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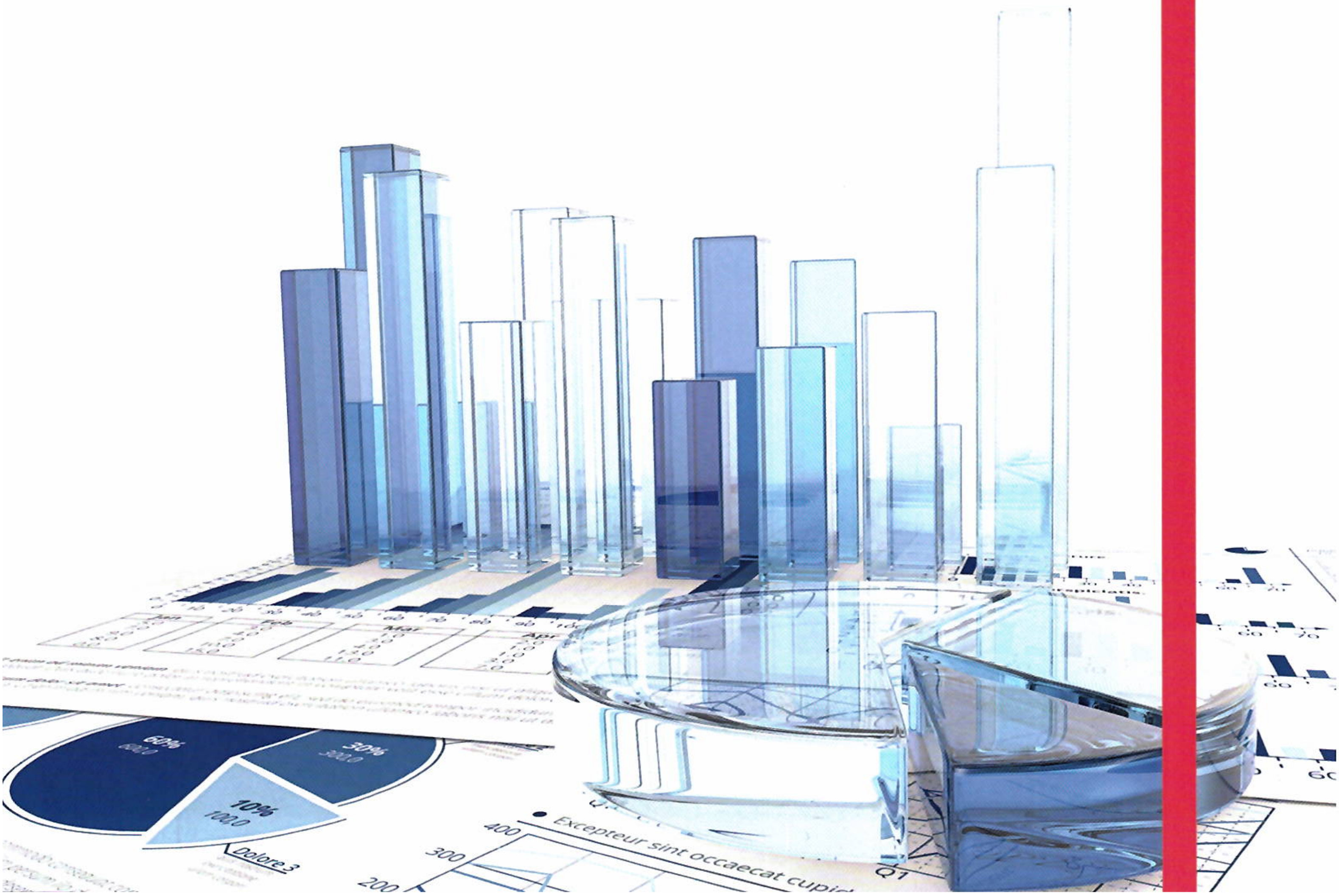
SPETZ INC.

CONSOLIDATED FINANCIAL STATEMENTS

AS OF DECEMBER 31, 2024



SPETZ INC.

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TO THE SHAREHOLDERS OF SPETZ INC

The accompanying consolidated financial statements and other financial information in this annual report were prepared by the management of Spetz Inc. (the "Company"), reviewed by the Audit Committee, and approved by the Board of Directors.

Management is responsible for the consolidated financial statements and believes that they fairly present the Company's financial position and results of operations in conformity with International Financial Reporting Standards. Management has included in the Company's consolidated financial statements amounts based on estimates and judgments that it believes are reasonable, under the circumstances.

To discharge its responsibilities for financial reporting and safeguarding of assets, management believes that it has established appropriate systems of internal accounting control that provide reasonable assurance that the financial records are reliable and form a proper basis for the timely and accurate preparation of consolidated financial statements. Consistent with the concept of reasonable assurance, the Company recognizes that the relative cost of maintaining these controls should not exceed their expected benefits. Management further assures the quality of the financial records through careful selection and training of personnel and through the adoption and communication of financial and other relevant policies.

The consolidated financial statements for the period ended December 31, 2024, have been audited by the Company's auditors, BDO, and their report is presented herein.

"Mitchell Demeter"
Mitchell Demeter
Chief Executive Officer

"Nofar Shigani"
Nofar Shigani
Chief Financial Officer

Toronto, Canada
April 28, 2025

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF

SPETZ INC

Opinion

We have audited the consolidated financial statements of Spetz Inc. and its subsidiaries (the "**Company**"), which comprise the consolidated statements of financial position as of December 31, 2024 and 2023, and the consolidated statements of comprehensive loss, changes in shareholders' deficit and cash flows for the two years then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as of December 31, 2024 and 2023 and its financial performance, and its cash flows for the two years then ended in accordance with International Financial Reporting Standards and International Accounting Standards as issued by the International Accounting Standards Board (the "**IASB**") and Interpretations (collectively the "**IFRS Accounting Standards**").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the consolidated financial statements, which indicated that the Company incurred a net loss of $1,496 thousand during the year ended December 31, 2024. As stated in Note 1, these events and conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Material Uncertainty Related to Going Concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Tel Aviv	Jerusalem	Haifa	Beer Sheva	Bnei Brak	Kiryat Shmona	Petah Tikva	Modiin Ilit	Nazrat Ilit
03-6386868	02-6546200	04-8680600	077-7784100	073-7145300	077-5054906	077-7784180	08-9744111	04-6555888

Main office: Beit Amot BDO, 48 Menachem Begin Road, Tel Aviv, 6618001 **Email:** bdo@bdo,co.il **Website:** www.bdo.co.il

Impairment test for goodwill and intangible assets

Management required to test goodwill for impairment annually and assesses other intangible assets for impairment only whether there are indications of impairment.

