

# ApartmentLove Inc.

## Management Discussion & Analysis

For the three and six months ended:

June 30, 2021

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## MANAGEMENT DISCUSSION AND ANALYSIS

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### Overview

The following Management Discussion & Analysis (“**MD&A**”) of the activities, results of operations, and financial condition of ApartmentLove Inc. (“**ApartmentLove**” or the “**Company**”) for the interim three and six-month period ended June 30, 2021, and the comparable period ended June 30, 2020.

This MD&A should be read in conjunction with the unaudited in-house prepared financial statements for the period ended June 30, 2021, and the audited financial statements for the year ended December 31, 2020. The Company’s financial statements have been prepared in accordance with International Financial Reporting Standards (“**IFRS**”). Certain sections of this MD&A may contain forward-looking statements and forward-looking information (collectively, “**Forward-Looking Information**” as defined under applicable Canadian securities laws). The Company’s officers and senior managers (“**Management**”) believes the assumptions used in support of such Forward-Looking Information to be reasonable however, there can be no assurances or guaranties of any sort as to the actual accuracy of any such assumptions and/or future performance of ApartmentLove whatsoever. Accordingly, actual results could differ materially from those expressed, or implied, in such Forward-Looking Information and readers of this MD&A are cautioned to not place any reliance on Forward-Looking Information.

The Company’s audited financial statements have been prepared on a “going concern” basis, which presumes that ApartmentLove will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. All monetary amounts are reported in Canadian dollars unless otherwise noted.

To date, the operations of the Company have primarily been funded through private placements of debt and equity. The continued operations of ApartmentLove are dependent on the Company’s ability to generate profitable operations in the future and to complete subsequent private placements of debt and/or equity, should they be necessary, until such a time as the Company is able to generate profitable operations.

The effective date for this MD&A is August 27, 2021.

### Description of the Business

The Company was incorporated on January 19, 2015, pursuant to the Canada Business Corporations Act (the “**CBCA**”) under the name “Culada Asset Management, Inc.” which such name, on May 18, 2018, was officially changed to “ApartmentLove Inc.” by a resolution of the Shareholders of the Company (the “**Shareholders**”) at the Annual General Meeting of the Shareholders on May 31, 2018. The Company’s registered address is: Suite 1600, 421 - 7<sup>th</sup> Avenue SW, Calgary, Alberta, Canada, T2P 4K9.

ApartmentLove operates an Internet Listing Service (an “**ILS**”) that promotes residential rental homes and apartments for rent via the Internet on behalf of landlords seeking new rental tenants for lease terms of generally not less than one continuous calendar year. As of August 15, 2021, the Company’s website ([www.apartmentlove.com](http://www.apartmentlove.com)) (the “**Website**”) promoted more than one-million residential rental listings in

Canada, the United States, Mexico, and in 24 other countries across Europe, Asia, South America, Africa, and Australia.

Prospective renters visiting the Website in need of residential rental accommodations are free to search for rental vacancies on the Website and contact landlords for the purpose of scheduling viewings with the understood goal of signing a lease or tenancy agreement of generally not less than one continuous calendar year. Among other attributes and information that users of the Website generally require to make good and informed rental decisions, listings on the Website include, but are not limited to, pictures, rental price, street address, location map, list of features and amenities, and a description of the rental property in addition to a mapping function and search filtering tools to help users find residential rental accommodations suitable for the renter's unique needs, wants, and budget.

Management believes the path to value creation is to first secure a large inventory of residential rental properties from landlords on a free or unpaid basis in markets with a high number of renters. Then, to invest in custom Search Engine Optimization ("SEO") website development strategies, marketing, and other advertising activities for the promotion of the Website to renters. After having established a high number of users in a targeted region, begin charging landlords upfront listing fees to promote rental vacancies to the Company's user base via the Website. As such, the Company has been amassing a large inventory of rental properties, primarily in the United States, in furtherance of this strategy. As of June 30, 2021, the Website promoted 1,300,632 active rental properties as compared to 172,421 active rental properties listed for rent on December 31, 2020, and 698,777 properties on March 31, 2021, an increase of 86% since March 31, 2021, and 754% since the end of 2020.

