

MANAGEMENT'S DISCUSSION AND ANALYSIS

SPACEFY INC.

Management Discussion and Analysis

For the three and nine months ended September 30, 2024

Dated: November 29, 2024

The following is a discussion and analysis of the activities, results of operations and financial condition of Spacefy Inc. ("Spacefy" or the "Company") for the three and nine months ended September 30, 2024 and the comparable periods ended September 30, 2023. The discussion should be read in conjunction with the Company's unaudited condensed interim financial statements for the three and nine months ended September 30, 2024 and 2023 and the annual audited consolidated financial statements for the years ended December 31, 2023 and 2022, and related notes thereto. The Company's financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). All monetary amounts are reported in Canadian dollars unless otherwise noted. These documents, as well as additional information on the Company, are filed electronically through the System for Electronic Document Analysis and Retrieval (SEDAR) and are available online at [sedarplus.ca](https://www.sedarplus.ca).

This discussion contains forward-looking statements that are historical in nature and involves risks and uncertainties. Forward-looking statements are not a guarantee as to Spacefy's future results as there are inherent difficulties in predicting future results. This MD&A includes, but is not limited to, forward looking statements. Management considers the assumptions on which these forward-looking statements are based to be reasonable at the time the statements were prepared. Accordingly, actual results could differ materially from those expressed or implied in the forward-looking statements.

DESCRIPTION OF THE BUSINESS

Spacefy Inc. ("Spacefy" or the "Company") was incorporated in Canada on August 25, 2014, under the Ontario Business Corporations Act. On November 29, 2018, Spacefy completed an Initial Public Offering ("IPO") and commenced trading on the Canadian Securities Exchange under the symbol SPFY.

Spacefy is an Internet-based marketplace for connecting Creatives, which includes a range of people in the creative industries such as photographers, filmmakers, ad agencies and their agents, event planners, musicians and other members of the arts community, with locations to execute their creative projects. Spacefy provides a marketplace where property owners and/or managers ("Space Owners") of venues can showcase their properties complete with detailed descriptions, photographs, and descriptions of various amenities. This marketplace is the Spacefy Platform. On the Platform, individuals or businesses connect with venue owners to find, and book short-term locations listed on the Spacefy platform. These venues include houses and condos, restaurants and bars, professional photography and music studios, vacant retail shops, event venues or farms.

Spacefy matches demand for short-term venue rentals with individuals and businesses that wish to list their residential, commercial or non-traditional space or location on a fee for hire basis.

Revenue Model

The Company's revenue model is driven by both segments; Spaces and Creatives.

Creatives browse the listings for a location that fits their creative needs, budgetary requirements, schedule availability and artistic style. Once they find the right Space, they can book, co-ordinate and transact within the Spacefy Platform. Spacefy revenue is derived from a combination of commission fees and processing fees. A typical transaction attracts a 15% fee payable to Spacefy, and split between the renter and the space owner.

The Spacefy Platform enables Creatives to browse for Spaces, connect with hosts and send multiple booking requests. Once a suitable Space is identified, a booking inquiry through the Spacefy platform is sent to the Space Owner with specific dates/hours and a brief description of the proposed usage. The Space Owner is notified of the request, can review it and decide whether to accept or decline the booking. If the Space is listed with a set price, Space Owners will only have the option to accept or decline based on the price they initially set. If the Space is listed with a Flex price option, the Space Owners can negotiate with the prospective renter using the Spacefy platform. If the renter accepts the space owner's counter-offer, or a subsequent counter-offer, or if the space owner accepts a counter-offer from the renter, then a booking will be created.

Spacefy Products and Service

The Spacefy Platform is an online secure platform that was created to handle listing and booking of locations for short-term daily and hourly rentals. The Spacefy website is mobile-responsive, adapting to deliver an optimal user experience irrespective of device, screen size or display resolution.

The Spacefy Platform provides tools and features for renters and space owners to manage their profile, bookings, communications and listings. Under the “My Listings” tab, owners can edit their listings, add images, manage their calendar, view bookings and temporarily disable a listing.

Creatives can search and browse for Spaces by location and type of space. Once a Creative finds a Space that would meet their requirements, he or she can request a price from the Space Owner on the space listing page. Spacefy’s ‘Flex’ tool allows back and forth negotiations between Space Owner and Creator until an offer is accepted or declined. All communications between Creators and Space Owners take place via the Spacefy Platform and users receive notifications and status updates via email. The only requirement for listing a space is a few minutes of a Space Owner’s time to enter a title, a brief description of the Space, select ‘Flex’ price (price request) or ‘Set’ price (set hourly and daily price), available amenities, promotional photos, and service hours. Once the listing is submitted it is reviewed by Spacefy staff. Once approved, the listing is published on the Spacefy site.

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.

Outlook

To date, the company has not yet monetized the platform and is therefore seeking synergistic acquisitions and partnerships.

Results of Operations

As at September 30, 2024, the Company’s current assets included a cash balance of \$1,417 (December 31, 2023 - \$8,263), and accounts receivables consisting of HST receivable in the amount of \$13,090 (December 31, 2023 - \$12,464). Current liabilities at September 30, 2024 totaled \$685,365 (December 31, 2023 - \$646,797) and included \$357,661 (December 31, 2023 - \$325,225) of accounts payable and accrued liabilities, related party loans and advances of \$266,524 (December 31, 2023 - \$261,572), and a government emergency loan (CEBA) in the amount of \$61,180 (December 31, 2023 - \$60,000).

