

**BnSellit Technology Inc.**

Management Discussion and Analysis

For the quarter ended June 30, 2022

## **BnSellit Technology Inc.**

### Management's Discussion and Analysis

For the Quarter Ended June 30, 2022

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This Management's Discussion and Analysis ("MD&A") provides a detailed analysis of the business of BnSellit Technology Inc. and its subsidiary BnSellit Technology (US) Inc. ("BnSellit" or the "Corporation") and reviews its financial results for the quarter ended June 30, 2022. The MD&A should be read in conjunction with the unaudited consolidated financial statements of the Corporation for the period ended June 30, 2022 and related notes, which have been prepared in accordance with International Financial Reporting Standards ("IFRS"). The Corporation's reporting currency is the Canadian dollar and all amounts in this MD&A are expressed in Canadian dollars.

This MD&A contains certain statements that may constitute "forward looking statements". Forward looking statements include but are not limited to, statements regarding future anticipated business developments and the timing thereof, and business and financing plans. Although the Corporation believes that such statements are reasonable, it can give no assurance that such expectations will prove to be correct. Forward looking statements are typically identified by words such as: believe, expect, anticipate, intend, estimate, postulate and similar expressions, or which by their nature refer to future events. The Corporation cautions investors that any forward-looking statements by the Corporation are not guarantees of future performance, and that actual results may differ materially from those in forward looking statements as a result of various factors, including, but not limited to, the Corporation's ability to continue its projected growth, to raise the necessary capital or to be fully able to implement its business strategies.

Additional information relating to the Corporation can be located on the SEDAR website at [www.sedar.com](http://www.sedar.com).

This MD&A is current as at August 25, 2022.

### **Caution on Forward-Looking Statements**

*The MD&A contains certain forward-looking statements concerning anticipated developments in the Corporation's operation in future periods. Forward-looking statements are frequently, but not always identified by words such as "expects", "anticipates", "believes", "intends", "estimates", "potential", "possible" and similar expressions, or statements that events, conditions or results "will", "may", "could" or "should" occur or be achieved. The forward-looking statements in the MD&A may include statements regarding budgets, capital expenditures, timelines, strategic plans, or other statements that are not statements of fact. Forward-looking statements are statements about the future and are inherently uncertain, and actual achievements of the Corporation may differ materially from those reflected in forward-looking statements due to a variety of risks, uncertainties and other factors. The Corporation's forward-looking statements are based on the beliefs, expectations and opinions of management on the date the statements are made, and the Corporation does not assume any obligation to update forward-looking statements if circumstances or management's beliefs, expectations or opinions should change except as required by law. For the reasons set forth above, investors should not place undue reliance on forward-looking statements. Important factors that could cause actual results to differ materially from the Corporation's expectations include uncertainties involved in disputes, arbitration and litigation; uncertainty of estimates of capital and operating costs, the need to obtain additional financing to develop products and contents; uncertainty as to the availability and terms of future financing; the possibility of delay in research or development programs and uncertainty in meeting anticipated milestones; uncertainty as to timely availability of permits and other government approvals and other risks and uncertainties disclosed in other information released by the Corporation from time to time and filed with the appropriate regulatory agencies.*

### **Overview**

BnSellit Technology Inc. is a technology company that connects guests staying in a Short Term Rental (STR) property with items offered for sale or rent by STR owners and managers (Hosts) and local experiences that guests can purchase through the platform. BnSellit links Hosts and Guests and enables Hosts to increase their income from STR and offer their Guests an enhanced experience which differentiates them from other STR offerings. The BnSellit platform has a unique person-to-person built-in communication system linking a Host and guest together to answer questions about products and services and to facilitate completing a purchase or rental transaction. The BnSellit platform is also available to hotel operators to enable them to offer a 'Virtual Concierge' service to their guests thus improving their operational efficiency and improving service levels to their guests as in-room services are expanded.

BnSellit obtains revenue by charging a commission on transactions that flow across the platform. The commission rate varies from 1% to 11% of gross transaction value depending on the specific services that are utilized. The Enterprise division also charges a flat rate per hotel room for hotel operators that utilize the platform to allow their guests to use the Virtual Concierge service and to purchase in-room items on top of the per-transaction commission. The monthly rate starts at \$5 per room per month.

