SP Strategic Acquisition Corp.

(A Capital Pool Company)

Unaudited Condensed Interim Financial Statements

For the Three and Six Months Ended June, 2024 and 2023

(In Canadian Dollars)

Notice of No Auditor Review of the Interim Financial Statements

The accompanying unaudited condensed interim financial statements of the Corporation have been prepared by and are the responsibility of the Corporation's management. The Corporation's independent auditor has not performed a review of these financial statements in accordance with standards established by the CPA Canada for a review of interim financial statements by an entity's auditor.

SP Strategic Acquisition Corp.
Unaudited Condensed Interim Statements of Financial Position
(in Canadian Dollars)

As at		Unaudited June 30, 2024		Audited December 31, 2023
Assets				
Cash	$	420,313	$	449,148
Total Assets	$	420,313	$	449,148
Liabilities				
Accounts payable and accrued liabilities	$	5,677	$	16,000
Shareholders' Equity				
Share capital (Note 3)		636,148		636,148
Contributed surplus (Note 4)		117,962		117,962
Accumulated deficit		(339,474)		(320,962)
Total Shareholders' Equity		414,636		433,148
Total Liabilities and Equity	$	420,313	$	449,148

Approved by the Board **Jeff Elburn** Director **(Signed)** **Brian Kabot** Director **(Signed)**

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

SP Strategic Acquisition Corp.
Unaudited Condensed Interim Statement of Loss and Comprehensive Loss
(in Canadian Dollars)

	Three Months ended June 30,		Six Months ended June 30,	
	2024	2023	**2024**	2023
Expenses				
Share Based Compensation	**$ -**	$ -	**$ -**	$ -
Accounting and audit fees	**3,000**	1,217	**6,000**	24,781
Legal fees	**5,555**	34,772	**5,555**	36,179
General and administrative fees	**6,590**	1,239	**6,957**	12,082
Net loss and comprehensive loss for the period	**$ (15,145)**	$ (37,228)	**$ (18,512)**	$ (174,042)
Net loss per share – basic and diluted	**$ (0.00)**	$ (0.00)	**$ (0.00)**	$ (0.02)
Weighted average shares outstanding – basic and diluted	**10,100,000**	10,100,000	**10,100,000**	7,627,778

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

SP Strategic Acquisition Corp.
Unaudited Condensed Interim Statement of Changes in Cash Flows
(in Canadian Dollars)

For the six months ended June 30,		**2024**		2023
Cash provided by (used in)				
Operating activities				
Net loss for the period	$	**(18,512)**	$	(174,042)
Change in accounts payable and accrued liabilities		**(10,323)**		(49,810)
Cash used in operating activities		**(28,835)**		(223,852)
Financing activities				
Share subscriptions (Note 3)		**-**		514,050
Cash provided by financing activities		**-**		514,050
Net change in cash		**(28,835)**		290,198
Cash, beginning of period		**449,148**		197,380
Cash, end of period	$	**420,313**	$	487,578

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

SP Strategic Acquisition Corp.
Unaudited Condensed Interim Statement of Changes in Shareholders' Equity
(in Canadian Dollars)

	Number of Shares		Share Capital		Contributed Surplus		Accumulated Deficit		Shareholders' Equity
Balance, December 31, 2023	**10,100,000**	**$**	**636,148**	**$**	**117,963**	**$**	**(265,734)**	**$**	**488,377**
Share subscriptions (Note 3)	-		-		-		-		-
Net loss for the year	-		-		-		(18,512)		(18,512)
Balance, June 30, 2024	**10,100,000**	**$**	**636,148**	**$**	**117,963**	$	**(339,474)**	**$**	**414,636**

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

1. INCORPORATION AND NATURE OF BUSINESS

SP Strategic Acquisition Corp. (the "Corporation") was incorporated under the *Business Corporations Act* (Ontario) on November 5, 2021 and classified as a Capital Pool Company as defined in the Policy 2.4 of the TSX Venture Exchange (the “Exchange”). The principal business of the Corporation will be the identification and evaluation of assets or businesses with a view to completing a Qualifying Transaction ("QT"), as defined under the policies of the Exchange. The Corporation has not commenced commercial operations and has no assets other than cash. Given the nature of the activities, no separate segmented information is reported. The Corporation’s continuing operations, as intended, are dependent on its ability to identify, evaluate and negotiate an acquisition, or businesses, or interest therein. Such an acquisition will be subject to the approval of the regulatory authorities concerned and, in the case of a non-arm’s length transaction, of the majority of the minority shareholders.

