SPETZ INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

(EXPRESSED IN THOUSANDS OF UNITED STATES DOLLARS)

Dated July 29, 2024

INTRODUCTION

The following is a discussion and analysis of the activities, results of operations and financial condition of Spetz Inc. (the “Company”) for the three and six months ended June 30, 2024, and 2023.

The Company’s registered office is 40 King St West Suite 5800, Toronto, ON M5H 3S1.

This Management’s Discussion and Analysis (“MD&A”) has been prepared with an effective date of July 29, 2024, and provides an update on matters discussed in, and should be read in conjunction with the Company’s audited consolidated financial statements for the year ended, including the notes thereto, as at and for year ended December 31, 2023 (the “2023 Audited Financial Statements”) and the unaudited condensed interim consolidated financial statements for the three and six months ended, including the notes thereto, as of and for the period ended June 30, 2024, (the “June 2024 Financial Statements”), which have been prepared using International Financial Reporting Standards (“IFRS”), available under the Company’s profile at www.sedar.com. All amounts are in United States dollars unless otherwise specified. This MD&A contains forward looking statements that are based on certain estimates and assumptions and involve risks and uncertainties. Actual results may vary materially from management’s expectations. See the “Caution Concerning Forward Looking Statements” section in this MD&A.

In this MD&A, reference is made to adjusted EBITDA, which is not a measure of financial performance under IFRS. For purposes of the MD&A, the Company calculates each as follows:

“Adjusted EBITDA” is equal to net income (loss) from continuing operations before interest, taxes, depreciation and amortization, share-based compensation, research and development expenses, bad debts, and foreign exchange income/expenses. Management believes this measure provides useful information as it is a commonly used measure in the capital markets and as it is a close proxy for repeatable cash generated by (used for) operations.

These measures are not necessarily comparable to similarly titled measures used by other companies.

CAUTIONARY NOTE REGARDING FORWARD LOOKING INFORMATION

This MD&A contains certain forward-looking information and forward-looking statements, as defined in applicable securities laws (collectively referred to herein as “forward-looking statements”). These statements relate to future events or the Corporation’s future performance. All statements other than statements of historical fact are forward-looking statements. Often, but not always, forward-looking statements can be identified by the use of words such as “plans”, “expects”, “is expected”, “budget”, “scheduled”, “estimates”, “continues”, “forecasts”, “projects”, “predicts”, “intends”, “anticipates” or “believes”, or variations of, or the negatives of, such words and phrases, or state that certain actions, events or results “may”, “could”, “would”, “should”, “might” or “will” be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those anticipated in such forward-looking statements. The forward-looking statements in this MD&A speak only as of the date of this MD&A or as of the date specified in such statement.

Inherent in forward-looking statements are risks, uncertainties, and other factors beyond the Corporation's ability to predict or control. Please also make reference to those risk factors referenced in the "Risk and Factors" section below. Readers are cautioned that such risk factors, uncertainties, and other factors are not exhaustive. Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this MD&A.

Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those anticipated in such forward-looking statements. The forward-looking statements in this MD&A speak only as of the date of this MD&A or as of the date specified in such statement. Specifically, this MD&A includes, but is not limited to, forward-looking statements regarding: the Corporation's ability to meet its working capital needs at the current level for the next twelve-month period; management's outlook regarding future trends; sensitivity analysis on financial instruments, which may vary from amounts disclosed; and general business and economic conditions.

All forward-looking statements herein are qualified by this cautionary statement. Accordingly, readers should not place undue reliance on forward-looking statements. The Corporation undertakes no obligation to update publicly or otherwise revise any forward-looking statements, whether as a result of new information or future events or otherwise, except as may be required by law. If the Corporation does update one or more forward-looking statements, no inference should be drawn that it will make additional updates with respect to those or other forward-looking statements, unless required by law.

DESCRIPTION OF BUSINESS

The Company was incorporated on December 11, 1998, under the laws of the Province of Ontario, Canada.

The Company is listed on the Canadian Securities Exchange ("**CSE**") under the symbol "SPTZ". The Company is a multinational technology Company that operates Spetz, a global online, AI-powered marketplace platform that dynamically connects consumers to nearby top-rated service providers in around 30 seconds. Spetz operates already in the United Kingdom, Australia, the United States, and Israel. The Company opened the two Spetz applications for both sides of the market; one for consumers and one for service providers. In addition, the Company released its applications on both, the App Store and Google Play Store.

On July 31, 2023, the Company held its annual and special meeting of shareholders to ratify various matters, which included the approval of a share consolidation approval, on a basis of one post-consolidation common share for every 100 pre-consolidation common shares.

