,722)
Issuance of common stock for cash	-	-	2,170,000	217	1,170,783	-	1,171,000
Issuance of common stock for prepaid expense	-	-	100,000	10	99,990	-	100,000
Issuance of common stock for notes payable	-	-	10,000	1	15,299	-	15,300
Issuance of warrants for stock-based compensation	-	-	-	-	326,799	-	326,799
Issuance of common stock for stock based compensation	-	-	30,761,150	3,976	30,751,874	-	30,755,850
Net loss	-	-	-	-	-	(32,477,619)	(32,477,619)
Balance at December 31, 2022	-	\$ -	94,717,470	10,453	86,270,357	(87,393,202)	(1,112,392)
Issuance of common stock for cash	-	-	6,463,900	660	6,209,340	-	6,210,000
Issuance of common stock for stock based compensation	-	-	1,638,650	164	1,638,487	-	1,638,650
Cancellation of common stock	-	-	(225,000)	(23)	23	-	-
Net loss	-	-	-	-	-	(5,591,105)	(5,591,105)
Balance at December 31, 2023	-	\$ -	102,595,020	\$ 11,254	\$ 94,118,207	\$ (92,984,307)	\$ 1,145,154

See accompanying notes to consolidated financial statements.

SPIRITS CAPITAL CORPORATION
Consolidated Statements of Cash Flows

	Year Ended December 31,	
	2023	2022
Cash flows from operating activities:		
Net loss	\$ (5,591,105)	\$ (32,477,619)
Adjustments to reconcile net loss to net cash used in operating activities:		
Stock based compensation	1,638,650	31,082,649
Change in fair value of derivative liability, warrants	(115,903)	-
Depreciation and amortization	11,918	7,971
Amortization of right of use assets	95,232	150,758
Amortization of debt discount	213,248	-
Loan acquisition costs	-	15,000
Impairment of assets	-	202,100
Changes in operating assets and liabilities:		
Prepaid expenses	(102,200)	(120,250)
Accounts payable	10,950	(115,261)
Inventory	(61,902)	(454,900)
Other long-term liabilities	-	675,000
Accrued liabilities	(112,775)	271,990
Operating lease liability	(81,186)	(123,652)
Net cash used in operating activities	<u>(4,095,072)</u>	<u>(886,214)</u>
Cash flows from investing activities:		
Purchases of property and equipment	(20,026)	(214,925)
Deposits	(214,499)	-
Net cash used in investing activities	<u>(234,525)</u>	<u>(214,925)</u>
Cash flows from financing activities:		
Proceeds from notes payable	136,250	305,300
Payments on notes payable	(356,250)	-
Proceeds from sale of common stock	6,210,000	1,171,000
Net cash provided by operating activities	<u>5,990,000</u>	<u>1,476,300</u>
Net change in cash and cash equivalents	1,660,403	375,161
Cash and cash equivalents at beginning of the year	397,440	22,279
Cash and cash equivalents at end of the year	<u>\$ 2,057,843</u>	<u>\$ 397,440</u>
Supplemental Disclosure Of Cash Flow Information:		
Cash paid for interest	\$ 64,621	\$ -
Cash paid for income taxes	\$ -	\$ -
Supplemental Disclosure Of Non-Cash Financing Activities:		
Stock issued for prepaid expense	\$ -	\$ 100,000
Stock issued for settlement of notes payable	\$ -	\$ 15,300

See accompanying notes to consolidated financial statements.

SPIRITS CAPITAL CORPORATION
Notes to the Consolidated Financial Statements
For the Years ended December 31, 2023 and 2022

NOTE 1 – BASIS OF FINANCIAL STATEMENT PRESENTATION

Organization and Description of Business

Capital Beverage Corporation (“Capital Beverage”) was incorporated under the laws of the State of Delaware on December 5, 1995. On December 30, 2019, Monogram Global Inc. a Delaware corporation (“Monogram”) and (the “Company”) merged with and into Capital Beverage Corporation. On April 29, 2021, the Company approved an amendment to change the name of the corporation to Spirits Capital Corporation.

Spirits Capital Corporation is a platform providing secured purchase of premium American Whiskey while maturing. The objectives of the company development was a vision to create an open, safe and secure marketplace for value hunters who want to capitalize on the strong and promising future of this spirit.

On December 30, 2019, Capital Beverage entered into a Share Exchange Agreement (the “Agreement” or the (“Merger”) involving Capital Beverage as the surviving parent corporation and acquiring a privately held Delaware corporation known as Monogram Global Inc. With the change of control of the Company, the Merger was accounted for as a recapitalization in a manner similar to a reverse acquisition.

NOTE 2 – GOING CONCERN

As shown in the accompanying financial statements, the Company generated net losses of \$5,591,105 and \$32,477,619 during the years ended December 31, 2023 and 2022, respectively. The Company did not generate any revenue from product sales during the years ended December 31, 2023 and 2022. As of December 31, 2023, the Company’s current assets exceeded its current liabilities by \$1,693,701. As of December 31, 2023, the Company had \$2,057,843 of cash.

