SPETZ INC.

UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2024, AND 2023

(EXPRESSED IN THOUSANDS OF UNITED STATES DOLLARS)

MANAGEMENT'S RESPONSIBILITY FOR UNAUDITED CONDENSED INTERIM FINANCIAL REPORTING

The accompanying unaudited condensed interim consolidated financial statements of Spetz Inc., ("Spetz" or the "Company") as at and for the three and six months ended June 30, 2024 (the "June 2024 Financial Statements") are the responsibility of the management and Board of Directors of the Company.

The June 2024 Financial Statements have been prepared by management, on behalf of the Board of Directors, in accordance with the accounting policies disclosed in Note 3 to the Company's audited annual consolidated financial statements as of and for the year ended December 31, 2023. In preparing the June 2024 Financial Statements, management has made informed judgments and estimates in accounting for transactions which were not complete at the date of the statement of financial position. In the opinion of management, the June 2024 Financial Statements of the Company have been prepared within acceptable limits of materiality and are in compliance with International Accounting Standard 34, "Interim Financial Reporting".

Management has established processes which are in place to provide it with sufficient knowledge to support management representations that it has exercised reasonable diligence that (i) the June 2024 Financial Statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated, or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as at the date of, and for the periods presented by, the June 2024 Financial Statements; and (ii) the June 2024 Financial Statements fairly present in all material respects the financial condition, results of operations and cash flows of the Company, as at the date of and for the periods presented by the June 2024 Financial Statements.

The Board of Directors is responsible for reviewing and approving the June 2024 Financial Statements, together with other financial information of the Company and for ensuring that management fulfills its financial reporting responsibility. The Audit Committee assists the Board of Directors in fulfilling this responsibility. The Audit Committee has met with management to review the financial reporting process and other financial information of the Company, including the June 2024 Financial Statements. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the financial disclosure of the Company, including the June 2024 Financial Statements, for issuance to the Company's shareholders.

Management recognizes its responsibility for conducting the Company's affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

"Yossi Nevo"
Yossi Nevo
Chief Executive Officer

"Nofar Shigani"
Nofar Shigani
Chief Financial Officer

Toronto, Canada
July 29, 2024

NOTICE TO READER

The June 2024 Financial Statements have been prepared by and are the responsibility of management. These financial statements have not been reviewed by the Company's independent external auditor.

SPETZ INC.
Unaudited Condensed Interim Consolidated Statements of Financial Position
As of June 30, 2024, and December 31, 2023

(Expressed in thousands of United States dollars)

	Notes	June 30, 2024	December 31, 2023
ASSETS			
Current Assets			
Cash and cash equivalents		$ 3	$ 22
Restricted deposits		-	53
Accounts receivable, net		428	473
Other receivables		10	17
Prepaid expenses		52	17
Total Current Assets		493	582
Non-current Assets			
Property, plant and equipment, net		16	20
Assets held for sale		87	90
Intangible assets	4	1,854	2,105
Goodwill	5	348	361
Total Non-Current Assets		2,305	2,576
Total Assets		$ 2,798	$ 3,158
LIABILITIES			
Current Liabilities			
Accounts payable and accrued liabilities	6	$ 753	$ 1,049
Short-term bank credit	8	88	333
Other payables	7	687	845
Related party payables	20	1,196	654
Deferred revenue		188	288
Related party Convertible debenture	20	258	-
Convertible debenture	9	806	636
Total Current Liabilities		3,976	3,805
Non-current Liabilities			
Long term loans	10	-	16
Employee benefit liabilities		15	16
Total Liabilities		3,991	3,837
SHAREHOLDERS' EQUITY			
Share capital and Additional paid in Capital	11,12,13,9	34,179	33,980
Accumulated deficit		(35,499)	(34,747)
Accumulated other comprehensive income		127	88
Total Shareholders' Equity		(1,193)	(679)
Total Liabilities and Shareholders' Equity		$ 2,798	$ 3,158

Nature of operations and going concern (Note 1)
Commitments (Note 21) and

Approved on behalf of the Board on July 29, 2024:

"Yossi Nevo"
Director

"Michael Kron"
Director

SPETZ INC.

Unaudited Condensed Interim Consolidated Statements of Loss and Comprehensive Loss For the three and six months ended June 30, 2024, and 2023

(Expressed in thousands of United States dollars, except for per share amounts)

