INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS

BACKSTAGEPLAY INC.

FOR THE THREE AND SIX MONTHS PERIODS ENDED JUNE 30, 2022
(unaudited)
Prepared by Management

NOTICE OF NO AUDITOR REVIEW OF INTERIM CONSOLIDATED FINANCIAL STATEMENTS

In accordance with National Instrument 51-102 Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of these interim condensed consolidated financial statements they must be accompanied by a notice indicating that these interim condensed consolidated financial statements have not been reviewed by the auditor of Backstageplay Inc. The accompanying unaudited interim condensed consolidated financial statements of Backstageplay Inc. have been prepared by and are the responsibility of the management of Backstageplay Inc.

BACKSTAGEPLAY INC.
UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT JUNE 30, 2022 AND DECEMBER 31, 2021
(in Canadian dollars)

	Notes	June 30, 2022	December 31, 2021
CURRENT ASSETS			
Cash		$ 120,481	$ 301,448
Subscriptions receivable		-	170,000
Prepaids and deposits		17,595	5,372
		138,076	476,820
Deposits on software development	4	256,750	-
Software license and intangible assets	4	1	1
		394,827	476,821
CURRENT LIABILITIES:			
Trade and other payables	8	289,858	323,197
		289,858	323,197
Total assets less current liabilities		$ 104,969	$ 153,624
SHAREHOLDERS' EQUITY			
Share capital	7	$ 5,171,032	$ 5,171,032
Warrants	7	240,064	240,064
Contributed surplus	7	3,446,049	3,446,049
Accumulated deficit		(8,752,176)	(8,703,521)
Total shareholders' equity		$ 104,969	$ 153,624

Going concern (Note 1)

On behalf of the Board of Directors:

Signed: "Scott White"
Scott White
Director and Chief Executive Officer

Signed: "Sean Hodgins"
Sean Hodgins
Director and Chief Financial Officer

BACKSTAGEPLAY INC.
INTERIM CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
FOR THE THREE AND SIX MONTH PERIODS ENDED JUNE 30, 2022 AND 2021
(in Canadian dollars)
(unaudited)

	Notes	Three months ended June 30, 2022	Three months ended June 30, 2021	Six months ended June 30, 2022	Six months ended June 30, 2021
EXPENSES:					
Accounting and bookkeeping	8	5,000	5,000	10,000	10,000
Audit and tax		4,000	3,000	8,000	7,000
Bank charges		316	267	497	534
Filings, press releases and AGM fees		4,213	3,761	11,085	9,967
Investor relations		3,000	-	6,000	-
Legal fees		-	2,500	-	3,500
Sales, marketing and business development		5,765	150	8,765	950
Site maintenance and support		4,331	500	4,331	1,250
Total expenses		26,625	15,178	48,678	33,201
Loss from operations		26,625	15,178	48,678	33,201
Foreign exchange loss (gain)		(23)	23	(23)	60
Net loss and net comprehensive loss		(26,602)	(15,201)	(48,655)	(33,261)
Net loss per share:					
Basic		$ (0.001)	$ (0.001)	$ (0.002)	$ (0.002)
Diluted		$ (0.001)	$ (0.001)	$ (0.002)	$ (0.002)
Weighted average number of common shares outstanding					
Basic		20,687,833	18,123,731	20,687,833	18,123,731
Diluted		20,687,833	18,123,731	20,687,833	18,123,731

BACKSTAGEPLAY INC.
INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE THREE AND SIX MONTH PERIODS ENDED JUNE 30, 2022 AND 2021
(in Canadian dollars except for number of shares)
(unaudited)

	Common Shares # of Shares	Common Shares Amount	Warrants	Contributed Surplus	Accumulated Deficit	Total
Balance December 31, 2020	18,123,731	$ 4,921,796	$ -	$ 3,353,749	(8,508,116)	(232,571)
Net loss- Q1 - Q2 2021	-	-	-	-	(33,261)	(33,261)
Balance June 30, 2021	18,123,731	4,921,796	-	3,353,749	(8,541,377)	(265,832)
Issuance of common share units net of issuance costs	2,564,102	249,236	240,064	-	-	489,300
Stock-based compensation	-	-	-	92,300	-	92,300
Net loss- Q2 - Q4 2021	-	-	-	-	(162,144)	(162,144)
Balance December 31, 2021	20,687,833	5,171,032	240,064	3,446,049	(8,703,521)	153,624
Net loss- Q1 - Q2 2022	-	-	-	-	(48,655)	(48,655)
Balance June 30, 2022	20,687,833	$ 5,171,032	$ 240,064	$ 3,446,049	$ (8,752,176)	$ 104,969

BACKSTAGEPLAY INC.
INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS ENDED JUNE 30, 2022 AND 2021
(in Canadian dollars)
(unaudited)

