

AF2 Capital Corp.
(a Capital Pool Company)

Management's Discussion and Analysis
For the three and nine months ended May 31, 2025 and 2024

Introduction

This Management's Discussion and Analysis ("MD&A") provides a review of AF2 Capital Corp.'s ("AF2" or "the Company") financial performance for the three and nine months ended May 31, 2025. It should be read in conjunction with the Company's condensed interim financial statements and accompanying notes for the three and nine months ended May 31, 2025 and 2024 and the audited financial statements for the year ended August 31, 2024 and 2023, and the notes thereto. The financial information contained in this MD&A has been prepared in accordance with International Financial Reporting Standards ("IFRS"), which is the required reporting framework for Canadian publicly accountable enterprises. The MD&A has been prepared effective July 28, 2025.

This MD&A may contain "forward-looking statements" which reflect expectations regarding future results of operations, performance and achievements of the Company. The Company has tried, wherever possible, to identify these forward-looking statements by, among other things, using words such as "anticipate," "believe," "estimate," "expect" and similar expressions. The statements reflect the current beliefs of the management of the Company, and are based on currently available information. Accordingly, these statements are subject to known and unknown risks, uncertainties and other factors, which could cause the actual results, performance, or achievements of the Company to differ materially from those expressed in, or implied by, these statements. Readers are cautioned not to place undue reliance on these forward-looking statements.

The Company undertakes no obligation to publicly update or review the forward-looking statements whether as a result of new information, future events or otherwise.

Going Concern

The Company does not generate revenue from operations. The Company incurred net loss of \$4,669 and \$19,653 during the three and nine months ended May 31, 2025, respectively (net loss of \$2,497 and \$16,344 during the three and nine months ended May 31, 2024, respectively). However, the Company believes that its working capital balance as at May 31, 2025 will provide the Company with sufficient cash resources to meet its obligations for at least twelve months from the end of the reporting period. These financial statements have been prepared on a going concern basis, which presumes realization of assets and discharge of liabilities in the normal course of business for the foreseeable future. As the Company has no revenues, its ability to continue as a going concern is dependent on obtaining additional financing and completing a Qualifying Transaction. These financial statements do not include any adjustments to the amounts and classification of assets and liabilities that might be necessary should the Company be unable

to continue in business. Such adjustments could be material.

Nature of the Business and Incorporation

The Company is a Capital Pool Company ("CPC"), as such term is defined in Policy 2.4 of the TSX Venture Exchange ("TSX-V" or the "Exchange") (the "Policy").

The Company's continuing operations, as intended, are dependent on its ability to secure equity financing with which it intends to identify and evaluate potential acquisitions of businesses, and once identified and evaluated, to negotiate an acquisition thereof or participation therein subject to receipt of regulatory and, if required, shareholders' approval.

The Company's registered head office address is Suite 2300, Bentall 5, 550 Burrard Street, Vancouver, British Columbia, V6C 2B5.

Corporate Development

Initial public offering

On March 15, 2021, the Company completed its initial public offering, raising gross proceeds of \$300,000 (the "Offering") pursuant to a prospectus dated February 17, 2021. Under the terms of the Offering, an aggregate of 3,000,000 common shares in the capital of the Company were subscribed for at a price of \$0.10 per share.

Haywood Securities Inc. (the "Agent") acted as the agent for the Offering. The Agent received a cash commission equal to 10% of the gross proceeds of the Offering and an option to purchase 300,000 common shares at a price of \$0.10 per share for a period of 24 months from the date of listing of the common shares on the Exchange. These options expired on March 15th 2023.

Upon closing of the Offering, the Company granted 500,000 incentive stock options to its directors and officers which are exercisable within ten years from the date of the grant at an exercise price of \$0.10 per common share.

Trading symbol and commencement of trading

The Company is a Capital Pool Company under the policies of the Exchange. The Company's common shares commenced trading on the Exchange on March 17, 2021 under the trading symbol "AF.P".

Letter of Intent with Stay Inc.

On October 23, 2023, the Company entered into a non-binding letter of intent (the "LOI") with Stay Inc. ("Stay"), a platform for short and long-term rental with operations in both Canada and the United States of America. The LOI sets forth the basic terms and conditions upon which Stay and the Company will combine their business operations resulting in a reverse takeover of the Company by Stay and its shareholders (the "Transaction"). The LOI was terminated on January 10, 2025 and the Company has re-engaged in the process of identifying and evaluating assets or businesses with a view to completing a Qualifying Transaction.

Summary of Financial Results of the Most Recently Completed Quarters

	May 31, 2025	February 28, 2025	November 30, 2024	August 31, 2024
Net loss and comprehensive loss	(4,669)	(12,421)	(2,563)	(1,621)
Net loss per share	(0.00)	(0.00)	(0.00)	(0.00)
Working capital	134,340	139,009	151,430	153,993
Total assets	148,540	157,693	160,008	171,107

	May 31, 2024	February 29, 2024	November 30, 2023	August 31, 2023
Net loss and comprehensive loss	(2,497)	(11,184)	(2,663)	(5,543)
Net loss per share	(0.00)	(0.00)	(0.00)	(0.00)
Working capital	155,614	158,111	169,295	171,958
Total assets	170,040	175,903	190,472	195,785

Since inception, the Company has incurred losses while advancing its business place. The net loss and comprehensive loss was \$4,669 for the three months ended May 31, 2025, compared to \$12,421 for the three months ended February 28, 2025. The decrease was primarily related to professional and listing related fees incurred during the prior period.