The Company will require additional funding during the next twelve months to finance the growth of its current operations and achieve its strategic objectives. These factors, as well as the uncertain conditions that the Company faces relative to capital raising activities, create substantial doubt as to the Company’s ability to continue as a going concern. The Company is seeking to raise additional capital principally through private placement offerings and is targeting strategic partners in an effort to finalize the development of its products and begin generating revenues. The ability of the Company to continue as a going concern is dependent upon the success of future capital offerings or alternative financing arrangements and expansion of its operations. The accompanying financial statements do not include any adjustments that might be necessary should the Company be unable to continue as a going concern. Management is actively pursuing additional sources of financing sufficient to generate enough cash flow to fund its operations through calendar year 2024. However, management cannot make any assurances that such financing will be secured.

NOTE 3 – SIGNIFICANT ACCOUNTING POLICIES

A summary of the significant accounting policies consistently applied in the preparation of the accompanying financial statements are as follows:

Basis of Presentation and Principles of Consolidation

The Company’s consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (“US GAAP”). The consolidated financial statements of the Company include the Company and its wholly-owned subsidiaries. All material intercompany balances and transactions have been eliminated in consolidation. Our financial statements as of December 31, 2023 and 2022 include the accounts of Spirits Global, Inc.

Reclassifications

Certain amounts in the December 31, 2022 financial statements have been reclassified to conform to the current year presentation.

Use of Estimates

In preparing the consolidated financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the statements of financial condition, and revenues and expenses for the years then ended. Actual results may differ significantly from those estimates. Significant estimates made by management include, but are not limited to, the assumptions used to calculate stock-based compensation, derivative liabilities, preferred deemed dividend and common stock issued for services.

Cash and Cash Equivalents

The Company considers all highly liquid investments with a maturity of three months or less when acquired to be cash equivalents. The Company places its cash with high credit quality financial institutions. The Company's account at this institution is insured by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000. To reduce its risk associated with the failure of such financial institution, the Company evaluates at least annually the rating of the financial institution in which it holds deposits.

As of December 31, 2023, the Company's cash and cash equivalents included \$253,942 in USDC and USDT stable value cryptocurrency assets. The assets are held in a cold storage facility, which may be at risk of loss or damage.

Accounts receivable and allowance for doubtful accounts

The Company has a policy of reserving for questionable accounts based on its best estimate of the amount of probable credit losses in its existing accounts receivable. The Company periodically reviews its accounts receivable to determine whether an allowance is necessary based on an analysis of past due accounts and other factors that may indicate that the realization of an account may be in doubt. Account balances deemed to be uncollectible are offset against sales and relieved from accounts receivable, after all means of collection have been exhausted and the potential for recovery is considered remote. As of December 31, 2023 and 2022, there were no allowance for doubtful accounts.

Property and Equipment

Property and equipment are capitalized and depreciated over their estimated economic useful lives. Upon sale or other disposition of property and equipment, the cost and related accumulated depreciation or amortization are removed from the accounts and any gain or loss is included in the determination of income or loss.

Impairment of Long-Lived Assets

The Company reviews its long-lived assets (property and equipment) for impairment whenever events or circumstances indicate that the carrying amount of an asset may not be recoverable. If the sum of the expected cash flows, undiscounted, is less than the carrying amount of the asset, an impairment loss is recognized as the amount by which the carrying amount of the asset exceeds its fair value.

Revenue Recognition

The Company currently has no revenues from its operations. We anticipate that revenues from product sales, net of estimated returns and allowances, will be recognized when evidence of an arrangement is in place, related prices are fixed and determinable, contractual obligations have been satisfied, title and risk of loss have been transferred to the customer and collection of the resulting receivable is reasonably assured.

Inventories

Inventories are valued at the lower of cost or net realizable value. We value our inventories primarily using the first-in, first-out (FIFO) cost method. FIFO cost approximates current replacement cost. Because we age most of our whiskeys in barrels for three

years or more, we sell only a portion of our whiskey inventory each year. Following industry practice, we classify all barrelled whiskey as a current asset. We include warehousing, insurance, ad valorem taxes, and other carrying charges applicable to barrelled whiskey in inventory costs.

Concentration of Credit Risk

The Company has no significant concentrations of credit risk.

Related Parties

The Company accounts for related party transactions in accordance with ASC 850 (“Related Party Disclosures”). A party is considered to be related to the Company if the party directly or indirectly or through one or more intermediaries, controls, is controlled by, or is under common control with the Company. Related parties also include principal owners of the Company, its management, members of the immediate families of principal owners of the Company and its management and other parties with which the Company may deal if one party controls or can significantly influence the management or operating policies of the other to an extent that one of the transacting parties might be prevented from fully pursuing its own separate interests. A party which can significantly influence the management or operating policies of the transacting parties or if it has an ownership interest in one of the transacting parties and can significantly influence the other to an extent that one or more of the transacting parties might be prevented from fully pursuing its own separate interests is also a related party.

Derivative Financial Instruments

For derivative financial instruments that are accounted for as liabilities, the derivative instrument is initially recorded at its fair value and is then re-valued at each reporting date, with changes in the fair value reported in the statements of operations. For stock-based derivative financial instruments, the Company uses a lattice model, in accordance with ASC 815-15 “Derivative and Hedging” to value the derivative instruments at inception and on subsequent valuation dates. The classification of derivative instruments, including whether such instruments should be recorded as liabilities or as equity, is evaluated at the end of each reporting period. Derivative instrument liabilities are classified in the balance sheet as current or non-current based on whether net-cash settlement of the derivative instrument could be required within 12 months after the balance sheet date.