The proceeds raised from the issuance of share capital may only be used to identify and evaluate assets or businesses for future investment, with the exception that up to $3,000 per month may be used for reasonable general and administrative expenses of the Corporation. These restrictions apply until completion of a QT by the Corporation as defined under the policies of the Exchange.

The registered office of the Corporation is located at Suite 3200, Bay Adelaide Centre – North Tower 40 Temperance St., Toronto, ON M5H 0B4.

On July 31, 2024 the Board of Directors approved the financial statements for the period from January 1, 2024 to June 30, 2024.

The global outbreak of COVID-19 (coronavirus) has had a significant impact on businesses through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders. At this time, it is unknown the extent of the impact the COVID-19 pandemic may have on the Corporation as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus. The Company continues to monitor the business environment to ensure minimal disruption as it continues to identify and evaluate assets or businesses with a view to completing a QT. As of the current date, it continues to operate as intended.

2. SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

The financial statements have been prepared in accordance with the International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”) and Interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”).

2. SIGNIFICANT ACCOUNTING POLICIES – continued

Use of Estimates and Judgements

The preparation of these financial statements in conformity with IFRS requires management to make certain estimates, judgements and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities. Estimates and assumptions are continuously evaluated and are based on management’s experience and other factors that are believed to be reasonable under the circumstances. Actual results could differ from these estimates.

The key sources of estimation uncertainty that have a significant risk of causing material adjustment to the amounts recognized in the Financial Statements are:

Fair Value of Stock Based Compensation and Warrants

In determining the fair value of share based payments the calculated amounts are not based on historical cost, but is derived based on assumptions (such as the expected volatility of the price of the underlying security, expected hold period before exercise, dividend yield and the risk-free rate of return) input into a valuation model. The model requires that management make forecasts as to future events, including estimates of: the average future hold period of issued stock options and compensation warrants before exercise, expiry or cancellation; future volatility of the Corporation’s share price in the expected hold period; dividend yield; and the appropriate risk-free rate of interest. The resulting value calculated is not necessarily the value that the holder of the option or warrant could receive in an arm’s length transaction, given that there is no market for the options or compensation warrants and they are not transferable. Similar calculations are made in estimating the fair value of the warrant component of an equity unit. The assumptions used in these calculations are inherently uncertain. Changes in these assumptions could materially affect the related fair value estimates.

Income Taxes

Provisions for taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Company reviews the adequacy of these provisions at the end of the reporting period. However, it is possible that at some future date an additional liability could result from audits by taxing authorities. Where the final outcome of these tax-related matters is different from the amounts that were initially recorded, such differences will affect the tax provisions in the period in which such determination is made.

Basis of Presentation

The financial statements are presented in Canadian dollars (“CAD”), which is the Corporation’s functional and presentation currency. The financial statements are prepared on a historical cost basis except for certain financial instruments classified as fair value through profit or loss (“FVPTL”), which are stated at their fair value. The accounting policies have been applied consistently throughout the entire period presented in these financial statements.

Share Capital

Common shares are classified as equity. Incremental costs directly attributable to the issuance of shares are recognized as a deduction from equity.

2. SIGNIFICANT ACCOUNTING POLICIES – continued

Basic and Diluted Loss per Share

Basic loss per share is computed by dividing the net loss applicable to common shares by the weighted average number of common shares outstanding for the relevant period.

Diluted loss per share is computed by dividing the net loss applicable to common shares by the sum of the weighted average number of common shares issued and outstanding and all additional common shares that would have been outstanding if potentially dilutive instruments were converted.

