

# **SPACEFY INC.**

Unaudited Condensed Interim Financial Statements  
For the three months ended March 31, 2021

(Expressed in Canadian Dollars)

## **Management's Comments on Unaudited Condensed Interim Financial Statements**

The accompanying Unaudited Condensed Interim Financial Statements for the three months ended March 31, 2021 and 2020 have been prepared by management, reviewed by the Audit Committee and approved by the Board of Directors of the Company.

In accordance with National Instrument 51-102, Continuous Disclosure Obligations of the Canadian Securities Administrators, the Company herewith discloses that the accompanying unaudited Condensed Interim Financial Statements have not been reviewed by an auditor.

# SPACEFY INC.

## Unaudited Condensed Interim Statements of Financial Position

As at March 31, 2021 and December 31, 2020

(Expressed in Canadian Dollars)

	Notes	2021	2020
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents		\$ 60,646	\$ 14,416
Accounts receivable	4	23,244	21,609
Total current assets		83,890	36,025
<b>Total Assets</b>		<b>\$ 83,890</b>	<b>\$ 36,025</b>
<b>LIABILITIES AND SHAREHOLDERS' (DEFICIENCY) EQUITY</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities	6	\$ 212,270	\$ 227,399
Current portion of loans from related parties	6	30,000	10,000
Total current liabilities		242,270	237,399
<b>Non-current liabilities</b>			
Loans from related parties	6	105,000	105,000
Loan payable	5	60,000	-
Total non-current liabilities		165,000	105,000
<b>Total Liabilities</b>		<b>407,270</b>	<b>342,399</b>
<b>Shareholders' (deficiency) equity</b>			
Share capital	8	3,140,982	3,140,982
Warrants	8	-	586,877
Contributed surplus		1,998,259	1,411,382
Deficit		(5,462,621)	(5,445,615)
		(323,380)	(306,374)
<b>Total Liabilities and Shareholders' (Deficiency) Equity</b>		<b>\$ 83,890</b>	<b>\$ 36,025</b>

Going concern (Note 1)

Commitments and contingencies (Note 7)

See accompanying notes to the financial statements

Approved on behalf of the Board of Directors:

"Michael Bradley"

Director

"John Anderson"

Director

# SPACEFY INC.

Unaudited Condensed Interim Statements of Comprehensive Loss

For the three months ended March 31, 2021 and March 31, 2020

(Expressed in Canadian Dollars)

	Notes	2021	2020
<b>REVENUE</b>			
Commission revenue		\$ 547	\$ 2,733
<b>EXPENSES</b>			
Advertising and marketing		-	4,189
Amortization and depreciation		-	14,464
Consulting		-	21,330
General and administrative		4,269	14,700
Interest and accretion		-	3,732
Investor relations		-	25,667
Personnel	6	9,000	166,080
Professional fees		2,034	16,685
Regulatory		2,250	2,973
Stock based compensation	8	-	5,000
		<b>17,553</b>	<b>2,74,820</b>
<b>Net loss and comprehensive loss</b>		<b>\$ (17,006)</b>	<b>\$ (272,087)</b>
<b>Loss per share</b>			
Basic	9	\$ (0.00)	\$ (0.01)
Diluted	9	\$ (0.00)	\$ (0.01)

See accompanying notes to the financial statements

## SPACEFY INC.

Unaudited Condensed Interim Statements of Changes in (Deficiency) Equity  
For the three months ended March 31, 2021 and March 31, 2020  
(Expressed in Canadian Dollars)

	Share Capital (Note 8)	Warrants	Contributed Surplus	Deficit	Total
	\$	\$	\$	\$	\$
<b>Balance at December 31, 2019</b>	<b>3,140,982</b>	<b>1,076,752</b>	<b>837,659</b>	<b>(4,779,861)</b>	<b>275,532</b>
Share based payments	-	-	5,000	-	5,000
Net loss for the period	-	-	-	(272,087)	(272,087)
<b>Balance at March 31, 2020</b>	<b>3,140,982</b>	<b>1,076,752</b>	<b>842,659</b>	<b>(5,051,948)</b>	<b>8,445</b>
<b>Balance at December 31, 2020</b>	<b>3,140,982</b>	<b>586,877</b>	<b>1,411,382</b>	<b>(5,445,615)</b>	<b>(306,374)</b>
Expiry of warrants	-	(586,877)	586,877	-	-
Net loss for the period	-	-	-	(17,006)	(17,006)
<b>Balance at March 31, 2021</b>	<b>3,140,982</b>	<b>-</b>	<b>1,998,259</b>	<b>(5,462,621)</b>	<b>(323,380)</b>

See accompanying notes to the financial statements

# SPACEFY INC.

## Unaudited Condensed Interim Statements of Cash Flows

For the three months ended March 31, 2021 and March 31, 2020

(Expressed in Canadian Dollars)

	2021	2020
<b>Cash flows used in operations</b>		
Net loss for the period	\$ (17,006)	\$ (272,087)
Items not affecting cash:		
Share based payments (Note 8)	-	5,000
Amortization and impairment of intangible assets	-	14,004
Depreciation of property and equipment	-	459
Finance costs on related party loan (Note 6)	-	3,368
<b>Changes in non-cash working capital</b>		
Accounts receivable	(1,635)	(6,853)
Prepaid expenses	-	20,701
Accounts payable and accrued liabilities	(15,129)	80,441
	<b>(33,770)</b>	<b>(154,967)</b>
<b>Cash flows from financing activities</b>		
Proceeds from loans (note 5)	60,000	-
Proceeds from related party loans (Note 6)	20,000	-
	<b>80,000</b>	<b>-</b>
Net change in cash and cash equivalents	<b>46,646</b>	(154,967)
Cash and cash equivalents – beginning of period	<b>14,416</b>	240,119
Cash and cash equivalents – end of period	<b>\$ 60,646</b>	\$ 85,152