Stock Based Compensation

Stock-based compensation is accounted for based on the requirements of the Share-Based Payment Topic of ASC 718 which requires recognition in the consolidated financial statements of the cost of employee and director services received in exchange for an award of equity instruments over the period the employee or director is required to perform the services in exchange for the award (presumptively, the vesting period). The ASC also requires measurement of the cost of employee and director services received in exchange for an award based on the grant-date fair value of the award.

Beneficial Conversion Features

The intrinsic value of a beneficial conversion feature inherent to a convertible note payable, which is not bifurcated and accounted for separately from the convertible note payable and may not be settled in cash upon conversion, is treated as a discount to the convertible note payable. This discount is amortized over the period from the date of issuance to the date the note is due using the effective interest method. If the note payable is retired prior to the end of its contractual term, the unamortized discount is expensed in the period of retirement to interest expense. In general, the beneficial conversion feature is measured by comparing the effective conversion price, after considering the relative fair value of detachable instruments included in the financing transaction, if any, to the fair value of the shares of common stock at the commitment date to be received upon conversion.

Fair Value of Financial Instruments

The Company measures its financial assets and liabilities in accordance with the requirements of FASB ASC 820, “Fair Value Measurements and Disclosures”. As defined in FASB ASC 820, the fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (exit price). The Company utilized the market data of similar entities in its industry or assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated, or generally unobservable. The Company classifies fair value balances based on the observability of those inputs. FASB ASC 820 established a fair value hierarchy that prioritizes the inputs used to measure

fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurement) as follows:

Level 1 – Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions for the asset or liability occur in sufficient frequency and volume to provide pricing information on an ongoing basis. Level 1 primarily consists of financial instruments such as exchange-traded derivatives, marketable securities and listed equities.

Level 2 – Pricing inputs are other than quoted prices in active markets included in level 1, which are either directly or indirectly observable as of the reported date and includes those financial instruments that are valued using models or other valuation methodologies. These models are primarily industry-standard models that consider various assumptions, including quoted forward prices for commodities, time value, volatility factors, and current market and contractual prices for the underlying instruments, as well as other relevant economic measures. Substantially all of these assumptions are observable in the marketplace throughout the full term of the instrument, can be derived from observable data or are supported by observable levels at which transactions are executed in the marketplace. Instruments in this category generally include non-exchange-traded derivatives such as commodity swaps, interest rate swaps, options and collars.

Level 3 – Pricing inputs include significant inputs that are generally less observable from objective sources. These inputs may be used with internally developed methodologies that result in management's best estimate of fair value.

The carrying values of the Company's prepaid expenses, accounts payable and accrued liabilities approximate their fair values due to the short maturity of these instruments. The Company believes the carrying amount of its notes payable and other long-term liabilities approximate fair value based on rates and other terms currently available to the Company for similar debt instruments.

See Note 7 for fair value disclosure of derivative liability.

Net Loss per Share

Net earnings or loss per share is computed by dividing net income or loss by the weighted-average number of common shares outstanding during the period, excluding shares subject to redemption or forfeiture. The Company presents basic and diluted net earnings or loss per share. Diluted net earnings or loss per share reflect the actual weighted average of common shares issued and outstanding during the period, adjusted for potentially dilutive securities outstanding. Potentially dilutive securities are excluded from the computation of the diluted net loss per share if their inclusion would be anti-dilutive. As all potentially dilutive securities are anti-dilutive as of December 31, 2023, diluted net loss per share is the same as basic net loss per share. Potentially dilutive items outstanding as of December 31, 2023 include 706,750 common stock warrants.

Income Taxes

The Company accounts for income taxes pursuant to the provision of ASC 740-10, "Accounting for Income Taxes" ("ASC 740-10") which requires, among other things, an asset and liability approach to calculating deferred income taxes. The asset and liability approach requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities. A valuation allowance is provided to offset any net deferred tax assets for which management believes it is more likely than not that the net deferred asset will not be realized.

The Company follows the provision of ASC 740-10 related to Accounting for Uncertain Income Tax Positions. When tax returns are filed, there may be uncertainty about the merits of positions taken or the amount of the position that would be ultimately sustained. In accordance with the guidance of ASC 740-10, the benefit of a tax position is recognized in the financial statements in the period during which, based on all available evidence, management believes it is more likely than not that the position will be sustained upon examination, including the resolution of appeals or litigation processes, if any. Tax positions taken are not offset or aggregated with other positions.

Tax positions that meet the more likely than not recognition threshold are measured at the largest amount of tax benefit that is more than 50 percent likely of being realized upon settlement with the applicable taxing authority. The portion of the benefit associated with tax positions taken that exceed the amount measured as described above should be reflected as a liability for

uncertain tax benefits in the accompanying balance sheet along with any associated interest and penalties that would be payable to the taxing authorities upon examination.

The Company believes its tax positions are all more likely than not to be upheld upon examination. As such, the Company has not recorded a liability for uncertain tax benefits.