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The Corporation was incorporated on February 4, 2021. Since that date it has purchased the IP in the BnSellit and BnBuyit app Platform from a related company RT7, obtained a listing on the CSE (CSE:BNSL) and has concentrated on Platform updates and enhancements, building a distribution network, signing agreements with partners to increase the reach of the Platform to potential Hosts and bolstering the internal team.

It officially launched the platform in the US in October 2021 at a series of trade fairs in Florida, Texas and Louisiana where the platform was warmly received and generated thousands of applications. To the end of 2021, the Corporation concentrated on uploading Hosts to the platform with an initial focus on STR owners and managers with multiple properties in traditional holiday destination states. In 2022, the focus shifted to hotel operator clients, to expand customer contacts and revenue points.

The Corporation also launched the MarketPlace kit after extensive research among Hosts and travel experts; the MarketPlace kit includes a selection of the most widely purchased items and offers Hosts a quick and easy way of setting up their own store, Hosts can offer just the MarketPlace kit items or supplement them with their own, locally purchased, items.

The Corporation also expanded the platform functionality, adding in the ability for guests to make an offer on items the guest may wish to purchase. Other innovations included launching the Concierge service which allows Hosts to link their online store to multiple local experiences and allows guests to purchase tickets for the experience through the app. This allows new Hosts to generate income immediately before they have uploaded items for sale or rent. The Concierge service is tied into to multiple APIs from experience providers allowing the guest to see all activities available to them in the local area. Future enhancements will be coming for this service over the next few months. The Platform has also been updated to work in multiple languages.

Additionally, the Enterprise division markets specifically to hotel operators, allowing them to sign up to the platform and utilize the suite of services to expand offerings to their guests in a cost-effective manner and improve guests' quality of stay in their hotel. Utilizing the BnSellit Platform (either own-branded, white label or BnSellit branded) allows hotels to offer guests a full range of minibar and other products, without the expensive requirements to continually restock every room and keep high levels of inventory, guests can simply browse the available merchandise, order what they would like and have it delivered to them, the BnSellit Platform also allows hotels to streamline and make more efficient the traditional room service ordering process, while the 'Virtual Concierge' allows guests to view local attractions and experiences, read reviews and make bookings all from their smartphone, tablet or laptop.

The Corporation signed up its first hotel clients during Q1, offering both the Concierge service and using the Platform to offer guests additional opportunities to purchase goods and services. The hotels are able to add their own experiences to the Concierge menu as well as offer local experiences through the Platform.

As at June 2022, the Corporation had minimal operating income, but expects to start generating income over the next two quarters as Hosts and Hotels continue to be onboarded and set up their online marketplace. The Corporation continues to market the Platforms to key target markets and is executing its targeted marketing plan aimed at key US states and hotel clients. The Corporation saw an increase in activity across the Platform during the quarter as hotels were onboarded to the Platform and management is seeing this translate to an increase in revenues in the second quarter of the year.

## **Business History**

The Corporation was incorporated pursuant to the *Business Corporations Act* (Alberta) on February 4, 2021. The Corporation's head office is located at 421-7th Avenue, SW, 30th Floor, Calgary, AB, T2P 4K9, and its registered office is located at 210 – 2020 4th Street SW, Calgary, AB T2S 1W3. The Corporation has one wholly-owned subsidiary, BnSellit Technology (US) Inc. which was incorporated pursuant to the General Corporation Law of the State of Delaware on May 20, 2021. The registered office of BnSellit Technology (US) Incorporated is located at 2140 S Dupont Hwy, Camden, Delaware, USA 19934. No shares of BnSellit Technology (US) Incorporated are listed or trade on any stock exchange.