During the 6-month period ended June 30, 2020, the Website attracted 95,479 total users amounting to approximately 528 Daily Active Users ("DAUs") or 15,913 Monthly Active Users ("MAUs") respectively. For the 6-month period ending June 30, 2021, the Website attracted 120,046 total users or about 663 DAUs or 20,008 MAUs for an increase of 26% in DAUs and MAUs as compared to the 6-month period ended June 30, 2020. Management attributes such growth, as measured in DAUs and MAUs, as being directly attributable to the Company's investment in its SEO program and believes traffic volumes should continue to rise as the Company continues to invest resources into its SEO program.

The Company has both developed and purchased various intangible assets (such as: domains, subdomains, client lists, and social media accounts) and trademarks and is considering the development of dedicated mobile applications for Android and iPhone operating systems (the "Mobile Apps"). It is Management's opinion that the Mobile Apps would enhance the user experience and could result in a larger number of rental inquiries made per user thereby improving the effectiveness of the ApartmentLove offering and the value proposition to both paying landlord clients and prospective renters using ApartmentLove assets.

### **CSE Non-Offering Prospectus**

On August 9, 2021, the Company's Non-Offering Prospectus was approved by the Alberta Securities Commission (the "ASC") and trading of the Common Shares of ApartmentLove (the "Common Shares") is scheduled to commence on the Canadian Securities Exchange (the "CSE") on August 30, 2021.

### Going Concern

This MD&A and the financial statements attached hereto 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. Although the Company believes it will be successful, there is no guarantee the Company will attain its goal of becoming a profitable ILS. As a result, there is material uncertainty about the Company's ability to continue as a going concern.

The Company has yet to generate substantial revenue from operations. As a result of COVID-19, ApartmentLove recorded a significant drop in revenue from \$52,574 in 2019 to \$14,588 in 2020. Revenues have yet to rebound in 2021, with \$1,166 in revenue for the 3 months ended June 30, 2021 as compared to \$825 for the 3 months ended March 31, 2021.

To offset the reduced revenue, since the end of 2020, the Company has raised \$165,000 in debt financing and an additional \$546,996 in equity comprised of \$400,446 in cash receipts and \$146,550 in conversion of existing accounts payable into Common Shares to improve the Company's working capital position as of June 30, 2021, to a positive \$284,421 as compared to the \$197,882 in negative working capital of December 31, 2020.

While Management expects the Company will incur further operating losses for the foreseeable future, it anticipates the further actioning of its ongoing SEO plans will generate new and additional Website visitors, attract paying landlord customers pursuant to the Company's recurring revenue subscription model, and establish competitive positions in major rental markets. The Company's ability to continue as a going concern is dependent upon its ability to develop as an ILS into a profitable business, to obtain the necessary financing to carry out its business plans, become profitable, and to meet its corporate overhead needs and discharge its liabilities as and when they come due. Although the Company has been successful in the past in obtaining financing, there is no assurance (of any kind) that the Company will be able to obtain adequate financing (if any) in the future or that such financing (if any) will be made available on commercially reasonable terms (if at all). Accordingly, the foregoing could be construed as suggesting that "a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern" could exist.

For the January 1, 2021, to June 30, 2021, period, the Website continued to generate email rental inquiries to landlords with rentals advertised on the Website. Lead volume (often expressed as a percentage of Website users and known as the "conversion rate") is a key performance indicator in the industry of ApartmentLove. It is Management's opinion that a gain in lead volume is a material and positive indication that the redesign of the Website interface coupled with the SEO investments are advancing the aims of ApartmentLove. Currently promoting more than one million active property listings on the Website, and with Search Engine Ranking Positions ("SERPs") continually improving across the United States, Management believes user traffic and lead volume generation, and related conversion rates will transition to improved operating metrics and revenues, bringing the Company to profitable operations.

Notwithstanding the foregoing, realization values of estimates may be substantially different from the carrying values shown and the financial statements do not give effect to adjustments that may be necessary to correct the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern.