The Company completed the process on October 5, 2023, with an effective date of October 10, 2023. 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 was reduced to approximately 5,162,150 common shares.

History of Spetz

The Spetz App was officially launched by Spetz Tech Ltd in Israel in 2018 and was subsequently launched in the United Kingdom in 2020, Australia in 2021, and the United States in 2022. The Spetz App's technology platform was developed over 10 years prior to its official launch in 2018. Prior to the Transaction, Spetz Tech Ltd had raised funding of more than US$5 million from founders, private investors, and over 1,600 crowdfunding investors.

During its decade of development, Spetz Tech Ltd created multiple Beta models of both SaaS platforms, as well as: (i) an integrated multi-currency billing and payment system; (ii) a communication platform that allows service providers and consumers to communicate seamlessly and nearly immediately after a consumer call; (iii) a customized unique service provider rating system, which allows the platform to operate while integrating "Crowd Wisdom" into its algorithm; and (iv) an ability to handle millions of records on a real-time basis around the world.

GOING CONCERN AND EARLY STAGE CORPORATION

As of June 30, 2024, the Company had a working capital deficiency of $3,483 (December 31, 2023- $3,223), had not yet achieved profitable operations, had accumulated losses of $35,499 (December 31, 2023 - $34,747), and currently expects to incur further losses in the development of its business.

The Company has $3 of cash as of June 30, 2024, the Company has yet achieved positive cashflow from operations, therefore there is no assurance that the operations of the Company and any future operations will be successful and profitable. These conditions raise material uncertainties which casts significant doubt as to the use of the going concern assumption in these financial statements

The June 2024 Financial Statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes that the Company will continue its operations for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations as they come due. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but is not limited to, twelve months from the end of the reporting period. Management is aware, in making its assessment, of material uncertainties related to events or conditions that cast significant doubt upon the Company's ability to continue as a going concern.

HIGHLIGHTS

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.

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.

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**

OUTLOOK AND PLANS

The Company evolved into focusing all of the Company's resources and creation of a business plan that will allow the Company to focus its efforts on continuing to grow revenue and margins exclusively in the Spetz business services on a global basis.

As the Spetz division is not currently cashflow independent and therefore not considered cash generating units and as such the Company continues to report them as one operating segment.

OVERALL FINANCIAL PERFORMANCE

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

For the periods	Six months ended June 30, 2024	Six months ended June 30, 2023	December 31, 2023	Eleven months ended December 31, 2022
Revenue	$ 1,016	$ 1,098	$ 2,031	$ 997
Total Expenses	(1,424)	(2,869)	(8,799)	(5,704)
Net loss - continued operations	(752)	(1,985)	(7,509)	(4,814)
Gain/(Loss) - discontinued operations	-	25	(389)	(6,232)
Comprehensive loss for the period	(713)	(2,076)	(7,864)	(10,868)
Adjusted EBITDA[1]	(309)	(888)	(1,239)	(1,493)
Loss per share- continued operations	(0.14)	(0.39)	(1.46)	(1.31)
Loss per share - discontinued operations	-	0.00	(0.08)	(1.70)
Current assets	493	665	582	1,003
Total assets	2,798	8,274	3,158	9,188
Current liabilities	3,976	3,215	3,805	2,294
Total liabilities	3,991	3,257	3,837	2,351
Shareholders equity	$ (1,193)	$ 5,017	$ (679)	$ 6,837
Cash and cash equivalent	$ 3	$ 18	$ 22	$ 397
Working capital (deficiency)	$ (3,483)	$ (2,550)	$ (3,223)	$ (1,291)

1-Non IFRS

- For the six months ended June 30, 2024, the Company recognized revenue of $1,016 in connection with its referral service fee compared to $1,098 in the six months ended June 30, 2023.
- For the year ended December 31, 2023, the Company recognized revenue of $2,031 in connection with its referral service fee compared to $997 in the eleven months ended December 31, 2022. For the eleven months ended December 31, 2022, the revenue for the period represents referral service fee revenue from the date of acquisition of Spetz on August 17, 2022, to December 31, 2022.
- Total expenses decreased in the six months ended June 30, 2024, to $1,424 compared to $2,869 in the comparable period of the prior year. This decrease is due to efficiency activities by the Company. Total expenses increased in the year ended December 31, 2023 to $8,799, compared to $5,704 in the eleven months ended December 2022, primarily due to the impairment on Goodwill expenses of $4,304 compared to $1,442 respectively.
- The loss from discontinued operations for the year ended December 31, 2023, includes 1) an impairment on investment of $414; 2) a $25 gain on repayment of its investment in MADA.
- The Company's adjusted EBITDA, as reconciled below, for the six months ended June 30, 2024 was a loss of $309 decreased from $2,076 in the comparable period of the prior year. For the year ended December 31, 2023, EBITDA loss was $1,239 compared to $1,493 in the eleven months ended December 31, 2022.
- Total assets decreased to $2,798 as of June 30, 2024, compared to $3,158 as of December 31, 2023 and $9,188 on December 31, 2022. The decrease reflects the goodwill impairment of $4,304; and investment impairment of $414.
- Working capital deficiency on June 30, 2024, was $3,483 compared to $3,223 on December 31, 2023, and $1,291 on December 31, 2022.