		Three months ended				Six months ended			
	Notes		**June 30, 2024**		**June 30, 2023**		**June 30, 2024**		**June 30, 2023**
Revenues									
Referral fees	14	$	473	$	580	$	1,016	$	1,098
Cost of revenues	15		99		124		211		240
Gross margin			**374**		**456**		**805**		**858**
Expenses									
Sales and marketing expenses	16		310		370		643		639
General and administration	17		297		943		658		1,904
Research expenses	18		41		129		123		326
Total Expenses			**(648)**		**(1,442)**		**(1,424)**		**(2,869)**
			(274)		**(986)**		**(619)**		**(2,011)**
Other income/(expenses)									-
Interest, finance and accretion expense			(60)		67		(133)		20
Other income			-		3		-		6
Net Loss from continuing operations			**(334)**		**(916)**		**(752)**		**(1,985)**
Income from discontinued operations			-				-		25
Net loss before income tax expense			**(334)**		**(916)**		**(752)**		**(1,960)**
Income tax recovery			**-**				**-**		**-**
Net loss for the period			**(334)**		**(916)**		**(752)**		**(1,960)**
Other comprehensive income/(loss)									
Foreign exchange gain/(loss) on translating foreign operations			45		(129)		39		(116)
Other comprehensive income/(loss) for the period			**45**		**(129)**		**39**		**(116)**
Comprehensive loss for the period			**(289)**		**(1,045)**		**(713)**		**(2,076)**
Weighted average shares outstanding									
- Basic and diluted			5,739,090		5,116,958		5,470,998		5,100,591
Loss per share from continuing operations - basic and diluted		$	(0.06)	$	(0.18)	$	(0.14)	$	(0.39)
Loss per share from discontinued operations - basic and diluted		$	-	$	-	$	-	$	0.00
Loss per share from continiuing and discontinued operations - basic and diluted		$	(0.06)	$	(0.18)	$	(0.14)	$	(0.38)

The accompanying notes are an integral part of these unaudited condensed interim consolidated financial statements.

SPETZ INC.

Unaudited Condensed Interim Consolidated Statements of Cash Flows

For the six months ended June 30, 2024, and 2023

(Expressed in thousands of United States dollars)

		June 30, 2024		June 30, 2023
Cash Flows from Operating Activities				
Net loss for the period	$	(752)	$	(1,960)
Non-cash items:				
Net income from discontinued operations for the period		-		(25)
Accretion expense on Convertible debenture		39		45
Depreciation and amortization expense		181		576
Increase of related party payables		117		-
Foreign exchange gain		106		(137)
Share based compensation		10		223
		(299)		(1,278)
Net change in non-cash working capital items:				
Accounts receivable, net		45		(117)
Other receivables		7		41
Prepaid expenses		(35)		33
Deferred revenue		(100)		(61)
Employee benefit liabilities		(1)		-
Accounts payable and accrued liabilities		(285)		290
Cash used in continuing operations		(668)		(1,092)
Cash provided From discontinued operations		-		25
Cash Flows used in operating activities		**(668)**		**(1,067)**
Cash Flows from Financing Activities				
(Decrease)/Increase of short term bank credit		(245)		25
Decrease of long term loans		(16)		(13)
Increase of related party payables		425		64
Principal payments of lease liability		-		(20)
Net proceeds from promissory note		-		180
Net proceeds from related party convertible debenture		255		-
Net proceeds from convertible debenture		175		450
Cash Flows provided from financing activities		**594**		**686**
				-
Cash Flows from Investing Activities				
Restricted cash		53		2
Cash flows provided from investing activities		**53**		**2**
Effects of exchange rate changes on cash		**2**		**-**
Decrease in cash		**(19)**		**(379)**
Cash, beginning of the period		22		397
Cash, end of the period	**$**	**3**	**$**	**18**

Supplemental disclosure of cash flow information		
Interest paid	23	-
Shares issued for service	-	-

The accompanying notes are an integral part of these unaudited condensed interim consolidated financial statements.

SPETZ INC.

Unaudited Condensed Interim Consolidated Statements of Changes in Equity

For the six months ended June 30, 2024, and 2023

(Expressed in thousands of United States dollars, except for share amounts)

	Number of shares (1)	Share capital and Additional Paid in Capital	Deficit	Accumulated Other Comprehensive Income (loss)	Total
Balance, January 31, 2023	**5,082,134**	**$ 33,632**	**$ (26,849)**	**$ 54**	**$ 6,837**
Share based payments	-	223	-	-	223
Shares issued on RSUs vested	62,016	-	-	-	-
Warrants and debenture conversion feature		33	-	-	33
Other comprehensive income/(loss)	-	-	-	(116)	(116)
Net loss, continuing and discontinued operations	-	-	(1,960)	-	(1,960)
Balance, June 30, 2023	**5,144,150**	**33,888**	**(28,809)**	**(62)**	**5,017**
Share based payments	-	20	-	-	20
Shares issued on RSUs vested	50,706	-	-	-	-
Warrants and debenture conversion feature	-	72	-	-	72
Other comprehensive income/(loss)	-	-	-	150	150
Net loss, continuing and discontinued operations	-	-	(5,938)	-	(5,938)
Balance, December 31, 2023	**5,194,856**	**33,980**	**(34,747)**	**88**	**(679)**
Shares issued on RSUs vested	16,232	-	-	-	-
Shares issued to settle debt	572,532	169	-	-	169
Warrants and debenture conversion feature	-	20	-	-	20
Share based payments	-	10	-	-	10
Other comprehensive income/(loss)	-	-	-	39	39
Net loss, continuing operations	-	-	(752)	-	(752)
Balance, June 30, 2024	**5,783,620**	**34,179**	**(35,499)**	**127**	**(1,193)**

(1) Prior period share amounts have been adjusted to reflect the Share reverse split effected in October 2023. see Note 11 for details

The accompanying notes are an integral part of these unaudited condensed interim consolidated financial statements.