The Company has adopted ASC 740-10-25, “Definition of Settlement”, which provides guidance on how an entity should determine whether a tax position is effectively settled for the purpose of recognizing previously unrecognized tax benefits and provides that a tax position can be effectively settled upon the completion and examination by a taxing authority without being legally extinguished. For tax positions considered effectively settled, an entity would recognize the full amount of tax benefit, even if the tax position is not considered more likely than not to be sustained based solely on the basis of its technical merits and the statute of limitations remains open. The federal and state income tax returns of the Company are subject to examination by the IRS and state taxing authorities, generally for three years after they are filed.

The Company does not anticipate a tax liability for the year ended December 31, 2023.

Leases

Effective January 1, 2019, the Company accounts for its leases under ASC 842, *Leases*. Under this guidance, arrangements meeting the definition of a lease are classified as operating or financing leases, and are recorded on the consolidated balance sheet as both a right of use asset and lease liability, calculated by discounting fixed lease payments over the lease term at the rate implicit in the lease or the Company’s incremental borrowing rate. Lease liabilities are increased by interest and reduced by payments each period, and the right of use asset is amortized over the lease term. For operating leases, interest on the lease liability and the amortization of the right of use asset result in straight-line rent expense over the lease term. For finance leases, interest on the lease liability and the amortization of the right of use asset results in front-loaded expense over the lease term. Variable lease expenses are recorded when incurred.

In calculating the right of use asset and lease liability, the Company has elected to combine lease and non-lease components. The Company excludes short-term leases having initial terms of 12 months or less from the new guidance as an accounting policy election, and recognizes rent expense on a straight-line basis over the lease term.

Recently Issued Accounting Pronouncements

In June 2016, the FASB issued ASU No. 2016-13, Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments (“ASC 326”). This amendment requires the measurement of all expected credit losses for financial assets held at the reporting date based on historical experience, current conditions, and forward-looking estimates. ASC 326 was adopted by the Company effective January 1, 2023. The adoption of ASC 326 did not have a material impact on the Company’s financial statements or disclosures.

Although there are several other new accounting pronouncements issued or proposed by the FASB, which the Company has adopted or will adopt, as applicable, the Company does not believe any of these accounting pronouncements has had or will have a material impact on its financial position or results of operations.

NOTE 4 – PROPERTY AND EQUIPMENT

Property and equipment consist of:

	December 31,	
	2023	2022
Computer equipment	\$ 4,117	\$ -
Furniture and equipment	38,778	22,869
Leasehold improvements	35,294	35,294
	78,189	58,163
Less: Accumulated depreciation	(23,004)	(11,086)
Property and equipment, net	\$ 55,185	\$ 47,077

Depreciation expense for property and equipment for the years ended December 31, 2023 and 2022, was in the amount of \$11,918 and \$11,086, respectively.

NOTE 5 – NOTES PAYABLE

As of December 31, 2023 and 2022, respectively, there were \$310,382 and \$317,134 of promissory notes outstanding, net of debt discount of \$4,618, and \$217,866. Accrued interest on the notes was \$52,250 and accrued interest and \$53,772, respectively. As of December 31, 2023, the note was in default.

On February 1, 2023, the Company entered into a promissory note with an investor in the aggregate principal amount of \$26,250 with a \$1,250 original issue discount. The note bears no interest. The Company received \$25,000 in cash.

On February 1, 2023, the Company entered into a promissory note with an investor in the aggregate principal amount of \$105,000 with a \$5,000 original issue discount. The note bears no interest. The Company received \$100,000 in cash.

During the years ended December 31, 2023, the Company made repayments in aggregate of \$356,250 of the notes payable.

NOTE 6 – OTHER LONG TERM LIABILITIES, DEEDS

Deed liabilities

As of December 31, 2023 and 2022 respectively, there were \$675,000 and \$675,000 of Deeds outstanding. As of December 31, 2023 and 2022 respectively, there was accrued interest of \$174,375 and \$73,125 related to the Deeds.

NOTE 7 – DERIVATIVE LIABILITY, warrants

The Company recorded a derivative liability based on the conversion features of its underlying common stock warrants. The derivative liability is a Level 3 financial instrument. The following is a summary of activity of the derivative liability for the year ended December 31, 2023:

	Derivative Liability
Balance at December 31, 2022	\$ 182,210
Change in fair value	(115,903)
Balance at December 31, 2023	<u>\$ 66,307</u>

The Company used the following assumptions for determining the fair value of the convertible instruments granted under the Black-Scholes option pricing model:

	Year Ended December 31, 2023
Expected volatility	25%
Expected term - years	1.97-3.97
Risk-free interest rate	3.81%
Expected dividend yield	0%

NOTE 8 - ACCOUNTS PAYABLE AND ACCRUED OTHER LIABILITIES

Accounts payable and accrued other liabilities consisted of the following:

	December 31,	
	2023	2022
Accounts payable	\$ 409,882	\$ 398,932
Accrued salaries	347,694	573,074
Accrued interest	226,625	126,897
Accrued liabilities, other	18,585	5,708
Accounts payable and accrued liabilities	<u>\$ 1,002,786</u>	<u>\$ 1,104,611</u>

NOTE 9 – STOCKHOLDERS’ EQUITY

Capital Structure

The authorized capital of the Company consists of 500,000,000 shares of common stock and 1,000,000 shares of preferred stock, both par value \$0.0001 per share.

Preferred Stock

As of December 31, 2023 and 2022, there were no preferred shares issued and outstanding for all classes.