Adjusted EBITDA

One of the measures the Company uses to evaluate its objectives is adjusted EBITDA. Adjusted EBITDA is a non-IFRS financial measure that does not have a standard meaning prescribed by IFRS and may not be comparable to similar measures presented by other companies. The Company calculates Adjusted EBITDA as is equal to net income (loss) from continuing operations before interest, taxes, depreciation and amortization, share-based compensation, bad debt, and foreign exchange income/expenses. Management believes this measure provides useful information as it is a commonly used measure in the capital markets and as it is a close proxy for repeatable cash generated by (used for) operations.

	Three months ended		Six months ended	
	June 31, 2024	**June 30, 2023**	**June 31, 2024**	**June 30, 2023**
Net Loss from continuing operations	$ (334)	$ (916)	$ (752)	$ (1,985)
Addback:				
Depreciation and amortization expenses	90	288	181	574
Share based compensation	6	91	10	223
Bad debt	7	(10)	(4)	-
Research expenses	41	129	123	326
Other (income)/expenses	60	(70)	133	(26)
Adjusted EBITDA	**$ (130)**	**$ (488)**	**$ (309)**	**$ (888)**

For the three and six months ended June 30, 2024, the Company had a negative EBITDA of $130 and $309 compared to $488 and $888 for the same period of the prior year. The Company reduced its adjusted EBITDA by efficiency activities and is continuing to right size operations and get to positive EBITDA as soon as possible.

RESULTS OF OPERATIONS

For the three and six months ended June 30, 2024, compared to the three and six months ended June 30, 2023

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

		Three months ended		Six months ended	
	ref.	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
Revenue	a	$ 473	$ 580	$ 1,016	$ 1,098
Cost of revenues		99	124	211	240
Gross margin		374	456	805	858
Expenses					
Sales and marketing expenses	b	310	370	643	639
General and administration	c	297	943	658	1,904
Research expenses	d	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
		(60)	70	(133)	26
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 after income tax expense		**(334)**	**(916)**	**(752)**	**(1,960)**
Foreign exchange loss on translating foreign operations		**45**	**(129)**	**39**	**(116)**
Comprehensive loss for the period		**$ (289)**	**$ (1,045)**	**$ (713)**	**$ (2,076)**
Loss per share continuing operations- Basic and diluted		**$ (0.06)**	**$ (0.18)**	**$ (0.14)**	**$ (0.39)**

a. For the three and six months ended June 30, 2024, the Company recognized revenue of $473 and $1,016 in connection with its referral service fee compared to $580 and $1,098 in the three and six months ended June 30, 2023. The decrease is due to the focus on the Israel market during the period and reducing the other markets investment which decreased the net loss of the company as part of the efficiency activities by the company.
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**

b. Sales and marketing includes salaries to sales staff, subcontractors, promotion and marketing of the Company's applications, and brand awareness associated with the Spetz application. During the three and six months ended June 30, 2024, the Company expended $310 and $643 compared to $370 and $639 in the comparable period of the prior year.

c. General and administrative expenses represent salaries, management fees, professional fees, consulting fees office expenses, and other expenses. During the three and the six months ended June 2024, the Company expended $297 and $658 compared to $943 and $1,904 in the comparable period of the prior year. The decrease is due to efficiency activities by the Company. The following are the main differences-

1) Represents audit and legal fees and other professional fees, During the three and six months ended June 30, 2024, the Company expended $21 and $38 compared to $91 and $200 in the comparable period of the prior year.

2) Depreciation and amortization expenses for the three and six months ended June 30, 2024, of $90 and $181 compared to $288 and $574 in the comparable period of the prior year, which includes the amortization of the intangibles acquired with the acquisition of Spetz.

3) Represents the value of stock options that vested during the three and six months ended June 30, 2024, of $6 and $10, compared to $91 and$223 in the three and six months ended June 30, 2023. The Company reduced the number of stock option awards in the current period.