Financial Instruments

Recognition

The Corporation recognizes financial assets and financial liabilities on the date the Corporation becomes a party to the contractual provisions of the instruments.

Classification

The Corporation classifies its financial assets and financial liabilities in the following measurement categories: i) those to be measured subsequently at fair value (either through other comprehensive income or through profit or loss, and ii) those to be measured at amortized cost. The classification of financial assets depends on the business model for managing the financial assets and the contractual terms of the cash flows. Financial liabilities are classified as those to be measured at amortized cost unless they are designated as those to be measured subsequently at fair value through profit or loss (irrevocable election at the time of recognition).

For assets and liabilities measured at fair value, gains and losses are either recorded in profit or loss or other comprehensive income.

The Corporation reclassifies financial assets when and only when its business model for managing those assets changes. Financial liabilities are not reclassified.

The Corporation has implemented the following classifications:

Cash is classified as an asset at fair value and any period change in fair value is recorded in profit or loss.

Accounts payable and accrued liabilities are classified as other financial liabilities and measured at amortized cost using the effective interest rate method.

Measurement

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

2. SIGNIFICANT ACCOUNTING POLICIES – continued

Financial assets that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments or principal and interest on the principal outstanding are generally measured at amortized cost at the end of the subsequent accounting periods. All other financial assets including equity investments are measured at their fair values at the end of subsequent accounting periods, with any changes taken through profit and loss or other comprehensive income (irrevocable election at the time of recognition).

Additional fair value measurement disclosure includes classification of financial instrument fair values in a fair value hierarchy comprising three levels reflecting the significance of the inputs used in making the measurements which are as follows:

Level 1: Valuations based on quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Valuations based on directly or indirectly observable inputs in active markets for similar assets or liabilities, other than Level 1 prices, such as quoted interest or currency exchange rates; and

Level 3: Valuations based on significant inputs that are not derived from observable market data, such as discounted cash flow methodologies based on internal cash flow forecasts.

Cash is a level 1 financial instrument measured at fair value on the statements of financial position.

Income Taxes

Income tax expense consists of current and deferred tax expense. Current and deferred tax are recognized in profit or loss except to the extent that it relates to items recognized directly in equity or other comprehensive income. Current income tax assets and liabilities 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 end of the reporting period. Current tax assets and current tax liabilities are only offset if a legally enforceable right exists to set off the amounts, and the intention is to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Deferred income tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred income tax liabilities are recognized for all taxable temporary differences and deferred income tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses. Deferred tax assets and liabilities are measured using substantively enacted tax rates expected to be recovered or settled. Deferred tax assets are recognized to the extent that realization of such benefits is probable.

(in Canadian Dollars)

3. SHARE CAPITAL

Authorized - Unlimited common shares

Issued	#	$
Balance, December 31, 2023	**10,100,000**	**636,148**
Common shares issued, less issuance costs	-	-
Balance, June 30, 2024	**10,100,000**	**636,148**

Escrowed Shares

Upon completion of the Corporation's initial public offering, the 5,100,000 currently issued and outstanding common shares are held in escrow pursuant to the requirements of the Exchange. 25% of the escrowed common shares will be released from escrow on the issuance of the Final Exchange Bulletin (as defined in the policies of the Exchange) (the "Initial Release") and an additional 25% will be released on each of the dates which are 6 months, 12 months, and 18 months following the Initial Release.

Initial Public Offering

The Corporation filed an amended and restated prospectus on February 1, 2023, that offered to sell and issue 5,000,000 common shares of the Corporation (the "Offering") at a price of $0.10 per Common Share (the "Offering Price") for total gross proceeds to the Corporation of $500,000. The IPO closed March 31, 2023. In connection with the Offering, the Corporation paid at closing a cash commission (the "Agent's Commission") equal to 10% of the gross proceeds of the offering and a corporate finance fee equal to $15,000. The Corporation shall also grant the agent a number of warrants equivalent to 10% of the aggregate number of common shares sold pursuant to the Offering (each, an "Agent's Warrant"), exercisable at a price of $0.10 per share for a period of 24 months from the date of listing of the Corporation's common shares on the Exchange.