Those tests and assessments are largely based on management expectations and estimates of future results of the cash generating units.

This process is judgmental as it is based on assumptions about future growth and discount rates, which can be sensitive. Therefore, a risk exists that goodwill is overstated on the balance sheet if judgments or assumptions be considered inappropriate.

The accounting policy for goodwill and other intangible assets impairment is described in Note 2, and the assumptions are disclosed in Note 7 of the accompanying financial statements.

How the key audit matter was addressed in the audit

Our procedures in respect of this area included:

- We verified the inputs data of the calculations by reference to, where appropriate, external data.
- Our valuation team performed a detailed review and challenge of the models used including the macroeconomic assumptions used.
- We assessed the reasonableness of forecast future cash flows by comparison to historical performance and future outlook.
- We performed a detailed review of the disclosures in respect of impairments and impairment testing adopted by management.
- We examined the reputation and the objectivity of the independent valuation expert.

Other Information

Management is responsible for the other information. The other information comprises the information included in Management's Discussion and Analysis. Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained the Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact to those charged with governance.

Tel Aviv	Jerusalem	Haifa	Beer Sheva	Bnei Brak	Kiryat Shmona	Petah Tikva	Modiin Ilit	Nazrat Ilit
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Main office: Beit Amot BDO, 48 Menachem Begin Road, Tel Aviv, 6618001 **Email:** bdo@bdo,co.il **Website:** www.bdo.co.il

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Company audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Keren Raviv.

Ziv Hafe

Tel-Aviv, Israel

April 28, 2025

Ziv Haft
Certified Public Accountants (Isr.)
BDO Member Firm

SPETZ INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Expressed in thousands of United States dollars)

	Notes	December 31, 2024	December 31, 2023
ASSETS			
Current Assets			
Cash and cash equivalents		$ 1	$ 22
Restricted deposits		-	53
Accounts receivable, net	4	263	473
Other receivables		34	17
Prepaid expenses		54	17
Total Current Assets		352	582
Non-current Assets			
Property, plant and equipment, net		13	20
Investments	5	46	90 *
Intangible assets	6	1,600	2,105
Goodwill	7	332	361
Total Non-Current Assets		1,991	2,576
Total Assets		$ 2,343	$ 3,158
LIABILITIES			
Current Liabilities			
Accounts payable and accrued liabilities	8	$ 559	$ 1,049
Short-term bank credit	10	144	333
Other payables	9	757	845
Related party payables	24	1,524	654
Deferred revenue		205	288
Related party Convertible debenture	24	273	-
Convertible debenture	11	870	636
Total Current Liabilities		4,332	3,805
Non-current Liabilities			
Long term loans		-	16
Employee benefit liabilities		17	16
Total Liabilities		4,349	3,837
SHAREHOLDERS' DEFICIT			
Share capital and Additional paid in Capital	12,13,14,11	34,195	33,980
Accumulated deficit		(36,243)	(34,747)
Accumulated other comprehensive income		42	88
Total Shareholders' Deficit		(2,006)	(679)
Total Liabilities and Shareholders' Deficit		$ 2,343	$ 3,158

***Reclassified**

Approved on behalf of the Board on April 28, 2025:

"Mitchell Demeter"
Director

"Michael Kron"
Director

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

SPETZ INC.

CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

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

	Notes	Year ended 'December 31, 2024	'December 31, 2023	
Revenues	16	$ 1,662	$ 2,031	
Cost of revenues	17	381	444	
Gross margin		**1,281**	**1,587**	
Sales and marketing	18	1,071	1,267	
General and administration	19	1,239	2,721	
Impairment on Goodwill	7	-	4,304	
Research and development	20	175	507	
Total Expenses		**(2,485)**	**(8,799)**	
Operating Loss for the period		**(1,204)**	**(7,212)**	
			-	
Financial expenses	21	(318)	(717)	*
Financial income	21	26	31	*
Net loss before income tax expense		**(1,496)**	**(7,898)**	
Income tax recovery		**-**	**-**	
Net loss for the period		**(1,496)**	**(7,898)**	
Other comprehensive income/(loss)				
Foreign exchange gain/(loss) on translating foreign operations		(46)	34	
Other comprehensive income/(loss) for the period		**(46)**	**34**	
Comprehensive loss for the period		**(1,542)**	**(7,864)**	
Weighted average shares outstanding				
- Basic and diluted		5,628,594	5,135,329	
Loss per share from operations - basic and diluted		$ (0.27)	$ (1.54)	*

***Reclassified**

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

SPETZ INC.
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' DEFICIT

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

	Number of shares (1)	Share capital and Additional Paid in Capital	Accumulated Deficit	Accumulated Other Comprehensive Income (loss)	Total
Balance, December 31, 2022	**5,082,134**	**$ 33,632**	**$ (26,849)**	**$ 54**	**$ 6,837**
Other comprehensive income/(loss)	-	-	-	34	34
Net loss for the period	-	-	(7,898)	-	(7,898)
Total comprehensive loss	-	-	(7,898)	34	(7,864)
Share based payments	-	243	-	-	243
Shares issued on RSUs vested	112,722	-	-	-	-
Warrants and debenture conversion feature	-	105	-	-	105
Balance, December 31, 2023	**5,194,856**	**33,980**	**(34,747)**	**88**	**(679)**
Other comprehensive income/(loss)	-	-	-	(46)	(46)
Net loss for the period	-	-	(1,496)	-	(1,496)
Total comprehensive loss	-	-	(1,496)	(46)	(1,542)
Shares issued on RSUs vested	16,232	-	-	-	-
Shares issued to settle debt	572,532	167	-	-	167
Warrants and debenture conversion feature	-	27	-	-	27
Share based payments	-	21	-	-	21
Balance, December 31, 2024	**5,783,620**	**34,195**	**(36,243)**	**42**	**(2,006)**

