SPACEFY INC.

Financial Statements
For the years ended December 31, 2020 and December 31, 2019

(Expressed in Canadian Dollars)

Independent Auditor's Report

To the Shareholders of Spacefy Inc.:

Opinion

We have audited the financial statements of Spacefy Inc. (the "Company"), which comprise the statements of financial position as at December 31, 2020 and December 31, 2019, and the statements of comprehensive loss, changes in (deficiency) equity and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2020 and December 31, 2019, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audits 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 audits of the 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 financial statements, which indicates that the Company incurred a net loss during the year ended December 31, 2020 and, as of that date, the Company had a working capital deficiency and an accumulated deficit. As stated in Note 1, these events or 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.

Other Information

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audits of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audits or otherwise appears to be materially misstated. We obtained 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. We have nothing to report in this regard.

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

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

In preparing the 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 Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 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 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 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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.

The engagement partner on the audit resulting in this independent auditor's report is Blair Michael Mabee.

MNP LLP

Mississauga, Ontario — Chartered Professional Accountants

April 30, 2021 — Licensed Public Accountants

SPACEFY INC.

Statements of Financial Position as at December 31, 2020 and December 31, 2019
(Expressed in Canadian Dollars)

	Notes	2020	2019
ASSETS			
Current assets			
Cash and cash equivalents		**$ 14,416**	$ 240,119
Accounts receivable	4	**21,609**	95,715
Prepaid expenses	5	**-**	34,770
Total current assets		**36,025**	370,604
Non-current assets			
Property and equipment	6	**-**	6,134
Intangible assets	7	**-**	161,435
Total non-current assets		**-**	167,569
Total Assets		**$ 36,025**	$ 538,173
LIABILITIES AND SHAREHOLDERS' (DEFICIENCY) EQUITY			
Current liabilities			
Accounts payable and accrued liabilities	8	**$ 227,399**	$ 151,252
Current portion of loans from related parties	8	**10,000**	111,389
Total current liabilities		**237,399**	262,641
Non-current liabilities			
Loans from related parties	8	**105,000**	-
Total non-current liabilities		**105,000**	-
Total Liabilities		**342,399**	262,641
Shareholders' (deficiency) equity			
Share capital	10	**3,140,982**	3,140,982
Warrants	10	**586,877**	1,076,752
Contributed surplus		**1,411,382**	837,659
Deficit		**(5,445,615)**	(4,779,861)
		(306,374)	275,532
Total Liabilities and Shareholders' (Deficiency) Equity		**$ 36,025**	$ 538,173

Going concern (Note 1)
Commitments and contingencies (Note 9)
Subsequent Event (Note 15)
See accompanying notes to the financial statements

Approved on behalf of the Board of Directors:

"Michael Bradley"
Director

"John Anderson"
Director

SPACEFY INC.

Statements of Comprehensive Loss for the years ended December 31, 2020 and December 31, 2019
(Expressed in Canadian Dollars)

	Notes	2020	2019
REVENUE			
Commission revenue		**$ 4,093**	$ 4,859
Other		**165**	13
		4,258	4,872
EXPENSES			
Advertising and marketing		**5,197**	195,519
Amortization and depreciation	**6,7**	**42,726**	2,337
Consulting		**24,330**	182,085
General and administrative		**39,113**	95,354
Interest and accretion	**8**	**4,576**	16,502
Investor relations		**43,522**	401,664
Personnel	**8**	**200,231**	846,941
Professional fees		**75,878**	175,311
Regulatory		**31,171**	14,467
Stock based compensation	**10**	**83,848**	228,479
Impairment of intangibles assets	**7**	**119,420**	-
		670,012	2,158,659
Net loss and comprehensive loss		**$ (665,754)**	$ (2,153,787)
Loss per share			
Basic	**11**	**$ (0.01)**	$ (0.05)
Diluted	**11**	**$ (0.01)**	$ (0.05)

See accompanying notes to the financial statements

SPACEFY INC.