Immediately following the completion of the Offering, the Corporation granted directors and officers 1,010,000 options, exercisable at a price of $0.10 per common share for a period of 10 years following the date of grant.

(in Canadian Dollars)

4. CONTRIBUTED SURPLUS

Options

The directors of the Corporation approved a stock option plan pursuant to which the Corporation may grant directors, officers, employees and consultants of the Corporation non-transferable stock options ("Options"). The aggregate number of Common Shares issuable upon the exercise of all Options granted under the Plan shall not exceed 10% of the issued and outstanding Common Shares.

On March 31, 2023, the Corporation granted an aggregate of 1,010,000 Options to directors, officers and consultants of the Corporation at an exercise price of $0.10 per share for a period of ten (10) years from the date of grant. The Options were valued at $91,060 using the Black-Scholes option pricing model with the following assumptions: volatility of 100%, discount rate of 2.9%, forfeiture rate of 0%, an expected life of 10 years and nil forecasted dividend yields.

A summary of the Option activities is as follows:

Options Outstanding and Exercisable

Expiry Date	Number of Options	Exercise Price
March 31, 2033	1,010,000	$ 0.10

The weighted average exercise price of the options is $0.10. The weighted average life of the outstanding options is 9.25 years.

Warrants

On March 31, 2023, the Corporation issued 500,000 Agent's Warrants to the Agents. Each Agent's Warrants are exercisable at a price of $0.10 per share for a period of two (2) years from the date of grant. The value attributed to the 500,000 Agent's Options issued as part of the IPO was $26,902, which was added to contributed surplus. The Agent's Warrants were valued using the Black-Scholes option pricing model with the following assumptions: volatility of 100%, discount rate of 3.74%, forfeiture rate of 0%, an expected life of 2 years and nil forecasted dividend yields.

The weighted average exercise price of the Agent's Warrants is $0.10. The weighted average life of the outstanding Agent's Warrants is 1.25 years.

A summary of the Warrant activities is as follows:

Warrants Outstanding and Exercisable

Expiry Date	Number of Warrants	Exercise Price
March 31, 2025	500,000	$ 0.10

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Capital Management

The Corporation's objective when managing capital is to maintain its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders. The Corporation includes equity, comprised of share capital, and accumulated deficit, in the definition of capital.

The Corporation's primary objective with respect to its capital management is to ensure that it has sufficient cash resources to fund the identification and evaluation of potential acquisitions. To secure the additional capital necessary to pursue these plans, the Corporation may attempt to raise additional funds through the issuance of equity or by securing strategic partners.

The proceeds raised from the issuance of share capital may only be used to identify and evaluate assets or businesses for future investment, with the exception that up to $3,000 per month may be used for reasonable general and administrative expenses of the Corporation. These restrictions apply until completion of a QT by the Corporation as defined under the policies of the Exchange.

Risk Disclosures and Fair Values

The Corporation's financial instruments, consisting of cash, and accounts payable and accrued liabilities, approximate fair value due to the relatively short-term maturity of the instruments. It is management’s opinion that the Corporation is not exposed to significant interest, currency or credit risks arising from these financial instruments.

6. RELATED PARTY TRANSACTIONS

Related parties include the directors, key management personnel, close family members and enterprises which are controlled by these individuals as well as persons performing similar functions. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Corporation directly or indirectly, including any directors and corporate officers of the Corporation.

On March 31, 2023 following a public offering, the Corporation granted directors and officers 1,010,000 of Options, exercisable at a price of $0.10 per common share for a period of 10 years following the date of grant (see Note 4).

There was no remuneration paid to key management personnel and no other related party transactions during the period from January 1, 2024 to June 30, 2024.

7. SUBSEQUENT EVENTS

The Corporation evaluated subsequent events through August 7, 2024, representing the date at which the financial statements were available to be issued. Based upon the Corporation’s review, no subsequent events requiring disclosures were identified.