(1) Prior period share amounts have been adjusted to reflect the Share reverse split effected in October 2023. See note 12 for details

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

SPETZ INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS

(Expressed in thousands of United States dollars)

	'December 31, 2024	'December 31, 2023	
Cash Flows from Operating Activities			
Net loss for the period	$ (1,496)	$ (7,898)	
Non-cash items:			
Accretion expense on Convertible debenture	182	125	
Impairment of goodwill	-	4,304	
Depreciation and amortization expense	358	919	
Increase of related party payables	309	201	
Revaluation and income from sale on investment	(25)	414	*
Share based compensation	21	243	
	(651)	(1,692)	
Net change in non-cash working capital items:			
Accounts receivable, net	210	(38)	
Other receivables	(17)	36	
Prepaid expenses	14	47	
Deferred revenue	(83)	(61)	
Employee benefit liabilities	1	(9)	
Accounts payable and accrued liabilities	(171)	598	
Cash Flows used in operating activities	**(697)**	**(1,119)**	
Cash Flows from Investing Activities			
Restricted cash	53	1	
Additions to property, plant and equipment	-	4	
Sale of investment	64	-	
Cash flows provided from investing activities	**117**	**5**	
Cash Flows from Financing Activities			
(Decrease)/Increase of short term bank credit	(169)	95	
Decrease of long term loans	(16)	(16)	
Increase of related party payables	747	83	
Principal payments of lease liability	-	(41)	
Net proceeds from convertible debenture	-	616	
Cash Flows provided from financing activities	**562**	**737**	
Effects of exchange rate changes on cash	**(3)**	**2**	
Decrease in cash	**(21)**	**(375)**	
Cash, beginning of the period	22	397	
Cash, end of the period	**$ 1**	**$ 22**	

*** Reclassified**

<u>Supplemental disclosure of cash flow information:</u>

Interest paid	$ 44	$ 42

<u>Significant non-cash transactions</u>:

Payments to supplier through issuance of shares	$ 167	$ -
Conversion of related parties debt to convertible debenture	$ 268	$ -
Conversion of other accounts payable debt to convertible debenture	$ 162	$ -
Debt to supplier paid directly by related party	$ 41	$ -

The accompanying notes are an integral part of these 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.

In prior years, the Company was focused on utilizing advanced financial technologies, together with predictive analytics machine learning, to provide its customers with products and services in multiple market sectors. The results derived or expanded out of those activities were allocated to discontinued operations in prior years, with the acquisition of Spetz Tech Ltd. ("Spetz") , in August 2022, 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.

On March 17,2025, the Company completed its acquisition of Sonic Strategy Inc. (See note 26), Sonic Strategy is a blockchain staking company focused on the Sonic blockchain. With the completion of the acquisition of Sonic Strategy, Spetz further strengthened its capabilities in blockchain infrastructure and staking solutions.
Following the acquisition, the Company focuses on expanding its validator operations, increasing staking adoption, and integrating with the broader Spetz ecosystem with the goal of unlocking new blockchain-based revenue opportunities. The Company aims to drive growth in staking solutions, validator-as-a-service (VaaS), and enterprise blockchain adoption.

Going Concern

The accompanying financial statements (the "Financial Statements") have been prepared assuming that the Company will continue as a going concern. The Company has suffered recurring losses from operations and negative cash flows from operations since inception. As of December 31, 2024, the Company had incurred accumulated losses of $36,243 and expects to continue to fund its operations through capital fundraising and future revenues. There is no assurance that such financing will be obtained. Considering the above, These factors raise material uncertainties related to events or conditions that may cast significant doubt about its ability to continue as a going concern. The Financial Statements do not include any adjustments that might result from the outcome of these uncertainties.

2. BASIS OF PRESENTATION

(a) Basis of presentation and statement of compliance

The Company's Financial statements have been prepared in accordance and compliance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and Interpretations of the IFRS Interpretations Committee ("IFRIC").

These audited consolidated financial statements were approved and authorized by the Company's Board of Directors on April 28, 2025.

(Expressed in thousands of United States Dollars)

2. BASIS OF PRESENTATION (CONT.)

(b) Basis of measurement

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

(c) Basis of consolidation

These 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 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") dollars. Foreign currency transactions are translated into CAD 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 CAD 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.

2. BASIS OF PRESENTATION (CONT.)

(e) Significant judgments, estimates and assumptions

The preparation of these 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. Significant estimates and judgements include but are not limited to the following:

i. Estimated useful lives, amortization of intangible assets, and impairment testing

Amortization of intangible assets is recorded on a straight-line basis over their estimated useful lives. Intangible assets that have indefinite useful lives are not subject to amortization and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. The assessment of any impairment is dependent upon estimates of recoverable amounts that take into account factors such as economic and market conditions and the useful lives of assets. In order to determine if the value of intangible assets have been impaired, the cash-generating unit to which the intangible assets have been allocated must be valued using present value techniques. When applying this valuation technique, the Company relies on a number of factors, including historical results, business plans, forecasts and market data. Changes in the conditions for these judgments and estimates can significantly affect the assessed value of the intangible assets.

ii. Determination of fair value of equity settled transactions

The Company measures the cost of equity-settled transactions consisting of stock options and share purchase warrants offered to service providers and employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the stock option, volatility and dividend yield and making assumptions about them. Changes in the input assumptions can materially affect the fair value estimate. The Company uses the Black-Scholes Option Pricing Model to calculate the fair value.

iii. Share-based payments

The Company measures equity-settled share-based payment transactions based on an estimate of the fair value of goods or services received, unless that fair value cannot be estimated reliably, in which case the Company measures the fair value of the goods or services received based on the fair value of the equity instruments granted.

iv. Functional and presentation currency

In determining the functional currency of the parent and its subsidiary, the Company considers the currency that mainly influences sales and the cost of providing goods and services in each jurisdiction in each the Company operates. The Company also considered secondary indicators including the currency in which funds from financing activities are denominated, the currency in which funds are retained and whether the activities of the subsidiaries are carried out as an extension of the Company or if they are carried out with a degree of autonomy.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES

The accounting policies applied in the preparation of the consolidated financial statements are set out below:

(a) Cash

The Company defines cash as highly liquid investments held for the purpose of meeting short term cash commitments that are readily convertible into known amounts of cash.