1. NATURE OF BUSINESS AND GOING CONCERN

Spetz Inc. (the "**Company**") was incorporated on December 11, 1998, under the laws of the Province of Ontario, Canada. The registered office and principal place of business of the Company is 40 King street West Suite 5800,

Toronto, ON M5H 3S1.

The Company has a global online, AI-powered marketplace platform that dynamically connects consumers to nearby rated service providers within 30 seconds, the Company operates in Israel, Australia, the United Kingdom, and the United State.

The Company is listed on the Canadian Securities Exchange ("CSE") and trades under the symbol "SPTZ".

On October 7, 2023, an attack was launched against Israel by Hamas (a terror organization) which thrust Israel into a state of war (hereinafter: "The state of war") in Israel and in Gaza strip. The Company is continuing with its operations both in Israel and globally, as the state of war had no substantial impact on its operations or business results. The Company continues to assess the effects of the state of war on its financial statements and business.

Going Concern

The Company expects to continue to finance itself through raising adequate funds in the foreseeable future. During the six months ended June 30, 2024, the Company had a net loss of $752, negative cash flow from operation of $668 and generated $35,499 of accumulated deficit since inception. These factors raise material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. If the going concern assumption was not appropriate for these consolidated financial statements, then adjustments would be necessary to the carrying value of the assets and liabilities. The Company's plans to fund near term anticipated activities based on proceeds from capital fundraising and future revenues.

(Expressed in thousands of United States Dollars)

2. BASIS OF PRESENTATION

(a) Basis of presentation and statement of compliance

The Company's unaudited condensed interim consolidated financial statements have been prepared in accordance with IAS 34, "Interim Financial Reporting". These unaudited condensed interim consolidated financial statements do not include all notes of the type normally included within the annual consolidated financial statements and should be read in conjunction with the audited consolidated financial statements of the Company for the year ended December 31, 2023, which have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board and Interpretations of the IFRS Interpretations Committee.

These unaudited condensed interim consolidated financial statements were approved and authorized by the Company's Board of Directors on July 29, 2024.

(b) Basis of measurement

These condensed interim consolidated financial statements have been prepared on the going concern basis, under the historical cost convention, except for certain financial instruments, share base payments, and Warrants that are measured at fair value, as explained in the accounting policies described herein.

(c) Basis of consolidation

These condensed interim consolidated financial statements include the accounts of the Company and its subsidiaries. All intercompany balances and transactions were eliminated on consolidation. Subsidiaries are entities the Company controls when it has the power, directly or indirectly to govern the financial and operating policies of an entity, and it is exposed, or has rights, to variable returns from its involvement with the entity.

Subsidiaries	Jurisdiction of incorporation	Status	Functional Currency	Ownership interest
Spetz Tech Ltd.	Israel	Active	ISL	100%
Spetz Ltd.	United Kingdom	Active	GBP	100%
Spetz Pty Ltd.	Australia	Active	AUD	100%
Spetz Inc	USA	Active	USD	100%
2618249 Ontario Corp.	Ontario, Canada	Active	CAD	100%
DataNavee Corporation	Ontario, Canada	Inactive	CAD	100%
Digimax Fund SPC	Cayman Islands	Inactive	CAD	80%
Digimax Global BVI inc.	Cayman Islands	Inactive	CAD	100%
Delphi Crypto AiCi	USA	Inactive	USD	100%

(d) Functional and presentation currency

All figures presented in the unaudited consolidated financial statements are reflected in United States dollars. which is the Company's presentation currency. The Company's functional currency is Canadian dollars ("CAD"). Foreign currency transactions are translated into United States dollars at exchange rates in effect on the date of the transactions. Monetary assets and liabilities denominated in foreign currencies at the consolidated statement of financial position date are translated to United States dollars at the foreign exchange rate applicable at that date. Realized and unrealized exchange gains or losses are recognized through profit or loss. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction unless it is measured at fair value in which case it is translated using the exchange rate at the date when the fair value was measured.

(Expressed in thousands of United States Dollars)

(e) Significant judgments, estimates and assumptions

The preparation of these unaudited condensed interim consolidated financial statements requires management to make judgments and estimates and form assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. On an ongoing basis, management evaluates its judgments and estimates in relation to assets, liabilities, revenue and expenses. Management uses historical experience and various other factors it believes to be reasonable under the circumstances as the basis for its judgments and estimates. Actual outcomes may differ from these estimates under different assumptions and conditions. The Significant estimates and judgements are consistently applied as those used for the audited consolidated financial statements of the Company for the year ended December 31, 2023.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These unaudited condensed interim consolidated financial statements have been prepared following the same accounting policies used in the preparation of the audited financial statements of the Company for the year ended December 31, 2023.