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The Corporation was listed on the Canadian Securities Exchange on September 29, 2021, prior to this event there were several private placements issues as shown below:

<b>Date of Issuance</b>	<b>Description</b>	<b>Number and Class of Securities Issued or Cancelled</b>	<b>Price Per Security</b>	<b>Total Funds Received or Paid</b>
February 4, 2021	Incorporation	100 Class A Common Shares	\$0.01	\$1 received
June 12, 2021	Private Placement	78,500 Class B Common Shares	\$1.00	\$78,500 received
April 12, 2021	Private Placement	1,660,700 Class A Common Shares	\$0.015	\$24,910.50 received
April 29, 2021	Consideration paid to BnS Canada for the purchase of bnSellit e-Commerce Platform	39,705,882 Class A Common Shares	\$0.02939111	N/A
May 28, 2021	Private Placement	1,640,182 Class A Common Shares	\$0.34	\$557,661.88 received
June 23, 2021	Private Placement	2,209,292 Class A Common Shares	\$0.34	\$751,159.28 received
June 24, 2021	Private Placement	200,000 Class A Common Shares	\$0.34	\$68,000.00 received
July 8, 2021	Private Placement	230,883 Class A Common Shares	\$0.34	\$78,500.22 received
July 9, 2021	Redemption of Class B Common Shares	62,800 Class B Common Shares cancelled	\$1.00	\$62,800 paid
July 9, 2021	Conversion of Class B Common Shares	15,700 Class B Common Shares cancelled and 157,000 Class A Common Shares issued	N/A	N/A

**Escrow Under NP 46-201**

In accordance with National Policy 46-201 Escrow for Initial Public Offerings ("NP 46-201"), all Class A Common Shares of the Corporation held by a Principal of the Corporation as of the date of the final prospectus are subject to escrow restrictions. A Principal who holds securities carrying less than 1% of the voting rights attached to the Corporation's outstanding securities is not subject to the escrow requirements under NP 46-201. Under the NP 46-201, a "principal" is defined as:

- 1) a person or corporation who acted as a promoter of the Corporation within two years before the Prospectus;
- 2) a director or senior officer of the Corporation or any of its material operating subsidiaries at the time of the Prospectus;
- 3) a 20% holder – a person or corporation that holds securities carrying more than 20% of the voting rights attached to the Corporation's outstanding securities immediately before and immediately after the Corporation's IPO; or
- 4) a 10% holder – a person or corporation that (i) holds securities carrying more than 10% of the voting rights attached to the Corporation's outstanding securities immediately before and immediately after the Corporation's IPO and (ii) has elected or appointed, or has the right to elect or appoint, one or more directors or senior officers of the Corporation or any of its material operating subsidiaries.

A principal's spouse and their relatives that live at the same address as the principal will also be treated as principals and any securities of the Corporation they hold will be subject to escrow requirements. Pursuant to the Escrow Agreement (as defined by NP 46-201) which the Corporation will enter into prior to submission of the final prospectus, among the Corporation, the Escrow Agent, the principals of the Corporation, and assuming there are no changes to the escrow securities initially deposited and no additional escrow securities are deposited, the escrowed shares will be released in accordance with the following release schedule, as on listing, the Corporation anticipates being an "Emerging Corporation":

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<b>Time or Event for Release of Escrowed Securities</b>	<b>Percentage of Securities to be Released</b>
On Listing Date	10%
6 months after Listing Date	15%
12 months after Listing Date	15%
18 months after Listing Date	15%
24 months after Listing Date	15%
30 months after Listing Date	15%
36 months after Listing Date	15%

All escrowed shares are subject to the direction and determination of the NP 46-201 and may not be sold, assigned, hypothecated, transferred within escrow or otherwise dealt with other than in accordance with the terms of the Escrow Agreement.

The following table sets forth the shares that will be subject to escrow under the Escrow Agreement as of the date of the Listing.