(b) Receivable and Expected Credit Loss

Accounts receivables are recorded at the invoiced amount and do not bear interest. Expected credit losses reflect the Company's estimate of amounts in its existing accounts receivable that may not be collected due to customer claims or customer inability or unwillingness to pay. Collectability of receivables is reviewed on an ongoing basis. The expected credit loss is determined based on a combination of factors, including the Company's risk assessment regarding the credit worthiness of its customers, historical collection experience and length of time the receivables are past due. For financial assets measured at amortized cost, loss allowances for expected credit losses are presented in the consolidated statement of financial position as a deduction from the gross carrying amount of the financial asset.

(c) Financial instruments

Financial assets and financial liabilities, are recognized on the consolidated statement of financial position when the Company becomes party to the financial instrument or derivative contract.

Classification

The Company classifies its financial instruments in the following categories: at fair value through profit or loss ("FVTPL"), or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading including all derivative instruments are classified as FVTPL. Financial liabilities are measured at amortized cost.

Measurement

All financial instruments are required to be measured at fair value on initial recognition, plus, in the case of a financial asset or financial liability not at FVTPL, transaction costs that are directly attributable to the acquisition or issuance of the financial asset or financial liability. Transaction costs of financial assets and financial liabilities carried at FVTPL are expensed in profit or loss.

The component parts of compound instruments issued by the Company are classified separately as financial liabilities in accordance with the substance of the contractual arrangement. At the date of issue, the fair value of the liability is measured separately using an estimated market rate for a similar liability without an equity component and the residual is allocated to the conversion option. The liability component is subsequently recognized on an amortized cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date.

Fair value is measured using a fair value hierarchy that reflects the significance of the inputs used to make the measurements. The hierarchy is summarized as follows:

- Level 1 - quoted prices (unadjusted) that are in active markets for identical assets or liabilities
- Level 2 - inputs that are observable for the asset or liability, either directly (prices) for similar assets or liabilities in active markets or indirectly (derived from prices) for identical assets or liabilities in markets with insufficient volume or infrequent transactions
- Level 3 - inputs for assets or liabilities that are not based upon observable market data

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONT.)

(c) Financial instruments (cont.)

Derecognition

Financial assets

The Company derecognizes financial assets when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all the associated risks and rewards of ownership to another entity. Gains or losses on derecognition are generally recognized in the consolidated statement of loss and comprehensive loss.

Financial liabilities

The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in the consolidated statement of loss and comprehensive loss.

(d) Intangible assets

Intangible assets are stated at cost, net of accumulated amortization and accumulated impairment losses, if any. The Amortization is computed on a straight line basis, based on the estimated useful lives of the assets, as follows:

	Years
Customer relationships	1
Brand	15
Technology	7
Non-compete	3

(e) Goodwill Impairment and impairment of non-financial assets

Non-financial assets are reviewed for impairment if there is any indication that the carrying amount may not be recoverable. If any such indication is present, the recoverable amount of the asset is estimated to determine whether impairment exists. Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Any intangible asset such as Goodwill with an indefinite useful life is tested for impairment annually and whenever there is an indication that the asset may be impaired. In order to determine if the value of goodwill has been impaired, the cash-generating unit to which goodwill has been allocated must be valued using present value techniques. When applying this valuation technique, the Company relies on a number of factors, including historical results, business plans, forecasts and market data. Changes in the conditions for these judgments and estimates can significantly affect the assessed value of goodwill. Management assesses intangible assets with indefinite lives for impairment on an annual basis.

An asset’s recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value, using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or cash generating unit is estimated to be less than its carrying amount, the carrying amount is reduced to the recoverable amount. An impairment loss is recognized immediately in profit or loss. Where an impairment subsequently reverses, the carrying amount is increased to the revised estimate of recoverable amount, but only to the extent that this does not exceed the carrying value that would have been determined if no impairment had previously been recognized. An impairment loss is reversed when there has been a change in estimate that is relevant for the determination of the asset's recoverable amount since the last impairment loss was recognized.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONT.)

(f) Restricted share units

The Company issues restricted share unit ("RSU") awards from time to time to directors, employees and consultants. RSU entitles the recipients to receive one common share of the Company on vesting. The fair value of RSU were determined by the Company's share price on the date of the award and recorded in accordance with the vesting provisions and included as part of share-based compensation in the statements of loss and comprehensive loss for the period.

(g) Share based payments

Employees (including directors and senior executives) of the Company receive a portion of their remuneration in the form of share-based payment transactions, whereby they render services as consideration for equity instruments ("equity-settled transactions").

In situations where equity instruments are issued to non-employees and some or all of the goods or services received by the entity as consideration cannot be specifically measured, they are measured at fair value of the share-based payment. The fair value of the share-based payments is recognized together with a corresponding increase in equity over a period that services are provided, or goods are received.

The costs of equity settled transactions with employees are measured by reference to the fair value at the date on which they are granted. The costs of equity settled transactions are recognized, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ("the vesting date"). The cumulative cost recognized for equity-settled transactions at each reporting date until the vesting date reflects the Company's best estimate of the number of equity instruments that will ultimately vest. Upon exercise of the stock options, the consideration paid, together with the amount previously recognized in contributed surplus, is recorded as an increase in share capital. No expense is recognized for awards that do not ultimately vest.

The Company uses the Black-Scholes Option Pricing Model to calculate the fair value of stock options and of common share purchase warrants issued. The model requires the input of 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 single measure of the fair value of the Company's stock options and common share purchase warrants.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONT.)

(h) Revenue recognition

The Company derives its revenues from providing referral services to service providers of various professions using its software application.

The Company identified the service provides as its customers, to which it refers service calls from end users using its software's algorithm, in exchange for consideration (referral fees). Each service provider purchases a defined number of service calls to be referred to it by the Company, in exchange for referral fees, as determined per each service call.