The net loss and comprehensive loss was \$4,669 for the three months ended May 31, 2025, compared with \$2,497 for the three months ended May 31, 2024. The increase was primarily related to additional professional fees incurred during the current period.

Liquidity and Capital Resources

As of May 31, 2025, the Company had \$148,540 in cash and working capital was \$134,340. The Company has an accumulated deficit of \$248,413 as at that date. To date, the Company's expenditures are largely made up of costs related to administrative overhead and professional fees related to the Company's application for listing on the TSX-V.

Management anticipates that ongoing costs relating to the identification, evaluation, due diligence, negotiation and completion of a Qualifying Transaction will be incurred in future periods. The timing and magnitude of these costs are not predictable. These costs may be significant and could possibly result in higher general and administrative expenses. To date, the Company has procured working capital through equity financing.

Off Balance Sheet Arrangements

The Company does not have any off-balance sheet arrangements.

Critical Accounting Estimates

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities. The estimates and associated assumptions are based on anticipations and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision, and further periods if the revision affects both current and future periods. Significant assumptions that management have made that would result in a material adjustment to the carrying amounts of assets and liabilities in the event that actual results differ from assumptions made, relate to but is not limited to the recognition of deferred income taxes.

Ability to continue as a going-concern

Management assesses the Company's ability to continue as a going-concern at each reporting date, using all quantitative and qualitative information available. This assessment, by its nature, relies on estimates of future cash flows and other future events, and subsequent changes could materially impact the validity of such an assessment.

Related Party Transactions

Related parties include the Board of Directors, close family members and enterprises which are controlled by these individuals as well as certain persons performing similar functions.

Included in accounts payable and accrued liabilities as at May 31, 2025 was \$3,447 (August 31, 2024 - \$5,707) owing to a company controlled by a director.

All related party transactions are in the normal course of operations and have been measured at the agreed to amounts, which is the amount of consideration established and agreed to by the related parties.

Financial Instruments and Risk Management

Fair Values

At May 31, 2025, the Company's financial instruments consist of cash and accounts payable and accrued liabilities. The fair values of these financial instruments approximate their carrying values due to the relatively short-term maturity of these instruments.

The Company is exposed in varying degrees to a number of risks arising from financial instruments. Management's involvement in the operations of the Company allows for the identification of risks and variances from expectations. The Company does not participate in the use of financial instruments to mitigate these risks. The Board approves the risk management

processes. The Board's main objectives for managing risks are to ensure liquidity, the fulfillment of obligations, the continuation of the Company's search for a Qualifying Transaction, and limit exposure to credit and market risks.

The types of risk exposure and the way in which such exposures are managed are as follows:

Credit Risk

Credit risk is the risk of loss if a third party to a financial instrument fails to meet its commercial obligations. The Company believes its exposure to credit risk is not significant.

Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk, from time to time, on its cash balances.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. Accounts payable and accrued liabilities generally have contractual maturities of less than 30 days and are subject to normal trade terms. The Company manages liquidity risk by maintaining sufficient cash balances to enable settlement of transactions on the due date. The ability to do this relies on the Company raising equity financing in a timely manner and by maintaining sufficient cash in excess of anticipated needs.

Management of Capital

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern and ensure sufficient liquidity in order to complete a Qualifying Transaction so that it can provide adequate returns for shareholders. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. For the purpose of the Company's capital management, capital includes shareholders' equity.

The proceeds raised from the issuance of common shares may only be used to identify and evaluate assets or businesses for future investment. As a CPC, the Company is subject to externally imposed capital requirements as outlined in the Exchange Policy 2.4. The Company is currently not subject to other externally imposed capital requirements.

Outstanding Share Data

The following securities were outstanding as at July 28, 2025:

	Number
Common shares	5,000,000
Stock options	500,000

Risk Factors

The Company is actively trying to complete its Qualifying Transaction and currently has no source of recurring income. The Company has not commenced commercial operations, and has no significant assets other than cash, has no history of earnings and shall not generate earnings or pay dividends until at least after the completion of a Qualifying Transaction. Until that time, the Company is not permitted to carry on any other business other than the identification and evaluation of potential Qualifying Transactions.

There can be no assurances that the Company will continue to be able to obtain adequate financing in the future or that the terms of such financing will be favorable.

To a certain degree, the Company's success depends upon key members. It is expected that these individuals will be a significant factor in the Company's growth and success. The loss of the service of members of management and certain key employees could have a material adverse effect on the Company.

Other Information

Additional information relating to the Company is available under the Company's profile on SEDAR+ at www.sedarplus.com.

Approval

The Board of Directors of the Company has approved the disclosure contained in this MD&A. A copy of this MD&A will be provided to anyone who requests it.