	Six months ended June 30, 2022	2021
Cash flows from operating activities		
Net loss and comprehensive loss	$ (48,655)	$ (18,060)
Changes in non-cash working capital items		
Prepaids and deposits	(12,223)	(845)
Subscriptions receivable	170,000	-
Trade and other payables	(33,339)	(6,781)
	75,783	(25,686)
Cash flows from investing activites		
Deposits for software development	(256,750)	-
	(256,750)	-
Net increase (decrease) in cash	(180,967)	(25,686)
Cash, beginning of year	301,448	68,557
Cash, end of period	$ 120,481	$ 42,871
Supplemental cash flow activities and non-cash transactions:		
Income taxes paid	$ -	$ -
Interest received	$ -	$ -

NOTE 1. – BUSINESS OF THE COMPANY AND GOING CONCERN

Backstageplay Inc. (the “Company”) is an Internet entertainment and marketing company. The Company trades on the TSX Venture Exchange under the trading symbol BP. Its registered office is Suite 350, 409 Granville Street, Vancouver, British Columbia, V6C 1T2.

The accompanying unaudited interim condensed consolidated financial statements have been prepared on the basis of a going concern, which contemplates the realization of assets and liquidation of liabilities in the normal course of business. As at June 30, 2022, the Company has a working capital deficiency of 151,782 (December 31, 2021: working capital of $153,623) and an accumulated deficit of $8,752,176 (December 31, 2021: $8,703,521). In assessing whether the going concern assumption is appropriate management takes into account all available information about the foreseeable future, which is at least, but not limited to, twelve months from the end of the reporting period.

The Company’s ability to continue operations and fund future business activities is dependent on management’s ability to secure additional financing. Management is actively pursuing such additional sources of financing. However, there is no assurance that they will be able to do so successfully. As such, there is significant doubt about the Company’s ability to continue as a going concern. The unaudited interim condensed consolidated financial statements do not give effect to the required adjustments to the carrying amounts and classifications of assets and liabilities should the Company be unable to continue as a going concern.

These consolidated financial statements were authorized for issuance by the Board of Directors of the Company on August 26, 2022.

NOTE 2. – BASIS OF PRESENTATION AND STATEMENT OF COMPLIANCE

Statement of Compliance

These unaudited interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting (“IAS 34”) as issued by the International Accounting Standards Board (“IASB”). Accordingly, certain disclosures included in annual financial statements prepared in accordance with International Financial Reporting Standards (“IFRSs”) as issued by the IASB have been condensed or omitted and these unaudited interim condensed financial statements should be read in conjunction with the Company’s audited financial statements for the year ended December 31, 2021.

Basis of Presentation

The preparation of its unaudited interim condensed consolidated financial statements in conformity with IAS 34 requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could significantly differ from those estimates as the estimation process is inherently uncertain. Estimates are reviewed on an ongoing basis based on historical experience and other factors that are considered to be relevant under the circumstances.

NOTE 2. – BASIS OF PRESENTATION AND STATEMENT OF COMPLIANCE (Continued)

The critical judgements and estimates applied in the preparation of the Company's unaudited condensed interim financial statements are consistent with those applied and disclosed in note 2 to the Company's financial statements for the year ended December 31, 2021.

Functional Currency

The presentation and functional currency of the Company is the Canadian dollar.

The Company's interim results are not necessarily indicative of its results for a full year.

NOTE 3. – SIGNIFICANT ACCOUNTING POLICIES

Intangible assets and software licenses

The Company's intangible assets consist of software licenses and developments costs. These costs consist of costs incurred to develop the website to earn revenue in respect to the Company's business operations.

The Company amortizes the capitalized costs of each Artist's developed site on a straight-line basis over the estimated useful life of five years once the commercial release of the website occurs.

Internally generated intangible assets

The Company recognizes expenditures on research activities as an expense in the year in which it incurs the expenditures. It recognizes an internally-generated intangible asset arising from development if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset for use or sale;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditures attributable to the intangible asset during its development.

NOTE 3. – SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment of non-financial assets

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If indicators exist, then the asset's recoverable amount is estimated. The recoverable amounts of the following types of intangible assets are measured annually whether or not there is any indication that they may be impaired:

- an intangible asset with an indefinite useful life
- an intangible asset not yet available for use

The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is recognized if the carrying amount of an asset exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss.

In respect of assets other than intangible assets that have indefinite useful lives, impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

Revenue recognition

Online subscription fees to contracted Artist's sites are recognized ratably over the subscription period. Payments received in advance are recorded as deferred revenue and recognized into revenue as services are delivered or subscription time elapses, net of payment processing costs and the Artist's revenue share.