The Company identified a single performance obligation in its contracts with its customers, which is providing referral services to its customers.

The Company recognizes revenue from providing its referral services over time, since its customers simultaneously receive and consume the benefits provided by the Company's performance as the Company performs.

When the Company provides its customers additional service calls free of charge as a bonus, this is accounted for as a purchase price discount for the total number of service call purchased, including the additional service calls, which is recognized as reduction of revenue for each service call delivered.

As for customers' unexercised rights ('breakage') for unused service calls, the Company determined that it cannot reasonably expect to be entitled to a breakage amount, if any. Therefore, the Company recognizes breakage amount as revenue only when the likelihood of the customer exercising its remaining unused service calls becomes remote, which is typically after two years during which the customer did not receive any service call from the Company.

Deferred revenues

When the Company receives cash payments from its customers in advance of providing all the service calls purchased, the Company recognizes a contract liability from its contracts with its customers. The contract liability represents consideration received for unused service calls and is presented as deferred revenue in the statement of financial position.

(i) Research and development costs

Research costs are expensed as incurred. Development expenditures on an individual project are recognized as an intangible asset when the Company can demonstrate:

i) The product is technically and commercially feasible.

ii) The Company intend to complete the product so that it will be available for use or sale.

iii) The Company has the ability to use the product or sell it.

iv) The Company has the technical, financial and other resources to complete the development and to use or sell the product.

v) The Company can demonstrate the probability that the product will generate future economic benefits.

vi) The Company is able to measure reliability the expenditure attributable to the product during the development.

During the period ended December 31, 2024, the Company did not meet the criteria above, therefore all the research and development costs were recognized as expenses.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONT.)

(j) Credit losses and their measurement

Prior to commencing a business relationship, the Company will enter into an agreement with the customer. The agreement or contract typically includes details of the terms of payment to which both sides agree. In case of need, the customer may update the Company if there is a delay in the payment, beyond the terms of the agreement. Any delays in payment is subject to approval of the company. If a customer's scheduled payment is delayed by more than two months and such delay is not approved by the Company's management, and if the customer and the Company are not able to resolve the matter, the receivable is considered to be in default as the collectability is no longer certain. If collection efforts are not successful, the Company will retain collection Company in Australia or the UK or legal counsel in Israel to assist with collection and sends a demand letter to that effect. The Company assesses a provision for doubtful debts, based on the collection process as described.
Write-off policy - The Company writes off its financial assets if any of the following occur:

i) Inability to locate the debtor.

ii) Discharge of the debt in a bankruptcy.

iii) It is determined that the efforts to collect the debt are no longer cost effective given the size of receivable.

The collections department must comply with the collection efforts outlined in the policy to collect on delinquent customer accounts before any write-offs are made.

(k) Related party transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

(l) Taxation

Income tax expense represents the sum of tax currently payable and any deferred tax.

Current income tax
Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the date of the statement of financial position.

Deferred income tax
Deferred taxation is recognized using the liability method on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. However, deferred taxation is not recognized if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss. Deferred taxation is determined using tax rates (and laws) that have been enacted. A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized. Deferred income tax is provided on temporary differences arising on investments in subsidiaries, associates and jointly controlled entities, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONT.)

(m) Share Issuance costs

Costs incurred in connection with the issuance of share capital are netted against the proceeds received.

(n) Share Capital

In situations where the Company issues units, the value of units is bifurcated (using the residual method).

(o) Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) that has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

(p) Loss per share

Basic loss per share is computed by dividing the net loss available to common shareholders by the weighted average number of common shares outstanding during the period. The computation of diluted loss per share assumes conversion, exercise or contingent issuance of options, warrants and securities only when such conversion, exercise or issuance would have a dilutive effect on loss per share.

(q) Segment reporting

An operating segment is a component of the Company that meets the following two criteria:

1. Is engaged in business activities from which it may earn revenues and incur expenses;
2. Whose operating results are regularly reviewed by the Company's CEO decision maker to make decisions about allocating resources to the segment and assess its performance.

The Company concluded it has two segments reporting, one of them was immaterial to the financial statements therefore, there is no separate financial information.

New standards and interpretations

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

In April 2024, the IASB issued IFRS 18 "Presentation and Disclosure in Financial Statements" replacing IAS 1 to improve the usefulness of information presented and disclosed in financial statements. IFRS 18 introduces three sets of new requirements.

The standard defines categories for income and expenses, such as operating, investing and financing, and requires entities to provide new defined subtotals, including operating profit. IFRS 18 also requires entities that define entity-specific measures that are related to the income statement to disclose explanations of those measures.

In addition, it sets out enhanced guidance on how to organize information and whether to provide it in the primary financial statements or in the notes and requires entities to provide more transparency about operating expenses.
These new requirements are to improve entities' reporting of financial performance and give investors a better basis for analyzing and comparing entities. The standard carries forward many requirements from IAS 1 unchanged. The standard is effective for annual periods beginning on or after January 1, 2027, with early

The Company is currently evaluating the potential impact that the adoption of the standard will have on its consolidated financial statements.

(Expressed in thousands of United States Dollars)

4. ACCOUNTS RECEIVABLE, NET

As at		December 31, 2024		December 31, 2023
Trade accounts receivable	$	165	$	853
Unbilled revenue		287		134
Less: Provision for doubtful accounts		(189)		(514)
Accounts Receivable, Net	**$**	**263**	**$**	**473**

5. INVESTMENTS

As of December 31, 2023, the Company owned a 15% in Kirobo, a blockchain technology company, totaling 22,104,332 shares. In November 2024, the Company sold 56% of its holdings (12,292,779 shares) at a share price of 0.0048 USD per share, at net proceeds of $15.
As of December 31, 2024, the remaining 7% holdings in Kirobo fair value is 46. The total impact of the revaluation of the investment on profit and loss is $10.
According to the Company's new strategy, see note 1, Spetz strengthened its capabilities in blockchain infrastructure and staking solutions.