Common Stock

As of December 31, 2023 and 2022, there were 102,595,020 and 94,717,470 shares of common stock issued and outstanding, respectively.

2023 Transactions

On January 10, 2023, the Company’s Board of Directors approved and the Company entered into a Securities Purchase Agreement where the Company issued 25,000 shares of common stock for \$25,000.

On January 25, 2023, the Company’s Board of Directors approved and the Company entered into a Securities Purchase Agreement where the Company issued 65,000 shares of common stock for \$65,000.

On February 3, 2023, the Company’s Board of Directors approved and the Company entered into a Securities Purchase Agreement where the Company issued 25,000 shares of common stock for \$25,000.

On February 6, 2023, the Company’s Board of Directors approved and the Company entered into a Securities Purchase Agreement where the Company issued 50,000 shares of common stock for \$50,000.

On February 16, 2023, the Company’s Board of Directors approved and the Company entered into a Securities Purchase Agreement where the Company issued 50,000 shares of common stock for \$50,000.

On February 24, 2023, the Company’s Board of Directors approved and the Company entered into a Securities Purchase Agreement where the Company issued 25,000 shares of common stock for \$25,000.

On March 3, 2023, the Company’s Board of Directors approved and the Company entered into Securities Purchase Agreements where the Company issued 300,000 shares of common stock for \$300,000.

On March 26, 2023, the Company’s Board of Directors approved and the Company entered into an Advisory Agreement where the Company issued 175,000 shares of common stock, valued at \$175,000.

On March 31, 2023, the Company’s Board of Directors approved and the Company entered into an Advisory Agreement where the Company issued 49,000 shares of common stock, valued at \$49,000.

On April 7, 2023, the Company's Board of Directors approved and the Company entered into a Securities Purchase Agreement where the Company issued 50,000 shares of common stock for \$50,000.

On April 7, 2023, the Company's Board of Directors approved and the Company entered into a Securities Purchase Agreement where the Company issued 25,000 shares of common stock for \$25,000.

On April 10, 2023, the Company's Board of Directors approved and the Company entered into a Securities Purchase Agreement where the Company issued 50,000 shares of common stock for \$50,000.

On April 10, 2023, the Company's Board of Directors approved and the Company entered into a Securities Purchase Agreement where the Company issued 35,000 shares of common stock for \$35,000.

On April 20, 2023, the Company's Board of Directors approved and the Company entered into a Securities Purchase Agreement where the Company issued 300,000 shares of common stock for \$300,000.

On April 21, 2023, the Company's Board of Directors approved and the Company entered into a Securities Purchase Agreement where the Company issued 100,000 shares of common stock for \$100,000.

On April 23, 2023, the Company's Board of Directors approved and the Company entered into a Securities Purchase Agreement where the Company issued 100,000 shares of common stock for \$100,000.

On April 23, 2023, the Company's Board of Directors approved and the Company entered into five (5) separate Securities Purchase Agreements where the Company issued 50,000 shares of common stock for \$50,000 for each agreement.

On April 23, 2023, the Company's Board of Directors approved and the Company entered into four (4) separate Securities Purchase Agreements where the Company issued 25,000 shares of common stock for \$25,000 for each agreement.

On April 23, 2023, the Company's Board of Directors approved and the Company entered into a Securities Purchase Agreement where the Company issued 75,000 shares of common stock for \$75,000.

On April 23, 2023, the Company's Board of Directors approved and the Company entered into a Securities Purchase Agreement where the Company issued 100,000 shares of common stock for \$100,000.

On April 24, 2023, the Company's Board of Directors approved and the Company entered into a Securities Purchase Agreement where the Company issued 195,000 shares of common stock for \$195,000.

On April 25, 2023, the Company's Board of Directors approved and the Company entered into a Securities Purchase Agreement where the Company issued 2,000 shares of common stock for \$2,000.

On April 25, 2023, the Company's Board of Directors approved and the Company entered into two (2) separate Securities Purchase Agreements where the Company issued 5,000 shares of common stock for \$5,000 for each agreement.

On April 25, 2023, the Company's Board of Directors approved and the Company entered into three (3) separate Securities Purchase Agreements where the Company issued 10,000 shares of common stock for \$10,000 for each agreement.

On April 25, 2023, the Company's Board of Directors approved and the Company entered into a Securities Purchase Agreement where the Company issued 12,000 shares of common stock for \$12,000.

On April 25, 2023, the Company's Board of Directors approved and the Company entered into a Securities Purchase Agreement where the Company issued 25,000 shares of common stock for \$25,000.

On April 25, 2023, the Company's Board of Directors approved and the Company entered into three (3) separate Securities Purchase Agreements where the Company issued 100,000 shares of common stock for \$100,000 for each agreement.

On April 25, 2023, the Company's Board of Directors approved and the Company entered into a Securities Purchase Agreement where the Company issued 200,000 shares of common stock for \$200,000.

On April 26, 2023, the Company's Board of Directors approved and the Company entered into a Securities Purchase Agreement where the Company issued 25,000 shares of common stock for \$25,000.

On April 26, 2023, the Company's Board of Directors approved and the Company entered into a Securities Purchase Agreement where the Company issued 10,000 shares of common stock for \$10,000.