Statements of Changes in (Deficiency) Equity for the years ended December 31, 2020 and December 31, 2019
(Expressed in Canadian Dollars)

	Share Capital (Note 10)	Warrants	Contributed Surplus	Deficit	Total
	$	**$**	**$**	**$**	**$**
Balance at December 31, 2018	**2,280,015**	**548,630**	**610,865**	**(2,626,074)**	**813,436**
Share based payments	-	-	228,479	-	228,479
Exercise of warrants	177,284	(56,345)	-	-	120,939
Exercise of options	15,561	-	(4,095)	-	11,466
Expiry of warrants	-	(2,410)	2,410	-	-
Shares issued on private placement	1,414,400	-	-	-	1,414,400
Valuation of warrants	(518,184)	518,184	-	-	-
Share issue costs	(159,401)	-	-	-	(159,401)
Broker warrants	(68,693)	68,693	-	-	-
Net loss for the year	-	-	-	(2,153,787)	(2,153,787)
Balance at December 31, 2019	**3,140,982**	**1,076,752**	**837,659**	**(4,779,861)**	**275,532**
Share based payments	-	-	83,848	-	83,848
Expiry of warrants	-	(489,875)	489,875	-	-
Net loss for the year	-	-	-	(665,754)	(665,754)
Balance at December 31, 2020	**3,140,982**	**586,877**	**1,411,382**	**(5,445,615)**	**(306,374)**

See accompanying notes to the financial statements

SPACEFY INC.

Statements of Cash Flows for the years ended December 31, 2020 and December 31, 2019
(Expressed in Canadian Dollars)

	2020	2019
Cash flows used in operations		
Net loss for the year	**$ (665,754)**	$ (2,153,787)
Items not affecting cash:		
Share based payments (Note 10)	**83,848**	228,479
Loss on disposal of equipment (Note 6)	**5,423**	-
Amortization and impairment of intangible assets (Note 7)	**166,035**	499
Depreciation of property and equipment (Note 6)	**711**	1,838
Finance costs on related party loan (Note 8)	**3,611**	14,381
Changes in non-cash working capital		
Accounts receivable	**74,106**	(25,274)
Prepaid expenses	**84,770**	65,951
Accounts payable and accrued liabilities	**76,147**	(327,758)
	(221,103)	(2,195,671)
Cash flows used in investing activities		
Additions to equipment (Note 6)	**-**	(7,287)
Additions to intangible assets (Note 7)	**(4,600)**	(117,322)
	(4,600)	(124,609)
Cash flows from financing activities		
Issuance of common shares for cash, net of costs (Note 10)	**-**	1,254,999
Proceeds from the exercise of warrants and options (Note 10)	**-**	132,405
Loan repayments (Note 8)	**-**	(35,000)
	-	1,352,404
Net change in cash and cash equivalents	**(225,703)**	(967,876)
Cash and cash equivalents – beginning of year	**240,119**	1,207,995
Cash and cash equivalents – end of year	**$ 14,416**	$ 240,119

Non-Cash Investing and Financing Transactions (Note 10)

See accompanying notes to the financial statements

1. CORPORATE INFORMATION

Spacefy Inc. (the "Company" or "Spacefy") is an online marketplace that connects people in creative industries, such as photographers, filmmakers, musicians, artists, ad agencies, and event planners, with locations to execute their projects.

The Company was incorporated on August 25, 2014 under the laws and regulations of the Ontario Business Corporations Act. On November 29, 2018, the Company completed an initial public offering ("IPO") and commenced trading on the Canadian Securities Exchange under the symbol SPFY.

The financial statements were authorized for issue on April 30, 2021 by the directors of the Company.

Going concern

These financial statements have been prepared assuming the Company will continue as a going concern. The going concern basis of presentation assumes the Company will continue in operation for the foreseeable future and be able to realize its assets and discharge its liabilities and commitments in the normal course of business. However, the Company has incurred a net loss of $665,754(2019 - $2,153,787) during the year ended December 31, 2020 and, as of that date, had a working capital deficiency of $306,374 (2019 – surplus of $107,963) and an accumulated deficit of $5,445,615 (2019 - $4,779,861). Although the Company believes it will be successful, there is no guarantee the Company will attain its goal of a successful online marketplace. As a result, material uncertainty exists that may cast significant doubt about the Company's ability to continue as a going concern.

These statements have been prepared on the basis of accounting principles applicable to a going concern. Accordingly, they do not give effect to adjustments that would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and liquidate its liabilities in other than the normal course of business and at amounts different from those in the accompanying financial statements. Such adjustments could be material. Management is of the opinion that working capital will be obtained from future cash flows by achieving profitable operations through continuing to manage expenditures and concentrating on building upon the revenue level. The Company will periodically have to raise funds to continue operations and, although it has been successful in doing so in the past, there is no assurance it will be able to do so in the future.

Since December 31, 2019, the outbreak of the novel strain of coronavirus, specifically identified as "COVID-19", has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and conditions of the Company in future periods.