New standards and interpretations

New standards not yet adopted, and interpretations issued but not yet effective

At the date of authorization of these condensed interim consolidated Financial Statements, the IASB and the IFRS Interpretations Committee have issued certain new and revised Standards and Interpretations which are not yet effective. Many are not applicable or do not have a significant impact to the Company and have been excluded from these consolidated financial statements. The Company has not early adopted and is currently assessing what impact the application of these standards or amendments will have on the consolidated financial statements of the Company.

4. INTANGIBLE ASSETS

As of June 30, 2024, intangible assets consisted of:

	Customer Relationships	Brand	Technology	Non-Compete	Total
Balance at February 1, 2022	$ -	$ -	$ -	$ -	$ -
Acquisition of Spetz	732	339	2,173	100	3,344
Less: Amortization expense	(244)	(8)	(103)	(11)	(366)
Balance at January 31, 2023	**488**	**331**	**2,070**	**89**	**2,978**
Less: Amortization expense	(488)	(25)	(327)	(34)	(873)
Balance at December 31, 2023	**$ -**	**$ 306**	**$ 1,743**	**$ 55**	**$ 2,105**
Less: Amortization expense	-	(11)	(150)	(16)	(177)
FX	-	(10)	(60)	(2)	(73)
Balance at June 30, 2024	**$ -**	**$ 285**	**$ 1,532**	**$ 37**	**$ 1,854**

All intangible assets were acquired in connection with the acquisition of Spetz.
Amortization of intangible assets for the six months ended June 30, 2024, was $177 and is included in amortization expense in the consolidated statement of loss and comprehensive loss.

(Expressed in thousands of United States Dollars)

5. GOODWILL

As of June 30, 2024, goodwill represents the excess purchase price paid for the acquisition of Spetz Tech Ltd. over the fair value of the net tangible and intangible assets acquired.
The Company tests the recoverability of its goodwill annually, or more frequently if events or changes in circumstances indicate that they might be impaired. Goodwill recoverability is tested based on the higher of fair value less costs to sell and the value in use model. The value in use model applies a present value of expected future cashflows of the assets.

Impairment of Intangible assets and goodwill for the year ended December 31, 2023

For the purpose of impairment testing, goodwill and indefinite life intangible assets have been allocated to CGUs representing the lowest level within the entity at which the goodwill is monitored for internal reporting purposes. CGUs are determined based on the smallest identifiable group of assets that generate cash inflows that are largely independent of cash inflows from other assets or group of assets.

Annual impairment testing involves determining the recoverable amount of the CGU group to which goodwill and indefinite life license intangibles are allocated and comparing this to the carrying value of the CGU groups. The measurement of the recoverable amount of the CGU groups was calculated based on the higher of the CGUs fair value less costs of disposal or value in use, which are Level 3 measurements within the fair value hierarchy.

i) Projected EBITDA: The Company’s business plan contains forecasts based on past experience of actual operating results in conjunction with anticipated future growth opportunities.

ii) Terminal value of growth rate: The terminal growth rate of 2% was based on historical and projected consumer price inflation, historical and projected economic indicators, and projected industry growth; and

iii) Discount rates: Discount rates applied in determining the recoverable amount of the CGU group were approximately 23% ased on the pre-tax weighted average cost of capital of the CGU group.

The values assigned to the key assumptions represent management's assessment of future trends in the industries in which the CGU group operates and are based on internal sources and historical trend data.

As of December 31, 2023, the Company determined an impairment of $4,304 on goodwill allocated to goodwill. As of June 30, 2024, the goodwill balance is $348.

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

As at	June 30, 2024	December 31, 2023
Accounts payable	$ 501	$ 790
Accrued Liabilities	252	259
	$ 753	**$ 1,049**

Accounts payable of the Company principally comprise of amounts outstanding for trade purchases relating to regular business activities and amounts payable for financing activities. The usual credit period taken for purchases is between 30 to 90 days.

(Expressed in thousands of United States Dollars)

7. OTHER PAYABLES

Other payables of the Company are as follows:

As at		June 30, 2024		December 31, 2023
Employee and related institutions	$	116	$	118
Accrued expenses		380		435
Government institutions		191		292
	$	**687**	**$**	**845**

8. SHORT-TERM BANK CREDIT

The Company has a revolving on demand, bearing short-term credit facility with a bank in Israel. The facility is for a total of $120 (455 NIS). As of June 30, 2024, the Company used $88 out of it.

During the six months ended June 30, 2024, the company reduced the total short-term credit facility with a bank in Israel from $323 to $120.

9. CONVERTIBLE DEBENTURE

Convertible debenture- liability and equity recognition

(a) The Company closed on February 1, 2023, a private placement of $450 (CAD$600) of secured debentures, issued at a price of CAD$1,000 per unit with a term of nine months and due by October 31, 2023.