**Financial Highlights**

For the six-month period ended June 30, 2021, the Company incurred a net loss of \$276,804 as compared to a net loss of \$291,194 for the six-month period June 30, 2020; for an accumulated deficit of \$2,956,017 as of June 30, 2021. However, of the \$276,804 loss for the six-month period ending June 30, 2021, \$145,137 was a non-cash stock-based compensation expense (2020 - \$6,512).

**Selected Financial Information – Balance Sheet Items**

During the first quarter of 2021, the Company closed a private placement of Common Shares, retired certain accounts payable by the issuance of new Common Shares, and issued new Common Shares for services all at \$0.10 per Common Share, issuing a total of 5,469,961 Common Shares for total proceeds of \$546,996.10. The Company also placed a total of \$165,000 in new convertible debenture debt where such convertible debentures earn interest at a rate of 10%, compounded annually, and mature on the 2-year anniversary of their respective contract dates and, at the discretion of the loan holder, the principal and/or all or any interest accrued thereupon, may be converted into Common Shares at a rate of \$0.10 per Common Share at any time during the term of the given debenture agreement including upon maturity of same.

Balance Sheet Items	As at: June 30/21	As at: March 31/21	As at Dec. 31/20
Current Assets	\$383,614	\$496,118	\$58,259
Net Equipment	\$1,752	\$647	\$777
Net Intangible Assets	\$112,225	\$117,690	\$89,907
<b>Total Assets</b>	<b>\$497,591</b>	<b>\$614,455</b>	<b>\$148,943</b>
Current Liabilities	\$99,193	\$158,191	\$256,141
Term Loans	\$199,814	\$193,769	\$49,418
Share Capital	\$2,719,551	\$2,719,551	\$2,208,315
Equity Portion of Convertible Debt	\$29,029	\$29,029	\$3,821
Warrants	\$53,500	\$53,500	\$53,500
Contributed Surplus	\$313,915	\$313,915	\$218,315
Shareholders Equity (Deficit)	(\$2,917,411)	(\$2,853,500)	(\$2,540,607)
<b>Total Liabilities and Equity</b>	<b>\$497,591</b>	<b>\$614,455</b>	<b>\$148,943</b>

Current liabilities in the form of accounts payable and accrued liabilities decreased from \$256,141 as at: December 31, 2020, to \$99,193 as at: June 30, 2021.

As a result of COVID-19, the Company obtained a \$60,000 CEBA loan in July 2020, which is not due for repayment until December 31, 2022. \$20,000 of the CEBA loan is forgivable if \$40,000 of the CEBA loan is repaid by December 31, 2022.

For the six-months Ended June 30	2021	2020
Revenue	\$1,991	\$10,066
Net Loss	\$276,804	\$285,714
Loss per Share	\$0.005	\$0.005

## Management Discussion & Analysis

For the three-months Ended June 30	2021	2020
Revenue	\$1,166	\$2,677
Net Loss	\$63,911	\$115,102
Loss per Share	\$0.005	\$0.005

Management attributes revenue decreases in 2021 as a direct result of COVID-19 and the continuing effects of the ongoing global pandemic caused by COVID-19. Prior to the COVID-19 pandemic a substantial portion of total revenues were derived from property Management companies paying monthly recurring listing fees for the right to promote an unlimited number of listings on the Website. As a result of COVID-19, monthly recurring paid subscriptions were converted to free or unpaid engagements to preserve relationships with property managers amid such uncertain times caused by COVID-19 and the still ongoing global pandemic. However, Management is currently working on restoring those recurring monthly listing fee contracts.

As markets stabilize and global efforts enacted to defeat COVID-19 take hold, Management believes future revenues will be comprised of a mix of single listing e-commerce sales, monthly recurring listing subscription fees, and from the Company's US Revenue per Lead Model, where the Company will be paid by its major US listing partner for each qualifying lead the Website generates, and from the Company's European Revenue per Booking Model program (launched in June 2021) that pays the Corporation a fee equal to 30% of the first month's rent for all rentals belonging to the Company's primary European-based listing partner. As of the date hereof, the Company has begun generating revenue from the Company's European listing partner.