Given the challenges posed by COVID-19, the Company made changes to its personnel. The Chairman of the Board was appointed as Interim President and Chief Executive Officer of the Company as the CEO has stepped away from his roles as CEO and board member. The Chief Operating Officer & VP of Marketing (a founder of the Company) stepped away from these roles, but continued to provide advisory services to the Company as needed remained on the Board of Directors. The Company dismissed all other staff positions and will outsource personnel as required.

The Company continues to pursue enhancements to its digital platform and will be pursuing synergistic acquisitions and partnerships to drive growth and revenue.

2. BASIS OF PRESENTATION

a) Basis of Presentation

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board and are presented in Canadian dollars, which is also the Company's functional currency.

These financial statements have been prepared on the historical cost basis, with the exception of items that IFRS requires to be carried at fair value, as explained in the accounting policies set out in Note 3.

b) Accounting judgments and use of estimates:

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and the reported amounts of revenue and expenses. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimate is revised if the revision affects only that year, or in the year of the revision and future years if the revision affects both current and future years. Although these estimates are based on management's best knowledge of the current events and actions that the Company may undertake in the future, actual results may differ from these estimates.

i. Development phase of internally generated intangible assets

The classification of costs for internally generated intangible assets into the research and development phase is subject to judgment. Refer to Note 3c for accounting policy for intangible assets.

ii. Impairment

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that their carrying amounts exceed their recoverable amounts. Judgment is required in establishing whether there are indicators of impairment related to these assets such as changes in market price, the extent or manner in which it is being used or in its physical condition, operations and business environment. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss.

iii. Determination of fair values using option pricing models

The Company measures the cost of equity-settled transactions consisting of stock option expense and 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.

3. SIGNIFICANT ACCOUNTING POLICIES

a) Cash and cash equivalents

Cash and cash equivalents comprises of cash on hand, deposits and guaranteed investment certificates that can be readily converted to cash. As at December 31, 2020, the Company had cash raised from financings held in a trust account without any restrictions of $11,818 (December 31, 2019 - $211,762).

b) Property and equipment

On initial recognition, property and equipment is valued at cost, being the purchase price and directly attributable cost of acquisition required to bring the asset to the location and condition necessary to be capable of operating in the manner intended by the Company. Property and equipment are subsequently measured at cost less accumulated depreciation and accumulated impairment. Property and equipment is depreciated on a straight line basis over the estimated useful lives. The annual depreciation rates for furniture, fixtures and equipment is 5 years. All major repairs and maintenance costs are recognized as expense in the statements of comprehensive loss.

c) Intangible assets

Intangible assets are acquired and/or internally generated; all costs incurred during the research phase of development are expensed.

The amount recognized as intangible assets from the development of the Company's website represent amounts whereby technical feasibility, intention to complete the project, ability to use the website, probability of generating future economic benefits, availability of adequate technical, financial and other resources to complete the project and ability to measure reliably the expenditure attributable to the intangible asset during its development can be demonstrated. Acquired and internally generated intangible assets are recognized at cost and amortized on a straight line basis over the estimated useful life of the assets. The Company amortizes the website development costs at 3 years, location (TFL) non-compete asset at 3 years and the listing of TFL location spaces (customer relationship) at 10 years. The TFL and Bruno Kebran domain name and trademark acquired are not subject to amortization as they are assessed to have an indefinite life and are reviewed annually for impairment. The Company completed an annual impairment assessment using the fair value less costs of disposal method and concluded that there was an impairment as at December 31, 2020 (note 7).

d) Income taxes

Income tax expense comprises current and deferred income tax. Income tax expense is recognized in profit or loss except to the extent that it relates to items recognized directly in shareholders' equity. Current income tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to income tax payable in respect of previous years.

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit or loss. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates that have been enacted or substantively enacted by the end of the reporting period. They are offset only when they arise in the same legal entity and jurisdiction.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

e) Impairment of Non-financial Assets

Carrying values of property and equipment and intangible assets with a finite useful life are tested for impairment whenever an indicator of such impairment exists. If any indication of impairment exists, an estimate of the asset's recoverable amount is calculated. The carrying values of intangible assets with an indefinite useful life are reviewed for impairment on an annual basis. This is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or the Company's assets. If this is the case, the individual assets are grouped together into cash generating units ("CGU") for impairment purposes. Such CGUs represent the lowest level for which there are separately identifiable cash inflows that are largely independent of the cash flows from other assets. The recoverable amount is determined as the higher of the fair value less cost to sell for the asset and the asset's value in use being the present value of the expected future cash flows of the relevant asset or CGU.