The major terms of the debentures are as follows:

I. The principal amount bears interest at a rate of 12% per annum. Interest was calculated from the issue date and accrued quarterly in cash on the last business day of each calendar quarter.

II. The debentures are convertible into common shares of the Company at a conversion price, subject to adjustments, of CAD$5 per share, and will mature nine months from the date of issuance. The Company will have the right to prepay or redeem a part or the entire principal amount of the convertible debentures plus any accrued and unpaid interest.

III. Following four months from the issue date of this Debenture, the Company also has the right to force the conversion of all of the principal amount of the then outstanding convertible debentures at the conversion price upon giving the debenture holders not less than 30 days advance written notice, should the volume weighted average trading price of the shares be greater than CAD$12 per share for the preceding 15 consecutive trading days.

IV. The convertible debentures are secured by way of a general security agreement made in favor of a collateral agent acting as agent for all of the holders of the debentures, granting a security interest in substantially all of the Company's assets. The Company will have the right to prepay any or part of the convertible debentures at any time prior to the maturity date by paying the principal amount of the convertible debentures.

V. On closing, the Company issued to the purchasers of the convertible debentures 333.333 share purchase warrant for each Debenture unit purchased, or 200,000 warrants in total (see note 12).

The warrants are exercisable for a period of three years from issuance into shares of the Company with each warrant entitling the holder thereof to acquire one share at an exercise price of CAD$5 per share.

As a result of the contractual terms the equity features (conversion feature and warrants) meet the fix for fix criteria and therefore it is allocated to the equity section. In addition to the above, the prepayment option represents an embedded derivative liability. The prepayment option had a fair value of zero due to probability of the meeting the price hurdle of CAD$12 before the maturity of the convertible debenture.

As a result of the above, the Company was required to first calculate the fair value of the loan as of February 1, 2023 and the residual was allocated to equity components. At each reporting date, the debenture portion gets accreted towards its face value.

Promissory note- On May 1, 2023, and May 29, 2023, respectively, the Company entered into a secured, non- convertible promissory note for gross proceeds of $178 bears interest at a rate of 12% per annum from the date of issuance.

On November 01, 2023, the Company received an extension for its convertible debentures and Promissory note from maturity of October 31, 2023, to October 31, 2024. In addition, the Company granted 450,000 warrants with an exercise price of CAD$0.24 per warrant with a three-year expiry. The new debentures are convertible into common shares of the Company at a conversion price, subject to adjustments, of CAD$0.24 per share .

(b) On June 10, 2024, the company finalized a debt conversion plan, the plan includes converting a total outstanding balance of $162 (CAD$224) owed to an officer and creditor into secured debentures, with a term of five months and due by October 31, 2024. The Debentures shall bear interest at a rate of 1% per month, the interest shall be calculated from the issue date, in cash on the maturity date.

The principal amount of each Debenture shall be convertible, for no additional consideration, into Common Shares at the option of the holder at any time prior to the Maturity Date at a conversion price equal to $0.24 per Common Share.

In connection with the offering of Debentures, the Company has issued a total of 72,707 Warrants. Each Warrant entitles the holder thereof to subscribe for one common share in the capital of Spetz at an exercise price of $0.24 from the date of issuance continuing up to October 31, 2026.

(Expressed in thousands of United States Dollars)

The following table reflects the continuity of the components of the convertible debentures and equity component as of June 30, 2024:

	Convertible debenture	Equity - convertible debenture	Promissory note	Total
Balance at January 1, 2023	$ -	$ -		$ -
Additions	415	35	178	628
Terms changes, net	119	71	-190	-
Transaction costs	(11)	(1)	0	(12)
Interest and accretion	113	-	12	125
Balance at December 31, 2023	**636**	**105**	**-**	**741**
Additions	155	7	-	162
Interest and accretion	37	-	-	37
Foreign exchange adjustment	(22)	-	-	(22)
Balance at June 30, 2024	**806**	**112**	**-**	**918**

i. In the June 2023 report, the Company classified the conversion feature as derivative liabilities. The convertible debenture host debt instrument was accounted for at an amortized cost, with the derivative liabilities were measured at fair value with changes in value recorded in profit or loss. In the consolidated financial statements as of December 31, 2023, the Company reclassified the conversion feature as an equity section, which led to a revision of the June 2023 figures, this change was immaterial.

10. LONG-TERM LOANS

The long-term loan was originally in the amount of $85 (300 NIS) from a bank in Israel and matures in May 2025. The loan was received in NIS. It bears interest at 3.1% per annum. During the Six months ended on June 30, 2024, the Company repaid the total loan amount. (December 31, 2023 is $16).

11. SHARE CAPITAL

The Company is authorized to issue an unlimited number of common shares without par value.

As of June 30, 2024, there are 5,783,620 (December 31, 2023 – 5,194,856) shares outstanding.

(i) During the six months ended June 30, 2024, the Company issued 16,232 common shares on the vesting of RSUs (see note 13).