4) Payroll, related expenses, and management fee, During the three and six months that ended June 30, 2024, the Company expended $39 and $120 compared to $184 and $414 in the comparable period of the prior year., The decrease is due to efficiency activities by the Company.

d. Research expenses include payroll and related expenses, subcontractors, and system expenses. During the three and the six months ended June 2024, the Company expended $41 and$123 compared to $129 and $326 in the comparable period of the prior year. The decrease is due to efficiency activities by the Company.

SELECTED QUARTERLY FINANCIAL INFORMATION

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

Three months ended	Revenue	Net Loss from continuing operations	Net loss after income tax expense	Loss per share from continuing operations - basic and diluted	Loss per share from continiuing and discontinued operations - basic and diluted
30/Jun/24	$ 473	$ (334)	$ (334)	$ (0.06)	$ (0.06)
31/Mar/24	543	(418)	(418)	(0.08)	(0.08)
30/Dec/23	399	(5,026)	(5,440)	(0.98)	(1.07)
30/Sep/23	534	(498)	(498)	(0.10)	(0.10)
30/Jun/23	580	(916)	(916)	(0.18)	(0.18)
31/Mar/23	518	(1,069)	(1,044)	(0.21)	(0.21)
31/Dec/22	446	(2,731)	(6,753)	(0.54)	(1.34)
31/Oct/22	532	(818)	(1,577)	(0.18)	(0.34)

During the three months ended June 30, 2024, the Company recognized non-cash expenses of $90 in depreciation and amortization, $6 in stock-based compensation, and $83 in accretion expense.

During the three months ended March 31, 2024, the Company recognized non-cash expenses of $92 in depreciation and amortization, $5 in stock-based compensation, and $37 in accretion expense.

During the three months ended December 31, 2023, the Company recognized $919 in depreciation and amortization,$4,304 in goodwill impairment, and $8 in stock-based compensation.

During the three months ended September 30, 2023, the Company recognized non-cash expenses of $223 in depreciation and amortization, $12 in stock-based compensation.

During the three months ended June 30, 2023, the Company recognized non-cash expenses of $288 in depreciation and amortization, $91 in stock-based compensation.

During the three months ended March 31, 2023, the Company recognized non-cash expenses of $287 in depreciation and amortization, $132 in stock-based compensation, and $18 in accretion expense.

-During the two months ended December 31, 2022, the Company recognized non-cash expenses of $69 in stock based compensation, $229 in depreciation and amortization, and $1,442 in goodwill impairment. In addition, had discontinued operation loss of $4,117.

During the three months ended October 31, 2022, the Company recognized non-cash expenses of $129 in stock-based compensation, $184 in depreciation and amortization, and $93 in acquisition costs in connection with 40,000 shares issued as finders' fees.

During the three months ended July 31, 2022, the Company recognized non-cash expenses of $185 in stock-based compensation, $10 in amortization, and $280 in unrealized loss on digital currencies.

LIQUIDITY AND CAPITAL RESOURCES

The Company manages its capital structure and adjusts it, based on the funds available to the Company, in order to support the development of its planned business activities. The Board does not establish quantitative return on capital criteria for management but rather relies on the expertise of the Company's management to sustain future development of the business. In order to carry out the planned business activities and pay for administrative costs, the Company will spend its existing working capital and raise additional funds as needed. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

The Company had cash of $3, Assets held for sale of $87. The Company had total current assets of $493 and current liabilities of $3,976 as of June 30, 2024. The Company had a working capital deficiency of $3,483 as of June 30, 2024, compared to working capital deficiency of $3,223 as of December 31, 2023.

	Six months ended			
		June 30, 2024		June 30, 2023
Operating activities used in continuing operations	$	(668)	$	(1,092)
Operating activities provided from discontinuing operations	$	-	$	25
Financing activities provided from continued operations		594		686
Investing activities provided from continuing operations		53		2
Effects of exchange rate changes on cash		2		-
Cash, beginning of period		22		397
Cash, end of period	$	3	$	18

Cash used in continuing operating activities

Cash used in operating activities was the result of the operating loss from operations of $668 for the six months ended June 30, 2024 (December 2023 - $1,144), positively adjusted for non-cash items of $453 (December 2023 – $6,595), and the negative net change in non-cash working capital items was $369 (positively net change on December 2023-$573).

Cash flows provided from financing activities

The Company received net cash of $594 for the six months ended June 30, 2024 (December 2023- $737) mainly due to a loan increase from a related party and net proceeds from convertible debenture during the period.