Selling and general and administrative expenses decreased from \$159,455 and \$265,896 for the three and six-month periods ended March 31, 2020, and June 30, 2020, to \$44,280 and \$88,676 for the corresponding three and six-month periods ending March 31, 2021, and June 30, 2021. Stock-based compensation expense increased from \$6,512 in Q1, 2020, to \$145,137 in Q1, 2021, resulting from the issuance of 1,800,000 options to purchase Common Shares granted to the Company's board of directors on February 28, 2021, at a strike price of \$0.10 per Common Share, with an expiry date of March 31, 2023. No stock-based compensation was issued in Q2, 2021 and thus no stock-based compensation costs were incurred by the Company in Q2, 2021.

### Results for the Previous 8 Quarters are as follows:

*For the 9 and 12-Months Ended December 31, 2019*

Comparative Quarterly Results	Sep 30/19	Dec 31/19
Revenue	\$20,634	\$1,510
Net Income (Loss)	\$191,526	(\$265,293)
Loss per Share	\$0.005	\$0.005

## Management Discussion & Analysis

*For the Year Ended December 31, 2020*

Comparative Quarterly Results	Mar 31/20	Jun 30/20	Sep 30/20	Dec 31/20
Revenue	\$7,389	\$2,677	\$3,097	\$1,425
Net Income (Loss)	(\$176,439)	(\$115,102)	(\$162,190)	(\$81,689)
Loss per Share	\$0.005	\$0.005	\$0.005	\$0.005

*For the 3 and 6 Months Ended June 30, 2021*

Comparative Quarterly Results	Mar 31/21	June 30/21
Revenue	\$825	\$1,166
Net Income (Loss)	(\$212,893)	(\$63,911)
Loss per Share	\$0.005	\$0.005

The significant drop in operating losses in 2020 as compared to 2019 were primarily the result of reductions in staff counts resulting from COVID-19 offset by the gain in cancellation of certain Common Shares issued to ECOM Media Group Inc. in the amount of \$282,276 in Q3, 2019. Those reductions carried through 2021, except for the addition of \$145,137 in stock-based compensation in the period ended March 31, 2021 which raised the net loss in the period from \$67,756 to \$212,893.

Professional fees decreased from \$220,659 in 2019, to \$84,914 in 2020, with salaries and Management fees decreased from \$339,811 in 2019, to \$228,392 in 2020. Those decreases in cost were related to reductions in staff due to the COVID 19 pandemic. Offsetting a portion of the cost of labor savings was additional professional fees incurred during the year ended December 31, 2020, attributable to the furtherance of two unsuccessful financing efforts undertaken in 2020. Management fees for the six-month period ended June 30, 2021 \$61,500, representing a further reduction in cost saving measures.

Subsequent to the quarter ended June 30, 2021, the Company reached a negotiated settlement with the plaintiffs of a nuisance lawsuit for a no-fault payment by the Company of \$35,000. Such settlement will result in the cancellation of 3,750,000 previously issued Common Shares, providing the Company with a corresponding one-time gain of approximately \$375,000, which will likely be recognized in Q3, 2021.

### **Dividends**

There were no dividends paid during either the 3 or 6-month periods ended March 31, 2021 or June 30, 2021, respectively, by the Company, and no dividend payments are planned for the foreseeable future.

### **Off-Balance Sheet Arrangements**

As of the date hereof, there are no off-balance sheet arrangements that have, or in Management's opinion are 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**

On June 29, 2021, at the Company's Annual General Meeting, Mr. Ian Korman was elected to the Company's Board of Directors. Mr. Korman is also the CEO of the SEO firm engaged by the Company. Key Management personnel are those persons that have authority and responsibility for planning, directing, and controlling the activities of the Company, directly and/or indirectly. As of the six-month period ended June 30, 2021, the Company's key Management personnel consisted of its officers and directors.