6. INTANGIBLE ASSETS

As of December 31, 2024 and 2023, intangible assets consisted of:

		Customer Relationships		Brand		Technology		Non-Compete		Total
Balance at January 01, 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**	**$**	**2,105**
Less: Amortization expense		-		(22)		(297)		(32)		(351)
FX		-		(23)		(127)		(3)		(154)
Balance at December 31, 2024	**$**	**-**	**$**	**261**	**$**	**1,319**	**$**	**20**	**$**	**1,600**

All intangible assets were acquired in connection with the acquisition of Spetz.

Amortization of intangible assets for the year ending December 31, 2024 and 2023 is $351 and $873, respectively, and is included in amortization expense in the consolidated statement of loss and comprehensive loss.

(Expressed in thousands of United States Dollars)

7. GOODWILL

As of December 31, 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 net of accrued impairments.
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 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 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.

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

b. 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

c. Discount rates: Discount rates applied in determining the recoverable amount of the CGU group were approximately 34% based 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 December 31, 2024, there is no impairment, and the goodwill balance is $332 (As of December 31, 2023, $361).

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

As at	December 31, 2024	December 31, 2023
Accounts payable	$ 433	$ 790
Accrued Liabilities	126	259
	$ 559	**$ 1,049**

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

(Expressed in thousands of United States Dollars)

9. OTHER PAYABLES

As at	December 31, 2024	December 31, 2023
Employee and related institutions	$ 90	$ 118
Accrued expenses	412	435
Government institutions	255	292
	$ 757	**$ 845**

10. 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 $152 (NIS555,000). As of December 31, 2024 the Company used $144 out of it.
As of December 31, 2023, the facility is for a total of $323 (NIS1,170,000). The company used $284 out of it.

During the year ended December 31, 2024, the Company reduced the total short-term credit facility with a bank in Israel from $323 to $152.

11. CONVERTIBLE DEBENTURE

Convertible debenture- liability and equity recognition

(a) The Company closed on February 1, 2023, a private placement of $450 (CAD$600,000) 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 13). 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.

(Expressed in thousands of United States Dollars)

11. CONVERTIBLE DEBENTURE (CONT)

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 extension for its convertible debentures and Promissory note from a maturity of October 31, 2023 to October 31, 2024 as part of replacing them in new debentures. In addition, the Company granted 450,000 warrants with an exercise price of CAD$0.24 per warrant with a three year expiry (see note 13). 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$224,000) owed to an officer and service provider 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 (see note 13). 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.

On November 29, 2024, the Company obtained an extension for the secured convertible debentures (see a and b above). The maturity date has been extended from October 31, 2024, to December 31, 2024.

The following table reflects the continuity of the components of the convertible debentures and equity component as of December 31, 2024 and 2023:

	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)	-	(12)
Interest and accretion	113	-	12	125
Balance at December 31, 2023	**636**	**105**	**-**	**741**
Additions	155	7	-	162
Interest and accretion	146	-	-	146
Extension	(2)	2	-	-
Foreign exchange adjustment	(65)	-	-	(65)
Balance at December 31, 2024	**870**	**114**	**-**	**984**

In January 2025, the Company issued new convertible debentures in the aggregate principal amount of $705 (CAD$1,015,000), primarily replacing the principal amount of outstanding convertible debentures that were issued in February 2023 and May 2023. See note 26.
The convertible debentures issued in June 2024 for the service provider were settled. See note 26.
The company did not pay the loan on the maturity date as of December 31, 2024, the company agreed with lender it will settle the outstanding balance upon request of the lender.
In April 2025, one of the convertible debenture holders converted the outstanding amount of his debenture, totaling

(Expressed in thousands of United States Dollars)

$73 (CAD$106,000), into 532,350 common shares and 266,175 warrants. See note 26.

12. SHARE CAPITAL

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

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

(i) On April 8, 2024, the Company announced a debt conversion plan, the plan allows selected vendors and creditors to convert outstanding payments of $167 into a total of 572,532 shares.

(ii) During the year ending December 31, 2024, the Company issued 16,232 common shares on the vesting of RSUs. During the year that ended December 31, 2023, the Company issued 112,722 common shares on the vesting of RSUs (see note 14).

(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.

13. WARRANTS

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

	Number of Warrants		Weighted Average Exercise Price (CAD)
Balance outstanding, January 01, 2023	**603,902**	**$**	**36.200**
Warrants expired(i)	(195,730)		(36.500)
Warrants issued(i)	200,000		5.000
Warrants issued(i)	450,000		0.240
Balance outstanding, December 31, 2023	**1,058,172**	**$**	**15.334**
Warrants issued	296,735		0.240
Warrants expired	(408,172)		37.040
Balance outstanding, December 31, 2024	**946,735**	**$**	**1.246**

Warrant price (CAD$)	Outstanding	Expiry date
At $5.00	200,000	January 31, 2026
At $0.24	746,735	October 31, 2026
Total	946,735	

i. See note 11 in connection with the 200,000 and 450,000 warrants issued in connection with convertible debenture financing closed on February 1, 2023, and with convertible debenture maturity extension closed on November 1, 2023, accordingly.

ii. See note 11 and 24 in connection with the 72,707 and 224,028 warrants issued in connection with convertible debenture financing closed on June 10, 2024.

iii. Prior period share amounts have been adjusted to reflect the Share consolidation effected in October 2023. See note 12 for details.

(Expressed in thousands of United States Dollars)

14. 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, December 31, 2024	**60,000**	**$**	**5.000**
Exercisable options	60,000	$	5.000

The following table reflects the actual stock options outstanding as of December 31, 2024:

Options Outstanding	Option price (CAD$)		Weighted Average Remaining Contractual Life (Yrs.)	Options Exercisable
40,000	$	5.000	2.65	40,000
20,000	$	5.000	2.97	20,000

Vesting Schedule	
Immediate	60,000
1 year	-

i. Prior period share amounts have been adjusted to reflect the Share split effected in October 2023. See Note 12 for details.