If the carrying amount of the asset exceeds its recoverable amount, the asset is impaired and an impairment loss is charged to profit or loss so as to reduce the carrying amount to its recoverable amount (i.e. the higher of fair value less cost to sell and value in use). Impairment losses are recognized in profit or loss in those expense categories consistent with the function of the impaired asset.

f) Financial Instruments

(i) Classification and Measurement

Financial assets and financial liabilities are initially measured at fair value and are subsequently accounted for based on their classification as described below. The classification depends on the purpose for which the financial instruments were acquired and their characteristics. Except in very limited circumstances, the classification is not changed subsequent to initial recognition.

Financial Assets

All financial assets are initially recorded at fair value and designated upon inception into one of the following categories: amortized cost, fair value through profit or loss, or fair value through other comprehensive income.

Amortized cost

Financial assets are measured at amortized cost if both the following criteria are met and the financial assets are not designated as at FVTPL: 1) the object of the Company's business model for these financial assets is to collect their contractual cash flows; and 2) the asset's contractual cash flows represent "solely payments of principal and interest".

The Company's financial assets measured at amortized cost comprise cash and cash equivalents and accounts receivable.

Due to their short-term nature, the carrying value of cash and cash equivalents and accounts receivable approximates their fair value.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

f) Financial Instruments (continued)

Financial Liabilities at Fair Value Through Profit or Loss (FVTPL)

Financial liabilities that are incurred with the intention of generating profits in the near term are classified as fair value through profit or loss. Financial liabilities classified as FVTPL include derivative liabilities that are not accounted for as hedging instruments, obligations to deliver financial assets borrowed by a short seller and financial liabilities that are part of a portfolio of identified financial instruments that are managed together with the intention of generating profits in the near term. These instruments are accounted for at fair value with the change in the fair value recognized in the statement of comprehensive loss during the period. Attributable transaction costs are recognized in the statement of comprehensive loss when incurred. The Company does not have any financial liabilities classified as fair value through profit or loss.

Other Financial Liabilities

Other liabilities are accounted for at amortized cost using the effective interest rate method. Accounts payable and accrued liabilities and loans from related parties are classified as other financial liabilities. Transaction costs are included in the underlying balance.

(ii) Determination of Fair Value

The fair value of a financial instrument on initial recognition is the transaction price, which is the fair value of the consideration given or received. Subsequent to initial recognition, fair value is determined by management using available market information or other valuation methodologies.

(iii) Fair Value Hierarchy

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

The three levels of the fair value hierarchy are as follows:

Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2: Inputs other than quoted prices included in level 1 that are observable for the asset or liability either directly or indirectly;

Level 3: Inputs that are not based on observable market data.

(iv) Derecognition

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire or when it transfers the financial asset in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred. The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

f) Financial Instruments (continued)

(v) Offsetting

Financial assets and liabilities are offset and the net amount presented in the statements of financial position when, and only when, the Company has a legal right to set off the recognized amounts and it intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

g) Share Capital

The Company's share capital includes the following:

(i) Proceeds from the exercise of stock options, warrants and purchase of shares are recorded as share capital in the amount for which the option or warrant enabled the holder to purchase a share in the Company.

(ii) Share capital issued for services received from third parties is recorded at an amount based on the fair market value of the services received.

(iii) The proceeds from the issue of units is allocated between common shares and common share purchase warrants on a prorated basis on relative fair values as follows: the fair value of common shares is based on the stock price on the date the units are issued; and the fair value of the common share purchase warrants is determined using the Black-Scholes option pricing model.

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

h) Share-based Payments

Where equity settled share options are awarded to employees, the fair value of the options are measured at the date of grant for each tranche and expensed on a straight line basis over the vesting period, based on an estimate of options that are expected to vest with a corresponding increase in equity (contributed surplus). The fair value of the share options granted is measured using the Black-Scholes option pricing model taking into account the terms and conditions upon which the share options were granted. At the end of each reporting period, any changes in the original estimate of the options expected to vest is recognized in profit or loss such that the cumulative expense reflects the revised estimate with a corresponding adjustment to equity. Where shares are granted to persons other than employees, share capital is increased for the fair value of goods and services received.

i) Warrants

Warrants issued are classified separately as equity in accordance with the terms of the contractual arrangement and the definitions of a financial liability and an equity instrument. See Note 10 (Share capital) for terms.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

j) Earnings (Loss) per Share

Basic earnings (loss) per share is computed by dividing the net income or loss applicable to common shares of the Company by the weighted average number of common shares outstanding for the relevant year.

Diluted earnings per share is computed by dividing the net income or 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.

k) Revenue Recognition

The Company generates its revenue from listing services provided to space owners and renters. It charges property owners and renters a fixed percentage of rent paid by site visitors to rent locations listed by property owners.