Cash flows provided from investing activities

During the six months ended June 30, 2024, the Company received $53 in cash from investing activities (December 2023 – $5) mainly due to restricted cash released.

The Company's objective when managing capital is to obtain adequate levels of funding to support its business activities, to obtain corporate and administrative functions necessary to support organizational functioning and obtain sufficient funding to further the development of its business. The Company raises capital, as necessary, to meet its needs and take advantage of perceived opportunities and, therefore, does not have a numeric target for its capital structure. Funds are primarily secured through equity capital raised by way of private placements and the issuance of convertible debentures.

Management closely monitors the Company’s current cash position and the short-term and long-term cash requirements. The Company may be required to obtain additional funding to take advantage of the market opportunities and an issuance of common shares or debt will most likely be a component of the funding.

OUTSTANDING SHARE DATA

As of June 30, 2024, the Company had 5,783,620 common shares issued and outstanding, 60,000 stock options, 380,645 RSUs, and 1,354,907 warrants.

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.

As of July 29, 2024, the Company's outstanding balances mentioned above haven't changed.

FINANCIAL INSTRUMENTS

As outlined in Note 3 and Note 19 to the June 2024 Financial Statements, the Company recognizes all financial instruments and applies the fair value hierarchy as required under IFRS.

OFF BALANCE SHEET ARRANGEMENTS

Other than as described in Note 26 to the 2023 Audited Financial Statements and Note 21 to the June 2024 Financial Statements, the Company is not aware of any Off-Balance Sheet arrangements.

COMMITMENTS AND CONTINGENCIES

Other than as described in Note 26 to the 2023 Audited Financial Statements and Note 21 to the June 2024 Financial Statements, and as noted in this MD&A, the Company has no additional commitment disclosure.

RELATED PARTY TRANSACTIONS

Other than as described in Note 20 to the June 2024 Financial Statements, there are no additional related party transactions.

ACCOUNTING POLICIES, CRITICAL JUDGMENTS AND ESTIMATES

The preparation of the Company’s June 2024 Financial Statements in conformity with IFRS, requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and other items in net earnings or loss, and the related disclosure of contingent assets and liabilities, if any. Critical judgments and estimates represent estimates made by management that are, by their very nature, uncertain. The Company evaluates its estimates on an ongoing basis. Such estimates are based on historical experience and on various other assumptions that the Company believes are reasonable under the circumstances, and these estimates form the basis for making judgments about the carrying values of assets and liabilities and the reported amounts of revenues and other items in net earnings or loss that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions. Summaries of the significant accounting policies applied, and significant judgments, estimates and assumptions made by management in the preparation of its financial statements are provided in Notes 2 and 3 to the 2023 Audited Financial Statements and Note 2 and 3 to the June 2024 Financial Statements.

CONTROLS AND PROCEDURES

Disclosure controls and procedures are designed to provide reasonable assurance that all relevant information is gathered and reported to senior management, including the Company's CEO and Chief Financial Officer ("**CFO**"), on a timely basis so that appropriate decisions can be made regarding public disclosure. As of June 30, 2024, covered by this management's discussion and analysis, management of the Company, with the participation of the CEO and the CFO, evaluated the effectiveness of the Company's disclosure controls and procedures as required by Canadian securities laws. Based on that evaluation, the CEO and the CFO have concluded that, as of the end of the period covered by this management's discussion and analysis, the disclosure controls and procedures were effective to provide reasonable assurance that information required to be disclosed in the Company's annual filings and interim filings (as such terms are defined under Multilateral Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings) and other reports filed or submitted under Canadian securities laws is recorded, processed, summarized and reported within the time periods specified by those laws and that material information is accumulated and communicated to management of the Company, including the CEO and the CFO, as appropriate to allow timely decisions regarding required disclosure.

The CEO and the CFO of the Company have also evaluated whether there were changes to the Company's internal controls over financial reporting during the period ended June 30, 2024, that have materially affected or are reasonably likely to materially affect the Company's internal control over financial reporting. There were no changes identified during their evaluation.

RISK FACTORS

Prior to making an investment decision, investors should consider the investment risks set out below and those described elsewhere in this document, which are in addition to the usual risks associated with an investment in a business at an early stage of development. The Board considers the risks set out below to be the most significant to potential investors in the Company, but the list is not exhaustive and does not include all of the risks associated with an investment in securities of the Company.

INFORMATION CONCERNING SPETZ INC.

Additional information relating to the Company may be accessed through the SEDAR website at under Spetz Inc. and the Company's website at www.spetz.app.

Toronto, Ontario
July 29, 2024