(Expressed in thousands of United States Dollars)

14. STOCK OPTIONS AND RESTRICTED SHARE UNITS (CONT.)

Restricted share units

The Company issued 30,000 RSU under the equity incentive plan during the year ended December 31, 2024 (241,631 RSU during the year ended December 31,2023). 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 certain officer 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 at December 31, 2024 and 2023:

	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**	**$**	**2.500**
Exercised	(16,232)		5.600
Forfeited	(20,328)		(3.000)
Issued	30,000		0.160
RSUs outstanding, December 31, 2024	**360,312**	**$**	**2.140**

Vesting Schedule	
Immediate	350,312
1 year	10,000

The following table reflects the actual restricted share units outstanding as of December 31, 2024:

RSUs Outstanding	RSU price (CAD$)		Weighted Ang Remaining Contractual Life (Yrs.)	RSUs Exerciseable
30,000	$	0.160	9.56	20,000
81,544	$	1.000	1.31	81,544
27,066	$	1.500	1.26	27,066
20,414	$	2.000	1.18	20,414
12,157	$	2.500	0.93	12,157
177,905	$	3.000	4.31	177,905
11,226	$	3.500	0.66	11,226

(Expressed in thousands of United States Dollars)

15. INCOME TAX

The Company's provision for income taxes differs from the amounts computed by applying the basic current rate of 26.5% for Ontario, 23% for Israel, 21% for United State, 25% for Australia and United Kingdom to income for the

year before taxes as shown in the following table:

	December 31, 2024	'December 31, 2023
Loss before income taxes	$ (1,496)	$ (7,898)
Statutory rate	21%-26.5%	21%-26.5%
Expected income tax recovery at combined basic federal and provincial tax rates	(388)	(2,041)
Effect on income taxes of:		
Share-based payment expense	6	64
Other permanent differences	93	1,483
Temporary tax differences	289	494
Income tax recovery	**$ -**	**$ -**

Deferred income taxes

Deferred income taxes are provided as a result of temporary differences that arise due to the differences between the income tax values and the carrying values of assets and liabilities. The temporary differences and unused tax losses that give rise to deferred income tax assets are presented below:

	December 31, 2024	'December 31, 2023
Non-capital and capital losses carried forward,Temporary differences	$ 4,768	$ 4,601
Capital assets	2,297	2,155
Deferred financing fees and other	193	213
Deferred tax assets	7,258	6,969
Less: deferred tax assets not recognized	(7,258)	(6,969)
Net deferred tax assets (liability)	$ -	$ -

As at December 31, 2024, the Company had non-capital and capital tax losses of $19,035 , available to use against future taxable income for income tax purposes. The non-capital losses expire from 2026 through 2044. No deferred tax assets were recognized in respect.

(Expressed in thousands of United States Dollars)

16. REVENUE BY GEOGRAPHICAL MARKETS

Set out below is the revenue of the Company for 2024 and 2023 years by geographical market:

	'Year ended	
	December 31,2024	December 31,2023
Israel	$ 1,546	$ 1,761
Australia	71	133
United Kingdom	43	100
United State	2	37
Total	**$ 1,662**	**$ 2,031**

17. COST OF REVENUE

The following table reflects the Company's cost of revenue for the year ended December 31, 2024 and 2023:

	'Year ended	
	December 31,2024	December 31,2023
Payroll and related expenses	$ 227	$ 175
Communication and cloud expenses	137	185
Subcontractors	17	84
Total	**$ 381**	**$ 444**

18. SALES AND MARKETING

The following table reflects the Company's sales and marketing expenses for the year ended December 31, 2024 and 2023:

	'Year ended	
	December 31,2024	December 31,2023
Promotion marketing	$ 827	$ 1,004
Payroll and related expenses	205	201
Subcontractors	39	62
Total	**$ 1,071**	**$ 1,267**

19. GENERAL AND ADMINISTRATION

The following table reflects the Company's general and administration expenses for the year ended December 31, 2024 and 2023:

	'Year ended	
	December 31,2024	December 31,2023
Payroll ,related expenses and management fee	$ 549	$ 582
Depreciation and amortization expenses	358	919
Office expenses	189	245
Professional fees-Legal and accounting	155	337
System and IT expenses	24	49
Share based compensation	21	243
Subcontractors	8	45
Bad debt	6	98
Consulting fees*	(92)	127
Other	21	76
Total	**$ 1,239**	**$ 2,721**

*** Consulting fees - Directors' waiver of fees for 2023 and 2024**

(Expressed in thousands of United States Dollars)

20. RESEARCH AND DEVELOPMENT

The following table reflects the Company's research expenses for the three and year ended December 31, 2024 and 2023:

	'Year ended	
	December 31,2024	December 31,2023
Payroll and related expenses	$ 118	$ 442
Subcontractors	50	48
Other expenses	7	17
Total	**$ 175**	**$ 507**

21. FINANIAL EXPENSES AND FINANCIAL INCOME

The following table reflects the Company's financial expenses for the year ended December 31, 2024 and 2023:

	'Year ended		
	December 31,2024	December 31,2023	
Accretion expense	$ 182	$ 125	
Related party interest	75	46	
Bank and credit card fees	27	70	
Revaluation	-	414	*
Interest expenses	33	53	
Government fine and interest	1	9	
Total	**$ 318**	**$ 717**	

***Reclassified**

The following table reflects the Company's financial income for the year ended December 31, 2024 and 2023:

	'Year ended		
	December 31,2024	December 31,2023	
Revaluation and income from sale on investment	$ 25	$ 25	*
Interest expenses	1	6	
Total	**$ 26**	**$ 31**	

***Reclassified**

22. SEGMENT INFORMATION

The consolidated financial statement is organized into two operating segments based on differences in services provided:

- Global online, marketplace platform for referral fees
  Blockchain infrastructure and staking solutions These operating segments are based on internal reports that are reviewed and used by the CEO in assessing performance and in determining the allocation of resources. There is no aggregation of operating segments. The CEO reviews Segment operating loss. The accounting policies adopted for internal reporting to the CEO are consistent with those adopted in the financial statements. See note 1.
- The majority of the Company's results are related to Global online, marketplace platform for referral fees, while the financial information for the second segment of the company was immaterial to the financial statements. See note 1.

(Expressed in thousands of United States Dollars)

23. 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.