Revenue is recognized at an amount that reflects the consideration to which the Company is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Company: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognizes revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognized to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are initially recognized as deferred revenue in the form of a separate refund liability.

Rendering of services – The Company hosts an online marketplace connecting individuals and businesses in the creative industry to space owners who can provide locations best suited to their project needs. The marketplace provides users with the ability to search for suitable spaces, then negotiate, reserve and book these spaces for use and includes a mapping function along with other filtering tools to help find suitable locations within a geographic region. The Spacefy Platform is an online secure marketplace platform that was created to handle listing and booking of locations for short-term daily and hourly rentals. A typical transaction attracts a commission fee payable to Spacefy, and split between the renter and the space owner.

The Company recognizes revenue based on the following criteria: when a contract exists with a customer (when a space is booked), the contract identifies the performance obligation (a space rental), performance obligation has been met (the use of the space by the end user), the transaction price is determinable and collectability is reasonably assured (payments are held in escrow until the performance obligation has been met). Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for services provided in the normal course of business.

Under the agency model, the Company acts as the agent in the transaction, passing bookings reserved by the site renter to the relevant space owner for which it charges commissions from the renter. Revenue is therefore recognized on a net basis as the services are provided as an agent without assuming control of the site rental services.

(Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

k) Revenue Recognition (continued)

To drive traffic on the website, the Company provides incentives to space renters in the form of discounts. These incentives are generally treated as reductions in revenue.

4. ACCOUNTS RECEIVABLE

		2020		2019
Sales Tax Receivable	**$**	**21,609**	$	95,715
	$	**21,609**	$	95,715

5. PREPAID EXPENSES

Prepaid amounts comprise amounts paid in advance at year end for consulting and marketing services to be received, and other costs.

		2020		2019
Marketing services	**$**	**-**	$	16,667
OTC annual fee		**-**		12,103
Rental deposit		**-**		6,000
	$	**-**	$	34,770

(Expressed in Canadian Dollars)

6. PROPERTY AND EQUIPMENT

		2020		2019
COST				
Balance at beginning of year	**$**	**9,190**	$	1,903
Dispositions		**(9,190)**		
Additions		**-**		7,287
Balance at end of year	**$**	**-**	$	9,190
ACCUMULATED DEPRECIATION				
Balance at beginning of year	**$**	**3,056**	$	1,218
Dispositions		**(3,767)**		
Depreciation		**711**		1,838
Balance at end of year	**$**	**-**	$	3,056
NET BOOK VALUE	**$**	**-**	$	6,134

The Company recorded a loss on disposal of equipment of $5,423, recorded in general and administrative expenses on the statements of comprehensive loss.

(Expressed in Canadian Dollars)

7. INTANGIBLE ASSETS

	Domain name	Listing of Locations	Website (i)	Trade-mark	Total
COST					
Balance at January 1, 2019	$ 33,610	$ 4,993	$ 49,240	$ 7,634	$ 95,477
Additions	-	-	117,322	-	117,322
Balance at December 31, 2019	33,610	4,993	166,562	7,634	212,799
Additions	-	-	-	-	-
Impairment	(33,610)	(4,993)	(166,562)	(7,634)	(212,799)
Balance at December 31, 2020	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
ACCUMULATED AMORTIZATION					
Balance at January 1, 2019	$ -	$ 1,625	$ 49,240	$ -	$ 50,865
Amortization	-	499	-	-	499
Balance at December 31, 2019	-	2,214	49,240	-	51,364
Impairment	-	(2,499)	(90,880)	-	(93,379)
Amortization	-	375	41,640	-	42,015
Balance at December 31, 2020	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
NET BOOK VALUE					
Balance at December 31, 2019	$ 33,610	$ 2,869	$ 117,322	$ 7,634	$ 161,435
Balance at December 31, 2020	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**

(Expressed in Canadian Dollars)

8. RELATED PARTY BALANCES AND TRANSACTIONS

		SB2 Group Inc.
Balance December 31, 2018	$	132,008
Repayments		(35,000)
Interest and accretion		14,381
Balance December 31, 2019		111,389
Interest and accretion		3,611
Balance December 31, 2020	$	115,000