Revenues

Revenues to date consisting of commissions have not been material. Statement of loss for the three and nine months ended September 30, 2024 and 2023:

	Three months ended September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
	\$	\$	\$	\$
REVENUE				
Commission revenue	-	300	-	300
EXPENSES				
General and administrative	641	1,225	2,017	11,436
Interest expense	-	-	1,180	-
Personnel	9,000	9,000	27,000	27,000
Professional fees	-	-	1,600	-
Regulatory	5,248	5,030	12,991	18,551
	14,889	15,255	44,788	56,987
Net loss and comprehensive loss	(14,889)	(14,955)	(44,788)	(56,470)

Summary of Quarterly Results

The following table sets out selected consolidated quarterly information for the most recent 8 fiscal quarters:

	Quarter 4 ended December 31, 2022	Quarter 1 ended March 31, 2023	Quarter 2 ended June 30, 2023	Quarter 3 ended September 30, 2023
	\$	\$	\$	\$
Revenue	83	77	140	300
Earnings (Loss)	(31,043)	(25,786)	(15,729)	(14,955)
Net Loss per common share	(0.00)	(0.00)	(0.00)	(0.00)
Weighted average shares outstanding	45,458,608	45,458,608	45,458,608	45,458,608
	Quarter 4 ended December 31, 2023	Quarter 1 ended March 31, 2024	Quarter 2 ended June 30, 2024	Quarter 3 ended September 30, 2024
	\$	\$	\$	\$
Revenue	-	-	-	-
Earnings (Loss)	(27,252)	(12,182)	(17,717)	(14,889)
Net (Loss) per common share	(0.00)	(0.00)	(0.00)	(0.00)
Weighted average shares outstanding	45,458,608	45,458,608	45,458,608	45,458,608

Liquidity and Capital Resources

During the nine months ended September 30, 2024 the Company's operating activities required \$11,798 in cash. The Company's cash as at September 30, 2024 was \$1,417 (December 31, 2023 - \$8,263) and the Company had working capital deficit of \$670,858 (December 31, 2023 – working capital deficit of \$626,070).

Cash from financing activities was \$4,952 representing advances from a related party (see related party section).

At this time, the Company is not anticipating an ongoing profit from operations, therefore it will rely on its ability to obtain equity or debt financing for growth. The ability of the Company to continue operations over the course of the next 12 months is dependent upon obtaining additional financing. The Company will seek to raise additional funding to finance operations. The timing and ability to do so will depend on the liquidity of the financial markets as well as the acceptance of investors to finance small cap companies. There can be no guarantee that the Company will be able to secure any required financing.

At its current operating level, the Company will not have sufficient funds generated from ongoing operations to cover short-term and long-term operational needs. The Company expects to still operate at a loss for at minimum the next 12 months. As such, the Company will need additional financing for costs related to operations, technology development and growth strategy. The Company is currently addressing its liquidity concerns by proactively planning future financings through the sale of debt and (or) equity, and loans from related parties. The Company has been successful in the past at raising necessary funds but the timing and ability to do so will depend on the liquidity of the financial markets, economic conditions, as well as the acceptance of investors to small cap companies. There can be no guarantee that the Company will be able to secure any required financing.

The primary need for liquidity is to fund working capital requirements of the business, including operating costs, and maintaining the Company's marketplace platform. The current source of liquidity has been from related party loans. Previously, the primary source of liquidity was from private financings.

Off-Balance Sheet Arrangements

As of the date of this report, there are no off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of operations or financial condition of the Company including, without limitation, such considerations as liquidity and capital resources.

Related Party 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 September 30, 2024, the loans and advances of \$135,000 (December 31, 2023 - \$135,000) are due on demand.

During the nine months ended September 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 September 30, 2024 \$131,524 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 September 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 September 30, 2024 and 2023:

Nature of Transactions	2024	2023
Management fees and salaries	\$ 27,000	\$ 27,000
	\$ 27,000	\$ 27,000

As at September 30, 2024, the Company had accounts payable of \$198,600 (December 31, 2023 - \$171,600) due for CFO management fees.

Critical Accounting 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.

Financial Instruments and Risk Management

The Company’s objective is to have sufficient working capital to maintain financial flexibility and to sustain the future development of the Company. In order to maintain financial flexibility, the Company may from time to time issue shares and adjust its capital spending to manage current and projected cash requirements. To assess its financial strength, the Company continually monitors its cash balances and working capital. In the management of capital, the Company includes the components of shareholder’s equity as well as cash and cash equivalents.

There were no changes to the Company’s approach to capital management during the nine months ended September 30, 2024.

The Company's financial instruments consist of cash, amounts receivable, prepaid expenses, accounts payable, and loans from related parties. The fair values of these financial instruments approximate their carrying values due to the short-term nature of the instruments or their cash value.

The Company may be exposed to a variety of financial risks by virtue of its activities including currency, credit, interest rate, and liquidity.

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.

Fair Value Risk

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

Disclosure of Outstanding Security Data

As at the date of this report the Company had 45,458,608 common shares issued and outstanding.

As at the date of this report the Company had no share purchase warrants or stock options outstanding.

Risks

See risk section detailed in the Company's filing statement as filed on SEDAR on November 29, 2018.