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	December 31, 2024	December 31,2023
Cash and cash equivalents	$ 1	$ 22
Restricted deposits	-	53
Accounts receivable	263	473
Other receivables	34	17
Total	**$ 298**	**$ 565**

(Expressed in thousands of United States Dollars)

23. FINANCIAL INSTRUMENTS (CONT.)

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, 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:

December 31,2024

	USD	CAD	NIS	AUD	GBP	Total
Financial assets						
Cash and cash equivalents	$ -	$ -	$ 1	$ -	$ -	$ 1
Accounts receivables	14	-	191	17	41	263
Other receivables	-	3	31	-	-	34
	14	3	223	17	41	298
Financial Liabilities						
Accounts payable and accrued liabilities	-	174	292	44	49	559
Short-term bank credit	-	-	144	-	-	144
Other payables	-	390	329	14	24	757
Related party payables	-	-	1,524	-	-	1,524
Related party Convertible deb	-	273	-	-	-	273
Convertible debenture	-	870	-	-	-	870
	-	1,707	2,289	58	73	4,127
Net	$ 14	$ (1,704)	$ (2,066)	$ (41)	$ (32)	$ (3,829)

December 31,2023

	USD	CAD	NIS	AUD	GBP	Total
Financial assets						
Cash and cash equivalents	$ -	$ 8	$ -	$ 10	$ 4	$ 22
Restricted cash	-	-	53	-	-	53
Accounts receivables	16	-	385	16	55	472
Other receivables	-	5	12	-	-	17
	16	13	450	26	59	564
Financial Liabilities						
Accounts payable and accrued liabilities	-	426	528	52	42	1,048
Short-term bank credit	-	-	333	-	-	333
Other payables	-	-	774	32	40	846
Related party payables	-	-	654	-	-	654
Convertible debenture	-	636	-	-	-	636
Long term loans	-	-	16	-	-	16
	-	1,062	2,305	84	82	3,533
Net	$ 16	$ (1,049)	$ (1,855)	$ (58)	$ (23)	$ (2,969)

(Expressed in thousands of United States Dollars)

23. FINANCIAL INSTRUMENTS (CONT.)

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.

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	$ 553	$ 6
Short-term bank credit	144	-
Other payables	726	31
Related party payables	1,524	-
Related party Convertible debenture	273	-
Convertible debenture: principal and interest	870	-
Total	**$ 4,090**	**$ 37**

(Expressed in thousands of United States Dollars)

24. 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 year ended December 31, 2024, and 2023:

	December 31, 2024	December 31, 2023
CEO		
Short term compensation	$ 234	$ 185
Share based payments	-	75
Total CEO compensation	**234**	**260**
CFO		
Short term compensation	113	53
Share based payments	2	-
Total CFO compensation	**115**	**53**
Directors		
Short term compensation	-	111
Total Directors compensation	**-**	**111**
	$ 349	**$ 424**

Related party

The Company has an outstanding debt from the Company's CEO and Director, Yossi Nevo, due loans and unpaid salary of $1,402 ($607 as of December 31, 2023), not including interest. The loan bears a yearly interest of 6.91% ,total accrued interest as of December 31, 2024 $122 , ($47 as of December 31, 2023).

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$368,000) 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 (See note 13).

On November 29, 2024, the Company obtained an extension for the related party's secured convertible debentures. The maturity date has been extended from October 31, 2024, to December 31, 2024. The company did not pay the loan on the maturity date as of December 31, 2024, the company agreed with lender it will settle the outstanding balance upon request of the lender.

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.
The Company was required to first calculate the fair value of the loan as of June 10, 2024 and the residual was allocated to equity components.

(Expressed in thousands of United States Dollars)

24. RELATED PARTY TRANSACTIONS AND KEY MANAGEMENT COMPENSATION (CONT)

The following table reflects the continuity of the components of the convertible debentures and equity component as of December 31, 2024:

	Convertible debenture	Equity - convertible debenture	Total
Balance at January 1, 2024	$ -	$ -	$ -
Additions	255	13	268
Extension	(5)	5	-
Interest and accretion	36	-	36
Foreign exchange adjustment	(13)	-	(13)
Balance at December 31, 2024	**273**	**18**	**291**

25. COMMITMENTS

The Company has no commitments as of December 31, 2024.

26. SUBSEQUENT EVENTS

i. On January 20, 2025, the Company closed a private placement offering 5,000,000 common shares of the Company for gross proceeds of $347 (CAD$500,000).
In Addition, the Company issued 4,456,457 common shares of the Company for a total of 310 (CAD$446,000) that were used to settle outstanding amounts in accounts payable.

ii. On January 20, 2025, the Company issued new convertible debentures in the aggregate principal amount of $705 (CAD$1,015,000), replacing primarily the principal amount of outstanding convertible debentures that were issued in February 2023 and May 2023, matured to December 31, 2024. The convertible debenture holders waived the interest amount that occurred since October 2023. An outstanding consulting fee owed to two vendors, totaling $76 USD (CAD$109,000), was converted into a portion of the aggregate principal amount through the issuance of convertible debentures. The principal amount of the new debentures would be convertible into units of the Company (“Units”), at a price per Unit of $0.20, with each Unit comprised of one (1) Common Share and one-half (1/2) of a common share purchase warrant (“Warrant”). Each whole Warrant would be exercisable for one Common Share, at a price of $0.40 per share for a period of 24 months following the issuance of the Warrants. The New Debentures would be outstanding for 18 months following the closing. The New Debentures bear interest at a rate of 12% per annum. See note 11.

iii. On March 17, 2025, the Company announced that it has completed its acquisition of Sonic Strategy Inc. The Company has issued 13,999,999 common shares in the capital of the Company to the shareholders of Sonic Strategy in exchange for 100% of the issued and outstanding shares in the capital of Sonic Strategy. The Company has also issued an aggregate of 700,000 common shares to two arm’s length entities as an advisory fee. See note 1.

iv. In April 2025, one of the convertible debenture holders converted the outstanding amount of his debenture, totaling $108 (CAD$156,000), into 783,405 common shares and 391,703 warrants. $73 (CAD$106,000) of the total converted amount was related to the 2024 convertible debenture, see note 11. Additional $35 (CAD$50,000) derived from January 2025 notes, see note 26 ii.