SB2 Group Inc. ("SB2") is related to the Company by virtue of common shareholders and Michael Bradley is a director of both SB2 and the Company. The amount payable of $150,000 was originally non-interest bearing, unsecured and was due on August 15, 2017. This loan was amended on August 1, 2017 to replace the original repayment date of August 15, 2017. The Amendment includes a fixed principal repayment schedule of thirty monthly installments of $5,000 payable to SB2 commencing January 2018. The repayment schedule was subsequently amended effective January 1, 2018 to commence the installment payments in September 2018 with the final payment due in February 2021. Effective September 1, 2018, the repayment schedule on the loan from SB2 was further amended with installment payments to commence 30 days subsequent to the closing of an initial public offering (November 29, 2018), and subsequently, an amendment was made to have payments commence in March 2019. On November 1, 2019, an amendment was made to pause the loan repayments. As per the amendment, the payments will resume upon the earlier of, a) the Company completing a financing of aggregate net proceeds of $500,000 or greater, or b) achieving revenues of $250,000 or greater, or c) upon mutual agreement between the parties, or d) one calendar year (November 1st, 2020).

During the year, the loan was further amended. Although the payments on the loan were to begin on November 1, 2020, an amendment was made to pause the loan payments. As per the amendment, the repayments will resume upon the earlier of, a) the Company completing a financing of aggregate net proceeds of $500,000 or greater, or b) achieving revenues of $250,000 or greater, or c) upon mutual agreement between the parties, or d) one calendar year (November 1st, 2021).

These amendments were accounted for as modifications of the initial loan and as such any adjustments were reflected through the statements of comprehensive loss. All other terms of the original loan agreement were unchanged and no additional costs or fees were incurred on these amendments. The fair value of this financial liability was determined using a 12% interest rate over the term period of the loan and repayment. The difference in fair value of loan and cash received has been classified in contributed surplus by virtue of the related party providing the non-interest bearing loan in their capacity as a shareholder. Interest expense is being recognized over the term of the loan, utilizing the effective interest rate method.

(Expressed in Canadian Dollars)

8. RELATED PARTY BALANCES AND TRANSACTIONS (continued)

Key management personnel are those persons that have authority and responsibility for planning, directing and controlling the activities of the Company, directly and indirectly. As of December 31, 2020, the Company's key management personnel consist of its directors and senior management (Chief Executive Officer, Chief Financial and VPs). The Company incurred fees and expenses in the normal course of operations in connection with the key management and directors. Details are as follows:

Nature of Transactions		**2020**		2019
Management fees and salaries	**$**	**36,000**	$	593,366
Stock based compensation		**83,848**		216,477
	$	**119,848**	$	809,843

As at December 31, 2020, the Company had accounts payable of $54,240 (December 31, 2019 - $13,560) due for management fees and salaries.

See note 10 for issuances of RSUs to related parties.

9. COMMITMENTS AND CONTINGENCIES

As part of the Board's ongoing compliance process, the Board continues to monitor legal and regulatory developments and their potential impact on the Company. The Company takes legal advice as to the potential outcomes of claims and actions and provisions are made where appropriate. No provision is made where the directors consider, based on that advice, that the action does not meet the more likely than not criteria. Contingent liabilities are disclosed where the Company cannot make a sufficiently reliable estimate of the potential obligation.

Management is not aware of any contingencies that may have a significant impact on the financial position of the Company.

(Expressed in Canadian Dollars)

10. SHARE CAPITAL

a) Authorized and Issued Share Capital

The Company's authorized share capital consists of an unlimited number of common shares and preferred shares without par value.

b) Share Capital Transactions – Common Shares

	Number of shares	Amount
As at December 31, 2018	**37,416,545**	**$ 2,280,015**
Shares issued on exercise of options and warrants (i)	970,063	192,844
Shares issued under private placement (ii)	7,072,000	1,414,400
Valuation of warrants (ii)	-	(518,184)
Share issue costs – warrants (ii)	-	(68,693)
Shares issue costs – cash (ii)	-	(159,400)
As at December 31, 2020 and December 31, 2019	**45,458,608**	**3,140,982**

i. During the year ended December 31, 2019, 806,261 warrants were exercised for proceeds of $120,938. The warrants had a value of $56,345. During the year ended December 31, 2019, 163,802 options were exercised for proceeds of $11,466. The options had a value of $4,095.

ii. On March 2, 2019 the Company completed a private placement of 7,072,000 units of the Company (each a "Unit") at a price of $0.20 per Unit for gross proceeds of $1,414,400. Each Unit is comprised of one common share, and one common share purchase warrant exercisable for a period of twenty-four months from closing at a price of $0.40 per share. The warrants were valued at $518,184 using the Black Scholes model with the following assumptions: annualized volatility 175%, risk-free interest rate 1.77%, dividend yield 0%, and expected life of 2 years. The Company also issued a total of 424,320 agent's compensation warrants, each exercisable at $0.20 into a Unit, and paid commissions of $84,564. The agent's compensation warrants were valued at $68,693 using the Black Scholes model with the following assumptions: annualized volatility 175%, risk-free interest rate 1.77%, dividend yield 0%, and expected life of 2 years. Volatility is estimated based on comparable public companies with similar business and risk profiles.

c) Stock Options

At its 2019 Annual and General Meeting, the Company re-approved its stock option plan in place under which it is authorized to grant options of up to 10% of its outstanding shares of the Company to officers, directors, employees, and consultants. The exercise price of each option is to be determined by the Board of Directors. Stock options granted vest over the period determined by the Board of Directors.