On May 1, 2023, the Company's Board of Directors approved and the Company entered into two (2) separate Securities Purchase Agreements where the Company issued 10,000 shares of common stock for \$10,000 for each agreement.

On May 1, 2023, the Company's Board of Directors approved and the Company entered into a Securities Purchase Agreement where the Company issued 125,000 shares of common stock for \$125,000.

On May 1, 2023, the Company's Board of Directors approved and the Company entered into two (2) separate Securities Purchase Agreements where the Company issued 225,000 shares of common stock for \$225,000 for each agreement.

On May 2, 2023, the Company's Board of Directors approved and the Company entered into a Securities Purchase Agreement where the Company issued 5,000 shares of common stock for \$5,000.

On May 3, 2023, the Company's Board of Directors approved and the Company entered into three (3) separate Securities Purchase Agreements where the Company issued 5,000 shares of common stock for \$5,000 for each agreement.

On May 3, 2023, the Company's Board of Directors approved and the Company entered into a Securities Purchase Agreement where the Company issued 10,000 shares of common stock for \$10,000.

On May 3, 2023, the Company's Board of Directors approved and the Company entered into a Securities Purchase Agreement where the Company issued 20,000 shares of common stock for \$20,000.

On May 10, 2023, the Company's Board of Directors approved and the Company entered into a Securities Purchase Agreement where the Company issued 5,000 shares of common stock for \$5,000.

On May 24, 2023, the Company's Board of Directors approved and the Company entered into a Securities Purchase Agreement where the Company issued 5,000 shares of common stock for \$5,000.

On May 25, 2023, the Company's Board of Directors approved and the Company entered into three (3) separate Securities Purchase Agreements where the Company issued 25,000 shares of common stock for \$25,000 for each agreement.

On May 25, 2023, the Company's Board of Directors approved and the Company entered into two (2) separate Securities Purchase Agreements where the Company issued 50,000 shares of common stock for \$50,000 for each agreement.

On May 25, 2023, the Company's Board of Directors approved and the Company entered into five (5) separate Securities Purchase Agreements where the Company issued 100,000 shares of common stock for \$100,000 for each agreement.

On May 25, 2023, the Company's Board of Directors approved and the Company entered into a Securities Purchase Agreement where the Company issued 150,000 shares of common stock for \$150,000.

On May 25, 2023, the Company's Board of Directors approved and the Company entered into a Securities Purchase Agreement where the Company issued 200,000 shares of common stock for \$200,000.

On June 6, 2023, the Company's Board of Directors approved and the Company entered into a Securities Purchase Agreement where the Company issued 100,000 shares of common stock for \$100,000.

On August 10, 2023, the Company's Board of Directors authorized to cancel 25,000 shares as the issuance of shares was an error and the Company Cancelled 25,000 shares of common stock.

On September 28, 2023, the Company's Board of Directors authorized to cancel 100,000 shares as the issuance of shares was an error and the Company Cancelled 100,000 shares of common stock.

On September 28, 2023, the Company's Board of Directors to cancel 100,000 shares as the issuance of shares was an error and the Company Cancelled 100,000 shares of common stock.

On September 28, 2023, the Company's Board of Directors approved and the Company entered into a Securities Purchase Agreement where the Company issued 1,000,000 shares of common stock for \$1,000,000.

On September 28, 2023, the Company's Board of Directors approved and the Company entered into a Securities Purchase Agreement where the Company issued 4,900 shares of common stock for \$4,900.

On September 28, 2023, the Company's Board of Directors approved and the Company entered into a Securities Purchase Agreement where the Company issued 75,000 shares of common stock for \$75,000.

On September 28, 2023, the Company's Board of Directors approved and the Company entered into a Securities Purchase Agreement where the Company issued 200,000 shares of common stock for \$200,000.

On September 28, 2023, the Company's Board of Directors approved and the Company entered into a Securities Purchase Agreement where the Company issued 115,000 shares of common stock for \$115,000.

On October 2, 2023, the Company's Board of Directors approved and the Company entered into a Securities Purchase Agreement where the Company issued 1,242,150 shares of common stock valued at \$1,242,150.

On October 2, 2023, the Company's Board of Directors approved and the Company entered into a Securities Purchase Agreement where the Company issued 555,000 shares of common stock for \$555,000.

On October 2, 2023, the Company's Board of Directors approved and the Company entered into a Securities Purchase Agreement where the Company issued 165,000 shares of common stock valued at \$165,000.

On October 2, 2023, the Company's Board of Directors approved and the Company entered into a Securities Purchase Agreement where the Company issued 200,000 shares of common stock for \$200,000.

On October 2, 2023, the Company's Board of Directors approved and the Company entered into a Securities Purchase Agreement where the Company issued 7,500 shares of common stock valued at \$7,500.

In 2023 the Company issued an aggregate of 6,463,900 shares of common stock for proceeds of \$6,210,000.

In 2023, the Company issued an aggregate of 1,638,650 shares of common stock pursuant to employment and consulting agreement. The Company recorded stock-based compensation expense of \$1,638,650, a fair value of \$1.00 per share.

2022 Transactions

On January 10, 2022, the Company's Board of Directors approved, and the Company entered into Securities Purchase Agreement where the Company issued 75,000 shares of common stock for \$75,000.