(ii) On April 8, 2024, the Company announced a debt conversion plan, the plan allows selected vendors and creditors to convert outstanding payments of $169 into a total of 572,532 shares.

(iii) The Company completed on October 5, 2023, with an effective date of October 10, 2023, a share consolidation of its issued and outstanding common shares on a basis of one post-consolidation common share for every 100 pre-consolidation common shares. At the time of consolidation, the Company had 516,215,000 issued and outstanding common shares. Following the consolidation the issued and outstanding common shares of the Company were reduced to approximately 5,162,150 common shares.

(Expressed in thousands of United States Dollars)

12. WARRANTS

Share purchase warrant transactions for the six months ended June 30, 2024, and the year ended December 31, 2023, are as follows:

	Number of Warrants		Weighted Average Exercise Price (CAD)
Balance outstanding, January 01, 2023	**603,902**	**$**	**36.200**
Warrants expired	(195,730)		(36.500)
Warrants issued(i)	200,000		5.000
Warrants issued(i)	450,000		0.240
Balance outstanding, December 31, 2023	**1,058,172**	**$**	**15.334**
Warrants issued(i)	296,735		0.240
Balance outstanding, June 30, 2024	**1,354,907**	**$**	**12.028**

Warrant price (CAD$)	Outstanding	Expiry date
At $5.00	200,000	January 31, 2026
At $0.24	746,735	October 31, 2026
At $36.50	377,937	September 17, 2024
At $43.75	30,235	September 17, 2024
Total	1,354,907	

i. See note 9 and 20 in connection with the 200,000,450,000 and 296,735 warrants issued in connection with convertible debenture financing closed on February 1, 2023, with convertible debenture maturity extension closed on November 1, 2023, and with convertible debenture closed on June 10, 2024, accordingly.

ii. Prior period share amounts have been adjusted to reflect the Share consolidation effected in October 2023. see Note 11 for details.

(Expressed in thousands of United States Dollars)

13. STOCK OPTIONS AND RESTRICTED SHARE UNITS

The Company has a Share Option Plan (the "Plan") under which it is authorized to grant options and restricted share units to purchase common shares of the Company to directors, senior officers, employees and/or consultants of the Company. The aggregate number of shares of the Company which may be issued and sold under the Plan will not exceed 10% of the total number of common shares issued and outstanding from time to time. Share options are granted with a maximum term of ten years with vesting requirements at the discretion of the Board of Directors.

Company records a charge to the statement of loss and comprehensive loss using the Black-Scholes fair valuation option pricing model with respect to a share option grant. The valuation is dependent on a number of estimates, including the risk-free interest rate, the level of share volatility, together with an estimate of the level of forfeiture. The level of share volatility is calculated with reference to the historic traded daily closing share price at the date of issue. Option pricing models require the input of highly subjective assumptions including the expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate, and therefore the existing models do not necessarily provide a reliable measure of the fair value of the Company's share purchase options.

	Stock Options		Weighted Average Exercise Price (CAD)
Options outstanding, January 01, 2023	**167,000**	**$**	**14.500**
Issued	-		-
Exercised	-		-
Forfeited/Expired	(104,500)		(20.000)
Options outstanding, December 31, 2023	**62,500**	**$**	**5.000**
Forfeited/Expired	(2,500)		(5.000)
Options outstanding, June 30, 2024	**60,000**	**$**	**5.000**
Exercisable options	55,000	$	5.000

	Fiscal ended December 31, 2023	Fiscal ended December 31, 2022
Number of options granted	-	93,500
Exercise price (CAD$)	-	$5 to $10
Risk free interest rate	0.000%	2.63%-3.15%
Expected dividend yield	0.00%	0.00%
Expected volatility	0%	115%-165%
Expected life of the options	-	5 years

(Expressed in thousands of United States Dollars)

The following table reflects the actual stock options outstanding as of June 30, 2024:

Option price (CAD$)	Options Outstanding	Weighted Average Exercise Price (CAD$)	Weighted Ang Remaining Contractual Life (Yrs.)	Options Exercisable
At $5	60,000	$ 5.000	3.20	55,000

Vesting Schedule	
Immediate	55,000
1 year	5,000

i. Prior period share amounts have been adjusted to reflect the Share split effected in October 2023. see Note 11 for details.

Restricted share units

The Company issued RSU under the equity incentive plan. Each RSU entitles the recipients to receive one common share of the Company on vesting. The outstanding RSUs vest according to the underlying agreements and range from quarterly basis or over 3 year period and are subject to certain performance criteria in order to vest to the holders. These RSUs are held by employees, officers and directors of the Company.

All other terms and conditions of the RSUs are in accordance with the Company's equity incentive plan. The fair value of RSU was determined by the Company's share price on the date of the award.

Below is a summary of the status of the RSUs as of June 30, 2024.