(Expressed in Canadian Dollars)

10. SHARE CAPITAL (continued)

Details of stock option transactions are as follows:

	Number of options	Weighted average exercise price of options
Outstanding, December 31, 2018	848,802	$ 0.17
Expired	(375,000)	0.25
Exercised	(163,802)	0.07
Granted	1,865,024	0.15
Outstanding, December 31, 2019	2,175,024	$ 0.15
Expired	(2,175,024)	0.15
Outstanding, December 31, 2020	**-**	-

The weighted average fair value of options granted in 2020, is $nil per option (2019: $0.136).

The fair value of each option was estimated on the date of the grant using the Black-Scholes fair value option pricing model. The following assumptions were used for options issued:

	2019
Risk-free interest rate	**1.77%**
Volatility	**176%**
Share price	**$ 0.15**
Exercise price	**$ 0.15**
Dividend yield	**0%**
Forfeiture rate	**0%**
Weighted average expected life of options	**4-5 years**

In 2020, the Company recorded share-based payments related to stock options of $27,238 (2019: $178,897).

(Expressed in Canadian Dollars)

10. SHARE CAPITAL (continued)

d) Warrants

The following table summarizes the information regarding warrants outstanding as at December 31, 2020 and 2019:

	Number of warrants	Amount
As at December 31, 2018	17,101,500	$ 548,630
Exercised	(806,261)	(56,345)
Expired	(50,000)	(2,410)
Issued	7,496,320	586,878
As at December 31, 2019	23,791,559	1,076,753
Expired	(13,745,239)	(489,875)
As at December 31, 2020	**7,496,320**	**$ 586,877**

e) Restricted share units

At its 2019 Annual and General Meeting, the Board approved the adoption by the Company of a new restricted share unit plan (the “New Plan”). Restricted share units (“RSU’s”) may be granted to directors, officers, employees and consultants under the New Plan. The New Plan increased the number of common shares reserved for issuance under from 900,000 common shares to 10% of the number of common shares outstanding from time to time. The Company has determined that the number of common shares reserved for issuance under the New Plan in combination with the aggregate number of common shares issuable under all of the Company’s other equity incentive plans in existence from time to time, including the Stock Option Plan, shall not exceed 20% of the issued and outstanding common shares. The RSU’s will be settled in common shares or cash at the option of the Company.

On April 25, 2019, the Company granted 900,000 RSU’s to the CEO of the Company. 124,989 of the RSUs vested on grant and 41,667 of the remaining RSUs vest each on May 2, 2019 and on the 2nd day of each month until none remain unvested. As at December 31, 2019, 458,325 RSUs have vested, and no shares have been issued. During the year ended December 31, 2020, $5,000 (2019 - $49,582) was recognized as share-based payments related to the vesting of the RSUs.

On April 21, 2020, the Company granted 1,720,361 RSUs to employees of the Company as part of settlement agreement upon termination of their employment contracts. The RSUs vested on the date of grant, and no share have been issued. $51,610 was recognized as share-based payments related to the vesting of the RSUs. Of the 1,720,361, 463,833 was granted to the former Chief Operating Officer, and 756,945 was granted to the former Chief Executive Officer.

The grant date fair value of the RSU equals the fair market value of the corresponding shares at the grant date. The fair value of these equity-settled awards is recognized as compensation expense with a corresponding increase in equity. The total amount expensed is recognized over the vesting period, which is the period over which all the specified vesting conditions should be satisfied.

The weighted average fair value of the RSUs vested during the year ended December 31, 2020 was $0.03 (2019 - $0.11).

(Expressed in Canadian Dollars)

11. LOSS PER SHARE

The computations for basic and diluted loss per share are as follows:

		2020		2019
Net loss used in:				
Basic loss per share	**$**	**(665,754)**	$	(2,153,787)
Diluted loss per share	**$**	**(665,754)**	$	(2,153,787)
Weighted average number of common shares as basis for:				
Basic and diluted loss per share		**45,458,608**		44,248,352
Loss per share:				
Basic and diluted	**$**	**(0.01)**	$	(0.05)

All potential dilutive stock options and warrants were excluded from the dilutive calculations as they are anti-dilutive due to the loss for the years.