### **Financial Instruments and Risk Management**

The Company's objective is to maintain sufficient working capital to maintain financial flexibility and to sustain the future development of the Company. Accordingly, the Company may, from time to time, issue new and additional Common Shares and/or Preferred Shares and/or adjust the Company's capital spending to manage the Company's then current and projected cash requirements. To assess the Company's financial strength, the Company continually monitors the Company's cash balances and working capital positions. In the Management of capital, the Company includes the components of Shareholder's Equity as well as cash and cash equivalents.

As of the date of this MD&A, the Company's share capital is not subject to any external restrictions, nor have there been changes to the Company's approach to capital Management.

The Company's financial instruments consist of cash, accounts receivable, prepaid expenses, accounts payable, deferred revenue, and, from time to time, short and/or long-term loans. The fair values of these financial instruments approximate their respective carrying values due to the nature of these instruments, and their respective cash values.

The Company may continue to be exposed to a variety of financial risks by virtue of its activities including, but not limited to, currency, credit, and liquidity, as well as supernatural forces such as fire, flood, insurrection, and other acts of God including, but not limited to pandemics such as COVID-19.

### **Significant Assumptions**

The Company has made major upgrades to the Website that have significantly changed the functionality of the Website. Management has assessed the costs of major upgrades to meet the definition of an intangible asset arising from development and have capitalized the costs to intangible assets.

### **Disclosure of Outstanding Security Data**

As of the date of this MD&A, the Company's share capital consisted of 39,644,951 Common Shares; 3,415,166 options to purchase Common Shares; and 929,100 warrants to purchase Common Shares, and \$190,000 in convertible debentures plus accrued interest.

### **Risks**

#### **A. 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 Liquidity Risk 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 all other commitments to mitigate Liquidity Risk. As of June 30, 2021, the Company's financial liabilities are comprised of accounts payable, accrued liabilities, and convertible debt obligations.

#### **B. Credit Risk**

Credit Risk arises from the potential that a counterparty will fail to perform its obligations. Management does not believe there is significant Credit Risk from any of the Company's customers as orders are processed after payment is received. Notwithstanding the foregoing, 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 clear such outstanding balance. To manage cash and Credit Risk, the Company works with property Management companies and other commercial landlords that have an established operating history and a good name in the residential real estate market in addition to charging landlords for fees at the time of listing their respective rental properties on the Website.

#### **C. Currency Risk**

The Company generates revenue in Canadian and US dollars and expenses, from time to time, are incurred in both Canadian and US dollars. As such, the Company is exposed to fluctuations in earnings from volatility in foreign currency rates. However, Management concludes the exposure to Currency Risk is "not material" and further notes that as of the date of this MD&A the Company does not utilize any financial instruments or cash Management policies, save and except for the presentation of all financial statements in Canadian dollars, to mitigate such Currency Risks.

#### **D. Health Risk**

On March 11, 2020, the World Health Organization assessed COVID-19 as a pandemic. Such assessment has resulted in governments worldwide enacting emergency measures to combat the spread of COVID-19. These measures, which include but are not limited to the implementation of travel bans, self-imposed quarantine periods, social distancing, and business closures in Canada, the United States, and elsewhere around the world, have caused material disruption to businesses globally resulting in an economic slowdown as global equity markets have experienced significant volatility and weakness. Governments and central banks have reacted to the impacts of the COVID-19 pandemic with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID-19 outbreak is, as of the date of this MD&A, unknown, as is the efficacy of the government and central bank interventions which individually and/or collectively may never be known. It is not possible to reliably estimate the length of time and the severity of these developments and the impact of same on the financial results and condition of the Company and in any future period caused either directly or indirectly by COVID-19 and the aforementioned measures undertaken by banks and governments around the world.

Management Discussion & Analysis

As of the date hereof, the Company has been impacted by COVID-19 however, the Company has adjusted its resource allocations and Management believes the Company is well-positioned to successfully emerge from COVID-19 that was certified as a pandemic and therefore a health risk on March 11, 2020.

August 27, 2021

(signed) "George Davidson"

George Davidson, MBA  
Chief Financial Officer