<b>Name of Security Holder</b>	<b>Number and Class of Securities to be held in escrow</b>	<b>Percentage of class on a non-diluted basis</b>	<b>Percentage of class on a fully diluted basis</b>
John Napier	19,821,658 Class A Common Shares	43.3%	43.3%
Antonio Comparelli	4,691,753 Class A Common Shares	10.2%	10.2%
Total	24,513,411 Class A Common Shares	54%	54%

**Outlook**

BnSellit earns income from the STR sector and, as a result, demand for BnSellit's services are generally linked to the overall trends in the STR sector. Additionally, BnSellit operates primarily in the US market and growth in 2022 is expected to outpace previous years as the economy rebounds from COVID. US STR listings growth is forecast to be 15.0% in 2022 while demand is forecast to increase by 14.1% in 2022 (source <https://www.airdna.co/blog/2022-forecast-us-short-term-rental-outlook-report> <https://shorttermsage.com/housing-market-forecast-what-to-expect-in-the-short-term-rental-industry-2022/#:~:text=According%20to%20AirDNA%2C%20the%20pandemic,all%20with%2010%25%20fewer%20listings>). Occupancy is expected to average 59.8% in 2022 and urban demand is also forecast to recover with more people electing to travel to cities again fueling an increase in urban stays of 33%.

Other trends that are expected to continue and that will feed growth in the STR sector as a whole include the continued ability for individuals to work remotely from the office, thus allowing workers to work from anywhere and enable the ability to mix vacation and work time. (source <https://www.globest.com/2021/12/03/short-term-rental-demand-on-the-rise/?slreturn=20220207143303>).

Despite reduced COVID restrictions, employers are expected to continue to offer the ability for staff to have flexible working arrangements. More than 60% of employers expect to use a hybrid approach that will give workers flexibility around when and why they work from the office.

Another trend that is expected to continue is that of institutional investors moving into the STR market and buying up homes directly, for example Blackrock has begun making forays into buying up entire blocks of single family homes and apartment buildings (source: <https://www.hostaway.com/short-term-rental-market-trends-2022/> ). This will accelerate the need for Hosts to differentiate their offering.

Based on the trends seen in the marketplace and discussions with hotel operators, Management continues to expect the Enterprise division to drive growth over the next three quarters, while the number of Hosts using the platform will continue to grow organically. Domestic travel is still expected to drive much of the revenue: HomeToGo reports a 23% increase in searches for stays within the USA among American travellers.

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The Corporation plans to focus on marketing the Platform to Hosts and hotels and is not expecting to make additional large technology changes for the remainder of the year. The Corporation will continue to sign hotel operators up to the Enterprise division and to increase the number of Hosts and rooms on the Platform.

The Corporation intends to finance its future requirements through a combination of operating income, debt and equity issuance. There is no assurance that the Corporation will be able to obtain such financings or obtain them on favorable terms. These uncertainties may cast significant doubt on the Corporation's ability to continue as a going concern. The Corporation will need to raise sufficient working capital to maintain operations.

**FINANCIAL POSITION**

As at June 30, 2022, the Corporation had current assets of \$177,114 and current liabilities of \$465,615. At June 30, 2022, the Corporation had negative working capital of \$228,501.

The Corporation had cash of \$75,143 at June 30, 2022. During the period ended June 30, 2022, the Corporation had cash outflows from operations of \$471,872.

**SELECTED FINANCIAL INFORMATION**

	<b>For the period ended June 30, 2022 \$</b>
<b>Financial results:</b>	
Net loss for the period	(734,491)
Basic and diluted loss per share	(0.02)
<b>Balance Sheet data:</b>	
Cash	75,143
Total assets	1,657,062
Current liabilities	465,615
Shareholders' equity	1,031,205
<b>Cash Flows data:</b>	
Increase (decrease) in cash for the period	(402,808)

## **RESULTS OF OPERATIONS**

### **Second Quarter Ended June 30, 2022**

The Corporation incurred a net loss of \$403,366 for the three months ended June 30, 2022. This is in line with Management expectations and is higher than the \$331,125 loss incurred in the previous quarter. This reflects onboarding of a number of new hotel clients during Q2. Management expects the loss to continue to decline in the following quarters of 2022 as revenues start to rise.

Total remuneration paid to employees was \$142,894.

## **LIQUIDITY AND CAPITAL RESOURCES**

At June 30, 2022, the Corporation had negative working capital of \$(288,501) including cash and cash equivalents of \$75,143.