(Expressed in Canadian Dollars)

12. INCOME TAX

The Company's effective tax rate differs from the amount obtained by applying the Canadian statutory tax rate due to the following:

		2020		2019
Loss before taxes		**$ (665,754)**		$ (2,153,787)
Canadian statutory tax rate		**26.5%**		26.5%
Income tax recovery	**$**	**(176,420)**	$	(570,754)
Items non-deductible for tax purposes		**21,960**		65,120
Share issuance cost		**-**		(60,445)
Deferred income tax recovery - unrecognized		**154,460**		566,074
Income tax expense	**$**	**-**	$	-

The Company has not recognized a deferred tax asset in respect of the following:

		2020		2019
Deferred income tax assets related to:				
Non–capital losses	**$**	**4,296,050**	$	3,720,300
Share issue costs		**485,010**		651,049
Property and equipment		**9,190**		1,680
Intangible assets		**211,760**		45,720
Total deferred income tax asset - unrecognized	**$**	**5,002,010**	$	4,418,749

Share issue costs will be fully amortized in 2023. The remaining deductible temporary differences may be carried forward indefinitely. Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Company can utilize the benefits therefrom.

The Company's Canadian non-capital income tax losses expire as follows:

Year of expiry		**Non-capital losses**
2034	$	61,180
2035		345,620
2036		387,050
2037		-
2038		853,310
2039		2,072,120
2040		576,770
Total	**$**	**4,296,050**

13. RISK MANAGEMENT

The Company's financial instruments are exposed to the following financial risks:

Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. Management does not believe there is any significant credit risk from any of the Company's customers as orders are only processed after payment is received. The Company reviews financial assets past due on an ongoing basis with the objective of identifying potential matters which could delay the collection of funds at an early stage. Once items are identified as being past due, contact is made with the respective customer to determine the reason for the delay in payment and to establish an agreement to rectify the breach of contractual terms. To manage cash credit risk, the Company only engages banks with appropriate credit ratings. Credit risk on sales tax receivable balances is considered insignificant.

Currency risk

The Company generates all revenue in Canadian dollars but expenses are incurred in both U.S. and Canadian dollars, exposing the Company to fluctuations in earnings from volatility in foreign currency rates. Management however concludes the exposure to currency risk is not material and the Company does not utilize any financial instruments or cash management policies to mitigate such currency risks.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Company is exposed to this risk mainly with respect to ensuring the sufficiency of funds for working capital and commitments. The Company monitors the maturity dates of existing accounts payable and accrued liabilities, loans payable, and commitments to mitigate this risk. The Company's financial liabilities are comprised of accounts payable and accrued liabilities and loans from related parties. See Note 1 related to going concern.

The payments due by period are set out in the following tables:

As at December 31, 2020:

	Payment due by period			
	Less than one year	**Between one and five years**	**More than five years**	**Total**
Accounts payable and accrued liabilities	$ 227,399	$ -	$ -	$ 227,399
Loans from related parties	115,000	-	-	115,000
	$ 342,399	**$ -**	**$ -**	**$ 342,399**

As at December 31, 2019:

	Payment due by period			
	Less than one year	**Between one and five years**	**More than five years**	**Total**
Accounts payable and accrued liabilities	$ 151,252	$ -	$ -	$ 151,252
Loans from related parties	111,389	-	-	111,389
	$ 262,641	**$ -**	**$ -**	**$ 262,641**

13. RISK MANAGEMENT (continued)

Fair Value Risk

Due to their short-term nature, the carrying value of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities and current portion of loans from related parties approximates their fair value.

14. CAPITAL MANAGEMENT

The Company's capital management objectives are to ensure its ability to continue as a going concern and to grow its operations. The Company derives its financing from internally generated revenue and external sources. The capital structure of Spacefy currently consists of Shareholders' (deficiency) equity and loans payable. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. This may involve Spacefy arranging more loans, issuing new shares through private placements, or selling assets to fund operations. Management reviews its capital management approach on a regular basis. The Company is not subject to externally imposed capital requirements.

The Company invests all capital that is surplus to its immediate operational needs in short-term, liquid and highly-rated financial instruments, such as cash and other short-term guaranteed deposits, all held with major financial institutions.

15. SUBSEQUENT EVENT

Subsequent to year end, the Company received $60,000 from the Canadian government with respect to the Canada Emergency Business Account ("CEBA") program.