	RSUs	Weighted Average Exercise Price (CAD)
RSUs outstanding, January 01, 2023	298,893	$ 5.000
Issued	241,631	1.230
Exercised	(112,722)	(1.470)
Forfeited	(60,930)	1.400
RSUs outstanding, December 31, 2023	**366,872**	**$ 2.500**
Exercised	(16,227)	5.000
Issued	30,000	0.160
RSUs outstanding, June 30, 2024	**380,645**	**$ 2.186**

Vesting Schedule	
Immediate	360,645
over 1 year	20,000

(Expressed in thousands of United States Dollars)

The following table reflects the actual restricted share units outstanding as of June 30, 2024:

RSU price (CAD$)	RSUs Outstanding	Weighted Average Exercise Price (CAD)	Weighted Ang Remaining Contractual Life (Yrs.)	RSUs Exerciseable
At $0.16	30,000	$ 0.160	10.08	10,000
At $1	81,544	$ 1.000	1.82	81,544
At $1.5	27,066	$ 1.500	1.77	27,066
At $2	20,414	$ 2.000	1.69	20,414
At $2.5	12,157	$ 2.500	1.44	12,157
At $3	198,238	$ 3.000	4.82	198,238
At $3.5	11,226	$ 3.500	1.17	11,226

i. Prior period share amounts have been adjusted to reflect the Share split effected in October 2023. see Note 11 for details.

14. REVENUE BY GEOGRAPHICAL MARKETS

Set out below is the revenue of the Company for the three and six months ended June 30, 2024, by geographical market:

	Three months ended		Six months ended	
	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
Israel	$ 429	$ 458	$ 911	$ 857
Australia	30	47	65	99
United Kingdom	14	71	39	110
United State	-	4	1	32
Total	**$ 473**	**$ 580**	**$ 1,016**	**$ 1,098**

15. COST OF REVENUE

The following table reflects the Company’s cost of revenue for the three and six months ended June 30, 2024:

	Three months ended		Six months ended	
	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
Payroll and related expenses	57	52	$ 119	$ 114
Subcontractors	5	20	14	$ 23
System expenses	37	52	78	103
Total	**$ 99**	**$ 124**	**$ 211**	**$ 240**

16. SALES AND MARKETING EXPENSES

The following table reflects the Company’s sales and marketing expenses for the three and six months ended June 30, 2024:

	Three months ended		Six months ended	
	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
Promotion marketing	248	297	$ 511	$ 500
Payroll and related expenses	50	56	107	103
Subcontractors	12	17	25	36
Total	**310**	**370**	**$ 643**	**$ 639**

(Expressed in thousands of United States Dollars)

17. GENERAL AND ADMINISTRATION

The following table reflects the Company's general and administration expenses for the three and six months ended June 30, 2024:

	Three months ended		Six months ended	
	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
Payroll ,related expenses and management fee	39	184	$ 160	$ 414
Depreciation and amortization expenses	90	288	181	574
Consulting fees	71	129	141	228
Office expenses	54	89	97	153
Professional fees-Legal and accounting	21	91	38	200
System and IT expenses	5	0	15	-
Subcontractors	1	11	8	24
Share based compensation	6	91	10	223
Bad debt	7	-10	(4)	-
Other	3	70	12	88
Total	**$ 297**	**$ 943**	**$ 658**	**$ 1,904**

18. RESEARCH EXPENSES

The following table reflects the Company's research expenses for the three and six months ended June 30, 2024:

	Three months ended		Six months ended	
	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
Payroll and related expenses	33	111	$ 106	$ 282
Subcontractors	5	13	13	30
System expenses	3	5	4	14
Total	**$ 41**	**$ 129**	**$ 123**	**$ 326**

19. FINANCIAL INSTRUMENTS

Fair value

Financial instruments of the Company consist of cash, investments, receivables, other receivables, accounts payable and accrued liabilities, short term bank credit facility, other payables, related party payables, and long term loans. There are no significant differences between the carrying amounts of the items reported on the statements of financial position and their estimated fair values.

The Company has determined the estimated fair values of its financial instruments based on appropriate valuation methodologies. Where quoted market values are not readily available, the Company may use considerable judgment to develop estimates of fair value. Accordingly, any estimated values are not necessarily indicative of the amounts the Company could realize in a current market exchange and could be materially affected by the use of different assumptions or methodologies.

(Expressed in thousands of United States Dollars)

The Company's risk exposures and their impact on the Company's financial instruments are summarized below:

Credit risk

Credit risk arises when a failure by counterparties to discharge their obligations could reduce the amount of future cash inflows from financial assets on hand at the balance sheet date. The Company closely monitors the activities of its counterparties and controls the access to its intellectual property which enables it to ensure the prompt collection of customers' balances. The Company's main financial assets are cash and cash equivalents as well as other receivables.