\$336,000 in accounts payable were settled in July 2022 by the issue of 1,009,526 Common Shares, reducing the working capital deficiency. The Corporation issued \$125,000 in 10% Convertible Debentures due 2024. The debentures are convertible at \$0.25 per Common share. Further issues of debentures are contemplated in Q3 to expand working capital resources.

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") applicable to a going concern, which assumes that the Corporation will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The continuation of the Corporation as a going concern is dependent on its ability to obtain necessary financing for its commitments.

There is no guarantee that management will be successful in securing future financings due to current market conditions.

### **Future Cash Requirements**

The Corporation's future capital requirements will depend on many factors, including, among others, its ability to earn cash flow from operations. Should the Corporation wish to pursue current and future business opportunities, additional funding will be required. If additional funds are raised through the issuance of equity securities, the percentage ownership of current shareholders will be reduced and such equity securities may have rights, preferences, or privileges senior to those of the holders of the Corporation's common stock. No assurance can be given that additional financing will be available, or that it can be obtained on terms acceptable to the Corporation and its shareholders. If adequate funds are not available, the Corporation may not be able to meet its contractual requirements.

## **FINANCIAL INSTRUMENTS**

### **Recognition**

Financial assets and financial liabilities are recognized on the Corporation's statement of financial position when the Corporation becomes a party to the contractual provisions of the instrument.

### **Classification**

Financial assets are classified as subsequently measured at amortized cost or fair value through profit or loss on the basis of both the Corporation's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset. The classification of subsequently measured at amortized cost is used when the objective of the business model is to hold assets and collect contractual cash flows, and the contractual terms give rise on specified date to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Cash is subsequently measured at amortized cost.

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Financial liabilities are classified as subsequently measured at amortized cost, unless they meet the criteria for measurement at fair value or other prescribed measurement.

The accounts payable and accrued liabilities are subsequently measured at amortized cost.

**Measurement**

Financial assets and financial liabilities classified as subsequently measured at amortized cost are initially measured at fair value plus or minus transaction costs that are directly attributable to the acquisition of the financial asset or issue of the financial liability. Subsequently, the financial assets and liabilities are measured at amortized cost using the effective interest rate method.

**Impairment**

Financial assets classified as subsequently measured at amortized cost reflect the Corporation's assessment of expected credit losses. Expectations reflect historical credit losses, adjusted for forward looking factors. The expected credit loss provision is based on expectations for the next twelve months unless there has been a significant increase in the customer's credit risk, resulting in the provision being based on expectations for the remaining lifetime of the asset.

**Capital management**

The Corporation's policy is to maintain a strong capital base so as to maintain investor and creditor confidence and to sustain future development of the business. The capital structure of the Corporation consists of equity, net of cash and cash equivalents. The Corporation is not subject to any externally imposed capital requirements.

**Off-Balance Sheet Arrangements**

The Corporation has no off-balance sheet arrangements.

**Transactions between Related Parties**

Key management compensation recognized in wages and related benefits and subcontractors as follows:

Chief Financial Officer	\$	60,000
Chief Operating Officer		30,000
Chief Technology Officer		60,000
	\$	<u>150,000</u>

**OUTSTANDING SHARE DATA**

The following share capital data is current as of the date of this MD&A:

	<b>Balance</b>
Class A Shares issued and outstanding	46,813,565



### **Critical Accounting Estimates**

The preparation of the financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Key areas with estimate uncertainties are as follows:

- a. Indicators of impairment of IP – Management is required to assess, at each reporting date, whether there are any indicators that the asset may be impaired. Management is required to consider information from both external and internal sources.

Key areas with judgments in applying accounting policies are as follows:

- a. Going concern – Management is required to make a judgment on whether the Corporation will be able to continue as a going concern.

### **Consolidation**

Assets, liabilities, income and expenses of the subsidiary are included in the consolidated financial statements from the date that the Company gains control until the date that the Company ceases to control the subsidiary. All intercompany balances and transactions have been eliminated on consolidation.

### **ADDITIONAL INFORMATION**

Additional information pertaining to the Corporation is available on the SEDAR website and at [www.bnsellit.com](http://www.bnsellit.com)