

SPACEFY INC.

Unaudited Condensed Interim Financial Statements
For the three and six months ended June 30, 2024 and 2023

(Expressed in Canadian Dollars)

Management's Comments on Unaudited Condensed Interim Financial Statements

The accompanying Unaudited Condensed Interim Financial Statements for the three and six months ended June 30, 2024 and 2023 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 June 30, 2024 and December 31, 2023

(Expressed in Canadian Dollars)

	Notes	June 30, 2024	December 31, 2023
ASSETS			
Current assets			
Cash and cash equivalents		\$ 1,066	\$ 8,263
Accounts receivable	4	13,080	12,464
Total Assets		\$ 14,146	\$ 20,727
LIABILITIES AND SHAREHOLDERS' DEFICIENCY			
Current liabilities			
Accounts payable and accrued liabilities	6	\$ 343,610	\$ 325,225
Loan payable	5	61,180	60,000
Loans from related parties	6	265,325	261,572
Total Liabilities		670,115	646,797
Shareholders' deficiency			
Share capital	8	3,140,982	3,140,982
Contributed surplus		1,998,259	1,998,259
Deficit		(5,795,210)	(5,765,311)
Total Liabilities and Shareholders' Deficiency		\$ 14,146	\$ 20,727

Going concern (Note 1)

Commitments and contingencies (Note 7)

See accompanying notes to the financial statements

SPACEFY INC.

Unaudited Condensed Interim Statements of Loss and Comprehensive Loss

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

(Expressed in Canadian Dollars)

		Three months ended June 30,		Six months ended June 30,	
	Notes	2024	2023	2024	2023
		\$	\$	\$	\$
REVENUE					
Commission revenue		-	140	-	217
EXPENSES					
General and administrative		173	1,089	1,376	10,211
Interest expense		951	-	1,180	-
Personnel	6	9,000	9,000	18,000	18,000
Professional fees		1,600	-	1,600	-
Regulatory		5,993	5,780	7,743	13,521
		17,717	15,869	29,899	41,732
Net loss and comprehensive loss		(17,717)	(15,729)	(29,899)	(41,515)
Loss per share					
Basic	9	(0.00)	(0.00)	(0.00)	(0.00)
Diluted	9	(0.00)	(0.00)	(0.00)	(0.00)

See accompanying notes to the financial statements

SPACEFY INC.

Unaudited Condensed Interim Statements of Changes in Deficiency
For the six months ended June 30, 2024 and June 30, 2023
(Expressed in Canadian Dollars)

	Share Capital (Note 8)	Contributed Surplus	Deficit	Total
	\$	\$	\$	\$
Balance at December 31, 2022	3,140,982	1,998,259	(5,681,512)	(542,271)
Net loss for the period	-	-	(41,515)	(41,515)
Balance at June 30, 2023	3,140,982	1,998,259	(5,723,027)	(583,786)
Balance at December 31, 2023	3,140,982	1,998,259	(5,765,311)	(626,070)
Net loss for the period	-	-	(29,899)	(29,899)
Balance at June 30, 2024	3,140,982	1,998,259	(5,795,210)	(655,969)

See accompanying notes to the financial statements

SPACEFY INC.

Unaudited Condensed Interim Statements of Cash Flows
For the six months ended June 30, 2024 and June 30, 2023
(Expressed in Canadian Dollars)

	2024	2023
Cash flows used in operations		
Net loss for the period	\$ (29,899)	\$ (41,515)
Finance costs	1,180	-
Changes in non-cash working capital		
Accounts receivable	(616)	26
Prepaid expenses	-	111
Accounts payable and accrued liabilities	18,385	6,661
	(10,950)	(34,717)
Cash flows from financing activities		
Proceeds from loans from related parties (note 6)	3,753	34,837
	3,753	34,837
Net change in cash and cash equivalents	(7,197)	120
Cash and cash equivalents – beginning of period	8,263	8,021
Cash and cash equivalents – end of period	\$ 1,066	\$ 8,141

See accompanying notes to the financial statements

SPACEFY INC.

Notes to Unaudited Condensed Interim Financial Statements

For the three and six months ended June 30, 2024

(Expressed in Canadian Dollars)

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 August 28, 2024 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 \$29,899 (June 30, 2023 – loss of \$41,515) during the six months ended June 30, 2024 and, as of that date, had a working capital deficiency of \$655,969 (December 31, 2023 –\$626,070) and an accumulated deficit of \$5,795,210 (December 31, 2023 - \$5,765,311). 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 financial 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 have to raise funds to continue operations. Should the Company not be able to continue to obtain the necessary financing, to fund operations, the Company’s ability to continue as a going concern will be compromised. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Company’s ability to continue as a going concern.

SPACEFY INC.