Wherever possible and commercially practical the Company holds cash with major financial institutions in Canada and Israel.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date is:

Financial Instrument	June 30, 2024	December 31,2023
Cash and cash equivalents	$ 3	$ 22
Restricted deposits	-	53
Accounts receivable	428	473
Other receivables	10	17
Total	**$ 441**	**$ 565**

(Expressed in thousands of United States Dollars)

Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Currency risk arises when future commercial transactions and recognized assets and liabilities are denominated in a currency that is not the Company's functional currency. The Company is exposed to foreign exchange risk arising from various currency exposures primarily with respect to the Canadian dollar, New Israeli Shekel, AUD, USD and GBP. The Company's policy is not to enter into any currency hedging transactions.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

	USD	CAD	NIS	AUD	GBP	Total
Financial assets						
Cash and cash equivalents	$ -	$ -	$ 0	$ 2	$ 1	$ 3
Accounts receivables	13	-	354	19	42	428
Other receivables	-	5	5	-	-	10
	13	5	359	21	43	441
Financial Liabilities						
Accounts payable and accrued liabilities	-	300	365	40	48	753
Short-term bank credit	-	-	88	-	-	88
Other payables	-	-	643	21	23	687
Related party payables	-	-	1,196	-	-	1,196
Related party Convertible deb	-	258	-	-	-	258
Convertible debenture	-	806	-	-	-	806
	-	1,364	2,292	61	71	3,788
Net	$ 13	$ (1,359)	$ (1,932)	$ (40)	$ (29)	$ (3,347)

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise four types of risk: interest rate risk, foreign exchange risk, commodity price risk and other price risk, such as equity risk. Financial instruments affected by market risk include investments, and short and long term borrowings.

(Expressed in thousands of United States Dollars)

Interest rate risk

The Company is exposed to interest rate risk. Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company is exposed to interest rate risk arising from fluctuations in interest rates received on its cash balance. Fluctuations in market interest rates do not have a significant impact on the Company's results of operations due to the short-term nature of interest-bearing cash.

The Company also has interest bearing convertible debentures and long-term loans which have fixed rate interest rates until maturity and are therefore not subject to fluctuations in market interest rates until maturity.

Liquidity risk

Liquidity risk is the risk that arises when the maturity of assets and the maturity of liabilities do not match. An unmatched position potentially enhances profitability, but can also increase the risk of loss. The Company has procedures with the object of minimizing such losses by maintaining sufficient cash and other highly liquid current assets and by having available an adequate amount of committed credit facilities.

The following tables detail the Company's remaining contractual maturity for its financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay.

Financial Instrument	Up to 1 year	Between 1 and 2 year
Accounts payable and accrued liabilities	$ 753	$ -
Short-term bank credit	88	-
Other payables	687	-
Related party payables	1,196	-
Related party Convertible debenture	258	
Convertible debenture: principal and interest	806	-
Total	**$ 3,788**	**$ -**

20. RELATED PARTY TRANSACTIONS AND KEY MANAGEMENT COMPENSATION

Key management compensation

Key management includes members of the board of directors, the Chief Executive Officer and the Chief Financial Officer. The aggregate value of transactions relating to key management personnel and entities over which they have control or significant influence were as follows for the six months ended June 30, 2024 and 2023:

	June 30, 2024	June 30, 2023
CEO		
Short term compensation	$ 117	$ 53
Share based payments	-	75
Total CEO compensation	**117**	**128**
CFO		
Short term compensation	142	28
Share based payments	1	-
Total CFO compensation	**143**	**28**
Directors		
Short term compensation	55	111
Share based payments	-	-
Total Directors compensation	**55**	**111**
	$ 315	**$ 267**

(Expressed in thousands of United States Dollars)

Related party loans

The Company has an outstanding balance from the Company's CEO and Director, Yossi Nevo, due loans and unpaid salary of $1,123, not including interest. The loan bears an interest of 6.91% (total interest as of June 30, 2024, $73).

Related party Convertible debenture

On June 10, 2024, the Company finalized a debt conversion plan, this plan includes converting a total outstanding balance of $268 (CAD$368) owed to Yossi Nevo into secured debentures, with a term of five months and due by October 31, 2024. The Debentures shall bear interest at a rate of 1% per month, the interest shall be calculated from the issue date, in cash on the maturity date.

The principal amount of each Debenture shall be convertible, for no additional consideration, into Common Shares at the option of the holder at any time prior to the Maturity Date at a conversion price equal to $0.24 per Common Share.

In connection with the offering of Debentures, the Company has issued a total of 224,028 Warrants. Each Warrant entitles the holder thereof to subscribe for one common share in the capital of Spetz at an exercise price of $0.24 from the date of issuance continuing up to October 31, 2026.

The following table reflects the continuity of the components of the convertible debentures and equity component as of June 30, 2024:

	Convertible debenture	Equity - convertible debenture	Total
Balance at June 1, 2024	$ -	$ -	$ -
Additions	255	13	268
Interest and accretion	2	-	2
Foreign exchange adjustment	1	-	1
Balance at June 30, 2024	**258**	**13**	**271**

21. COMMITMENTS

The Company has no other commitments as of June 30, 2024.

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22. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the current period's presentation.