### Non-Cash Investing and Financing Transactions

See accompanying notes to the financial statements

# SPACEFY INC.

Notes to Unaudited Condensed Interim Financial Statements

March 31, 2021

(Expressed in Canadian Dollars)

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## 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 May 31, 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 \$17,006 (2020 - \$272,087) during the three months ended March 31, 2021 and, as of that date, had a working capital deficiency of \$148,380 (December 31, 2020 - \$201,374) and an accumulated deficit of \$5,462,621 (December 31, 2020 - \$5,445,615). 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, and 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.

# SPACEFY INC.

Notes to Unaudited Condensed Interim Financial Statements

March 31, 2021

(Expressed in Canadian Dollars)

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## 2. BASIS OF PRESENTATION

### a) Basis of Presentation

These financial statements are prepared on a going concern basis and have been presented in Canadian dollars, the functional currency of the Company.

The Condensed Interim Financial Statements have been prepared using accounting policies consistent with International Financial Reporting Standards (“IFRS”) and its interpretations adopted by the International Accounting Standards Board (“IASB”) and in accordance with IAS 34, Interim Financial Reporting (“IAS 34”).

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 to the Company’s Audited Financial Statements for the years ended December 31, 2020 and 2019.

### 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.

#### 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.



# SPACEFY INC.

Notes to Financial Statements

March 31, 2021

(Expressed in Canadian Dollars)

## 3. SIGNIFICANT ACCOUNTING POLICIES

These Condensed Interim Financial Statements reflect the accounting policies described in Note 3 to the Company's Audited Financial Statements for the years ended December 31, 2020 and 2019, and accordingly, should be read in conjunction with the 2019 Audited Financial Statements and the notes thereto.

## 4. ACCOUNTS RECEIVABLE

	March 31, 2021	December 31, 2020
Sales Tax Receivable	\$ 23,244	\$ 21,609

## 5. LOAN PAYABLE

On April 30, 2020, the Company received a \$60,000 Canada Emergency Business Account loan from the government of Canada. The loan is interest free and becomes due on December 31, 2022. Up to 25 percent of the loan is forgivable if the balance of the loan is repaid on or before December 31, 2022.

## 6. RELATED PARTY BALANCES AND TRANSACTIONS

	SB2 Group Inc.
Balance December 31, 2019	\$ 111,389
Interest and accretion	3,611
Balance December 31, 2020	115,000
Advances	20,000
Balance March 31, 2021	\$ 135,000

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 2020, 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).

# SPACEFY INC.

Notes to Financial Statements

March 31, 2021

(Expressed in Canadian Dollars)

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## 6. RELATED PARTY BALANCES AND TRANSACTIONS (continued)

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.

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 March 31, 2021, the Company's key management personnel consist of its directors and senior management (Chief Executive Officer and Chief Financial). 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	2021	2020
Management fees and salaries	\$ 9,000	\$ 89,982
Stock based compensation	-	5,000
	\$ 9,000	\$ 94,982

As at March 31, 2021, the Company had accounts payable of \$64,410 (December 31, 2020 - \$54,240) due for CFO management fees.

## 7. 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.

# SPACEFY INC.

Notes to Financial Statements

March 31, 2021

(Expressed in Canadian Dollars)

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## 8. 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

No shares were issued during the three months ended March 31, 2021 or the year ended December 31, 2020.

### 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.

There were no stock options outstanding as at March 31, 2021 and December 31, 2020.

### d) Warrants

The following table summarizes the information regarding warrants outstanding as at March 31, 2021 and December 31, 2021:

	Number of warrants	Amount
As at December 31, 2019	23,791,559	\$ 1,076,753
Issued	(13,745,239)	(489,875)
As at December 31, 2020	7,496,320	586,877
Expired	(7,496,320)	(586,877)
<b>As at March 31, 2021</b>	<b>-</b>	<b>\$ -</b>

### 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 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.

# SPACEFY INC.

Notes to Financial Statements

March 31, 2021

(Expressed in Canadian Dollars)

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## 8. SHARE CAPITAL (continued)

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.

## 9. LOSS PER SHARE

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

Three months ended March 31,	2021	2020
Net loss used in:		
Basic loss per share	\$ (17,006)	\$ (272,087)
Diluted loss per share	\$ (17,006)	\$ (272,087)
Weighted average number of common shares as basis for:		
Basic and diluted loss per share	45,458,608	45,458,608
Loss per share:		
Basic and diluted	\$ (0.00)	\$ (0.01)

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.

## 10. 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.

# SPACEFY INC.

Notes to Financial Statements

March 31, 2021

(Expressed in Canadian Dollars)

## 10. RISK MANAGEMENT (continued)

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

### As at March 31, 2021:

	Payment due by period			Total
	Less than one year	Between one and five years	More than five years	
Accounts payable and accrued liabilities	\$ 212,270	\$ -	\$ -	\$ 212,270
Loan payable	-	60,000	-	60,000
Loans from related parties	135,000	-	-	135,000
	<b>\$ 347,270</b>	<b>\$ 60,000</b>	<b>\$ -</b>	<b>\$ 407,270</b>

### As at December 31, 2020:

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

## 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.

## 11. 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.