On January 13, 2022, the Company's Board of Directors approved, and the Company entered into Securities Purchase Agreement where the Company issued 1,500,000 shares of common stock for \$1,500, valued at \$1,500,000.

On January 14, 2022, the Company's Board of Directors approved, and the Company entered into Securities Purchase Agreement where the Company issued 50,000 shares of common stock for \$50,000.

On January 31, 2022, the Company's Board of Directors approved, and the Company entered into Securities Purchase Agreement where the Company issued 200,000 shares of common stock for \$200,000.

On February 17, 2022, the Company's Board of Directors approved, and the Company entered into Securities Purchase Agreement where the Company issued 250,000 shares of common stock for \$250,000.

On February 28, 2022, the Company's Board of Directors approved, and the Company entered into an Advisory Agreement where the Company issued 3,000 shares of common stock, valued at \$3,000.

On March 22, 2022, the Company's Board of Directors approved, and the Company entered into a Debt Conversion Agreement where the Company issued 10,000 shares of common stock, valued at \$10,000 in settlement of an outstanding note.

On March 22, 2022, the Company's Board of Directors approved, and the Company entered into Securities Purchase Agreements where the Company issued 22,500,000 shares of common stock for \$2,250, valued at \$22,500,000.

On March 28, 2022, the Company's Board of Directors approved, and the Company entered into an Advisory Agreement where the Company issued 2,500 shares of common stock, valued at \$2,500.

On March 28, 2022, the Company's Board of Directors approved, and the Company entered into Securities Purchase Agreements where the Company issued 1,000,000 shares of common stock for \$1,000, valued at \$1,000,000.

On March 31, 2022, the Company's Board of Directors approved, and the Company entered into a Legal Retainer where the Company issued 100,000 shares of common stock, valued at \$100,000.

On April 4, 2022, the Company's Board of Directors approved, and the Company entered into Securities Purchase Agreement where the Company issued 50,000 shares of common stock for \$50,000.

On April 18, 2022, the Company's Board of Directors approved, and the Company entered into Securities Purchase Agreement where the Company issued 50,000 shares of common stock for \$50,000.

On April 21, 2022, the Company's Board of Directors approved, and the Company entered into Securities Purchase Agreement where the Company issued 25,000 shares of common stock for \$25,000.

On May 17, 2022, the Company's Board of Directors approved, and the Company entered into an Advisory Agreement where the Company issued 100,000 shares of common stock, valued at \$100,000.

On May 31, 2022, the Company's Board of Directors approved, and the Company entered into an Advisory Agreement where the Company issued 1,800 shares of common stock, valued at \$1,800.

On June 1, 2022, the Company's Board of Directors approved, and the Company entered into an Advisory Agreement where the Company issued 159,800 shares of common stock, valued at \$159,800 as well as 5,300 shares of common stock, valued at \$5,300 as payment of a note payable.

On June 1, 2022, the Company's Board of Directors approved, and the Company entered into an Advisory Agreement where the Company issued 25,000 shares of common stock, valued at \$25,000.

On June 29, 2022, the Company's Board of Directors approved, and the Company entered into Securities Purchase Agreements where the Company issued 127,500 shares of common stock for \$127,500.

On September 14, 2022, the Company's Board of Directors approved, and the Company entered into Securities Purchase Agreement where the Company issued 100,000 shares of common stock for \$100,000.

On September 16, 2022, the Company's Board of Directors approved, and the Company entered into Securities Purchase Agreement where the Company issued 25,000 shares of common stock for \$25,000.

On September 22, 2022, the Company's Board of Directors approved, and the Company entered into Securities Purchase Agreement where the Company issued 12,500 shares of common stock for \$12,500.

On September 30, 2022, the Company's Board of Directors approved, and the Company entered into an Advisory Agreement where the Company issued 150,000 shares of common stock, valued at \$150,000.

On September 30, 2022, the Company's Board of Directors approved, and the Company entered into an Advisory Agreement where the Company issued 13,750 shares of common stock, valued at \$13,750.

On November 7, 2022, the Company's Board of Directors approved, and the Company entered into Securities Purchase Agreement where the Company issued 200,000 shares of common stock for \$200,000.

On November 15, 2022, the Company's Board of Directors approved, and the Company entered into Securities Purchase Agreement where the Company issued 5,000 shares of common stock for \$5,000.

On December 17, 2022, the Company's Board of Directors approved, and the Company entered into an Employment Agreement where the Company issued 750,000 shares of common stock for \$75, valued at \$750,000.

On December 31, 2022, the Company's Board of Directors approved, and the Company entered into an Advisory Agreement where the Company issued 50,000 shares of common stock, valued at \$50,000.

Warrants

On September 1, 2022, the Company entered into a Promissory Note ("Note") with an investor issuing an original issue discount promissory note in the aggregate principal amount of \$315,000 with a \$15,000 original issue discount. The note bears no interest and on December 19, 2022, the Company issued 450,000 warrants at an exercise price of \$0.50 per share with a life of 5 years.

On December 19, 2022, the Company issued 250,000 warrants at an exercise price of \$1.00 per share with a life of 3 years as compensation for a consulting agreement.

On December 19, 2022, the Company issued 4,500 warrants at an exercise price of \$1.00 per share with a life of 3 years as compensation for a consulting agreement.