Notes to Unaudited Condensed Interim Financial Statements
For the three months ended June 30, 2024
(Expressed in Canadian Dollars)

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 of the annual audited financial statements for the year ended December 31, 2023.

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.

3. MATERIAL 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, 2023 and 2022, and accordingly, should be read in conjunction with the 2023 Audited Financial Statements and the notes thereto.

4. ACCOUNTS RECEIVABLE

	June 30, 2024	December 31, 2023
Sales Tax Receivable	\$ 13,080	\$ 12,464

5. LOAN PAYABLE

On January 11, 2021, the Company received a \$60,000 Canada Emergency Business Account loan (“CEBA Loan”) from the government of Canada. The loan was originally due on December 31, 2023. As of January 19, 2024, as the CEBA Loan was not repaid, it converted to a three-year term loan, subject to interest of five per cent per annum, with the term loan repayment date extended by an additional year from December 31, 2025, to December 31, 2026. During the three months ended June 30, 2024, \$1,180 of interest was charged on the loan.

6. RELATED PARTY BALANCES AND TRANSACTIONS

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. Various amendment had been made in previous years to extend the maturity date on the loans and advances. As at June 30, 2024, the loans and advances of \$135,000 (December 31, 2023 - \$135,000) are due on demand.

SPACEFY INC.

Notes to Unaudited Condensed Interim Financial Statements

For the three months ended June 30, 2024

(Expressed in Canadian Dollars)

6. RELATED PARTY BALANCES AND TRANSACTIONS (continued)

During the six months ended June 30, 2024, the Company was advanced \$4,953 (year ended December 31, 2023 - \$13,685) by Michael Bradley, a director and the Chief Executive Officer of the Company, and 1000040651 Ontario Inc. ("651"), a company owned by Michael Bradley. These advances are included in loans from related parties and are non-interest bearing and have no specific terms of repayment. 651 and Michael Bradley also paid \$nil (year ended December 31, 2023 - \$40,889) of vendor invoices on behalf of the Company. These amounts are included in Loans from related parties. As at June 30, 2024 \$130,325 is outstanding (December 31, 2023 - \$126,572).

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 June 30, 2024, the Company's key management personnel consist of its directors and senior management (Chief Executive Officer and Chief Financial Officer). The Company incurred fees and expenses in the normal course of operations in connection with the key management and directors. Details are as follows for the three months ended June 30, 2024 and 2023:

Nature of Transactions	2024	2023
Management fees and salaries	\$ 18,000	\$ 18,000
	\$ 18,000	\$ 18,000

As at June 30, 2024, the Company had accounts payable of \$189,600 (December 31, 2023 - \$171,600) 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.

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 six months ended June 30, 2024 and the year ended December 31, 2023. As at June 30, 2024 and December 31, 2023, 45,458,608 shares were issued and outstanding.

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 June 30, 2024 and December 31, 2023.

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Notes to Unaudited Condensed Interim Financial Statements
For the three months ended June 30, 2024
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8. SHARE CAPITAL (continued)

d) Warrants

No warrants were outstanding at June 30, 2024 and December 31, 2023.

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.

The grant date fair value of the RSU equaled 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 was recognized over the vesting period, which is the period over which all the specified vesting conditions should be satisfied.

	Number of RSU’s
As at June 30, 2024 and December 31, 2023	2,620,361

As at June 30, 2024 and December 31, 2023, all RSU’s issued have vested, no share have been issued.

9. LOSS PER SHARE

The weighted average number of common shares used in calculating the basic and loss per share for the three and six months ended June 30, 2024 and 2023 was 45,458,608 and 45,458,608, respectively. All potential dilutive stock options and warrants were excluded from the dilutive calculations as they are anti-dilutive due to the loss for the periods.

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.

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10. RISK MANAGEMENT (continued)

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, loan payable 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, 2023:

	Payment due by period			Total
	Less than one year	Between one and five years	More than five years	
Accounts payable and accrued liabilities	\$ 325,225	\$ -	\$ -	\$ 325,225
Loan payable	60,000	-	-	60,000
Loans from related parties	261,572	-	-	261,572
	\$ 646,797	\$ -	\$ -	\$ 646,797

As at June 30, 2024:

	Payment due by period			Total
	Less than one year	Between one and five years	More than five years	
Accounts payable and accrued liabilities	\$ 343,610	\$ -	\$ -	\$ 343,610
Loan payable	61,180	-	-	61,180
Loans from related parties	265,325	-	-	265,325
	\$ 670,115	\$ -	\$ -	\$ 670,115

Fair Value Risk

Due to their short-term nature, the carrying value of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities, loan payable and loans payable 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 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.

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Notes to Unaudited Condensed Interim Financial Statements

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(Expressed in Canadian Dollars)

11. CAPITAL MANAGEMENT (continued)

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.