On February 8, 2023, the Company issued 2,250 warrants at an exercise price of \$1.00 per share with a life of 3 years as compensation for a consulting agreement.

A summary of the status of the Company's outstanding stock warrants and changes during the years ended December 31, 2023 and 2022, is as follows:

	Warrants	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (Years)
Outstanding as of January 1, 2022	-	\$ -	-
Granted	704,500	0.68	4.00
Exercised	-	-	-
Forfeited	-	-	-
Outstanding as of December 31, 2022	704,500	\$ 0.68	3.68
Granted	2,250	1.00	3.00
Exercised	-	-	-
Forfeited	-	-	-
Outstanding as of December 31, 2023	706,750	\$ 0.68	2.68

As of December 31, 2023 and 2022, there were 706,750 and 704,500 stock warrants outstanding.

NOTE 10 - COMMITMENTS AND CONTINGENCIES

Lease Agreement

Effective October 1, 2021, a six-year lease was signed for 3,000 square feet for \$124,200 annually, for our facilities in Newport Beach, California for \$10,350 per month.

Such leases do not require any contingent rental payments, impose any financial restrictions, or contain any residual value guarantees. Variable expenses generally represent the Company's share of the landlord's operating expenses. The Company does not have any leases classified as financing leases.

The rate implicit in each lease is not readily determinable, and we therefore use our incremental borrowing rate to determine the present value of the lease payments. The weighted average incremental borrowing rate used to determine the initial value of right of use (ROU) assets and lease liabilities was 6.00%, derived from borrowing rate, as obtained from the Company's current lenders. Right of use assets for operating leases are periodically reduced by impairment losses. We use the long-lived assets impairment guidance in ASC Subtopic 360-10, Property, Plant, and Equipment – Overall, to determine whether an ROU asset is impaired, and if so, the amount of the impairment loss to recognize. As of December 31, 2023, we have not recognized any impairment losses for our ROU assets.

We monitor for events or changes in circumstances that require a reassessment of one of our leases. When a reassessment results in the remeasurement of a lease liability, a corresponding adjustment is made to the carrying amount of the corresponding ROU asset unless doing so would reduce the carrying amount of the ROU asset to an amount less than zero. In that case, the amount of the adjustment that would result in a negative ROU asset balance is recorded in profit or loss.

On December 31, 2023 and 2022 the Company had current operating lease liabilities of \$112,415 and \$81,187, respectively, and long-term lease liabilities of \$282,562 and \$394,976, respectively, and right of use assets of \$353,830 and \$449,062, respectively.

Supplemental balance sheet information related to leases are as follows:

	December 31,	
	2023	2022
Weighted-average remaining lease term (in years)		
Operating leases	3.17	4.25
Weighted-average discount rate		
Operating leases	6.00%	6.00%

Supplemental cash flow information related to leases are as follows:

	Year Ended December 31,	
	2023	2022
Operating cash flows paid for operating leases	\$ 107,245	\$ 83,111
Right-of-use assets obtained in exchange for operating lease obligations	\$ 78,733	\$ 67,629

Future minimum lease payments under these leases are as follows:

<u>Year Ending December 31,</u>	<u>Operating Leases</u>
2024	\$ 133,081
2025	137,074
2026	141,186
2027	23,997
Total undiscounted cash flows	435,338
Unamortized interest	(40,361)
Present value of lease liability	<u>\$ 394,977</u>

Net rent expense for the years ended December 31, 2023 and 2022 were \$165,023 and \$111,900, respectively.

NOTE 11 – INCOME TAXES

The provision (benefit) for income taxes for the years ended December 31, 2023 and 2022 differs from the amount which would be expected as a result of applying the statutory tax rates to the losses before income taxes due primarily to the valuation allowance to fully reserve net deferred tax assets.

The following table summarizes the significant differences between statutory rates for the years ended December 31, 2023 and 2022:

	Year Ended December 31,	
	2023	2022
Statutory tax rate:		
U.S.	21.0%	21.0%
State taxes	8.7%	8.7%
Change in valuation allowance	-29.7%	-29.7%
Net deferred tax asset	0%	0%

The Company's deferred tax assets and liabilities as of December 31, 2022 and 2021 are as follows:

	December 31,	
	2023	2022
Deferred tax asset:		
Net operating loss carryforwards	\$ 1,041,000	\$ 276,000
Less: valuation allowance	(1,041,000)	(276,000)
Net deferred tax asset	\$ -	\$ -

The Company calculates its income tax expense by estimating the annual effective tax rate and applying that rate to the year-to-date ordinary income (loss) at the end of the period. The Company records a tax valuation allowance when it is more likely than not that it will not be able to recover the value of its deferred tax assets. The Company had \$0 and \$0 income tax expense based on its profits/losses for the years ended December 31, 2023 and 2022, respectively.

NOTE 12 – RELATED PARTY TRANSACTIONS

As of December 31, 2023, the Company had accounts payable due to a related party of \$0 and accrued salaries of \$197,770. As of December 31, 2022, the Company had accounts payable due to a related party of \$2,273 and accrued salaries of \$527,051.

NOTE 13 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through April 16, 2024, the date the consolidated financial statements were available to be issued. Based on this evaluation, no additional material events were identified which require adjustment or disclosure in these consolidated financial statements.