NOTE 4. – SOFTWARE LICENSE, INTELLECTUAL PROPERTY AND COMMITMENTS

On the January 11, 2016, the Company entered into a Platform Software License ("PSA") and Managed Services Agreement ("MSA") with M Projects Assets S.A ("MPA"). The Company's Chief Executive Officer ("CEO") is a shareholder of MPA. The software license includes a customized version of MPA's online gaming software platform, management reporting tools and a site Application Program Interface "API" platform. The agreement is for an initial term of 3 years but will automatically renew for two additional years under the same terms and conditions unless terminated in accordance with the agreement. MPA also agreed to sell the URL www.backstageplay.com for the sum of USD$50,000, which has been paid in full.

NOTE 4. – SOFTWARE LICENSE, INTELLECTUAL PROPERTY AND COMMITMENTS (cont'd)

In consideration for the use of the platform and software, the Company is required to pay a monthly royalty based on 30% of the net revenue received through the use of the platform with a minimum monthly revenue guarantee of USD $10,000 per month.

At any time during the initial term of the agreement, the Company has the option to purchase the software outright under a perpetual software license and access to applicable object and a source code development kit in order to operate independently from the managed services agreement. The perpetual software license fee is USD $1,500,000 in the form of an upfront payment of USD $250,000 and monthly payments of USD $75,000 until the entire fee is paid subject to certain increases depending on the Company's revenues and funds raised.

The Company performed an impairment assessment as at December 31, 2018 and given the uncertainty related to future cash flows recorded a write-down of software license and intangibles assets of $428,487.

On February 19, 2022, the Company entered into product co-development and revenue share agreements with Cash Live Entertainment Inc. ("Cash Live"). These agreements encompass software license and managed services agreements between the companies, whereby each company will contribute specified game and software source code to develop two new live format games. The terms of the agreements are for one year and amount to $125,000 USD for each game. Deposits for the co-development project were made by the Company on February 23, 2022 and June 22, 2022. In addition, in exchange for the Company's contribution of game source code and specified managed services, the Company will receive up to $250,000 USD in shares of Cash Live. The net revenues after direct costs generated from the two new games will be split 25% to the Company and 75% to Cash Live.

NOTE 5. – FINANCIAL RISK FACTORS

The Company's financial instruments consist of loans and receivables and other financial liabilities. As at June 30, 2022, the carrying values and fair values of the Company's financial instruments are approximately the same.

The Company is exposed, in varying degrees, to the following financial instrument related risks:

Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is in its cash and cash equivalents. This risk is managed through the use of a major bank which is a high credit quality financial institution as determined by rating agencies.

Liquidity Risk

Liquidity risk arises through the excess of financial obligations due at any point in time over available financial assets. The Company's objective in managing liquidity risk is to maintain sufficient readily available working capital to meet its liquidity requirements. At June 30, 2022, the Company had cash and cash equivalents of $120,481 (December 31, 2021: $301,448) available to settle current financial liabilities of $289,858 (December 31, 2021: $323,197).

NOTE 5. – FINANCIAL RISK FACTORS (continued)

Market Risk

The only significant market risk exposure to which the Company is exposed is interest rate risk. The Company's exposure to interest rate risk relates to its ability to earn interest income on cash balances at variable rates. The fair value of the Company's cash and cash equivalents is relatively unaffected by changes in short-term interest rates.

NOTE 6. - SHAREHOLDERS' EQUITY

Authorized share capital

At June 30, 2022, the authorized share capital comprised of an unlimited number of common shares. The common shares do not have a par value. All issued shares are fully paid.

Details of private placements for 2022 and 2021

On December 21, 2021, the Company closed a non-brokered private placement for gross aggregate proceeds of $500,000 resulting in the issuance of 2,564,102 common share units. Each unit was priced at $0.195 per unit and consist of a common share of the Company and one Common Share purchase warrant exercisable at $0.26 per Warrant Share for a 24-month period.

The Company valued the unit offering using the Black-Scholes Option Pricing model and allocated the proceeds, net of offering costs of $489,300 between the warrants and common shares. The relative value of the warrants was derived using a valuation based on the strike price of $0.26, an expected life of 24 months, a volatility estimate of 212%, a risk-free interest rate of 1.29% and no dividend. The value derived was $240,064. Subsequent to year end, $170,000 of the subscriptions were received and consequently this amount is shown as subscriptions receivable as a current asset at December 31, 2021.

On March 19, 2020, the Company closed a non-brokered private placement for gross aggregate proceeds of $200,000 resulting in the issuance of 2,000,000 common shares at a price of $0.10 per share. Share issue costs amounted to $3,073.

On April 7, 2020, the Company entered into a debt settlement agreement with certain arm's length and non-arm's length creditors to settle an aggregate $485,405 in debt for trade services provided by the Creditors to the Company. The debt settlement resulted in the issue of 2,427,025 common shares at a deemed issue price of $0.20 per common share representing the approximate fair value at the date the settlement was agreed. At the date of issuance of those common shares on May 11, 2020, the Company's share price was trading at $0.10 resulting in $242,703 of debt settlement being recognized for accounting purposes as a debt recovery and the common share settlement being valued at $242,703. Costs directly attributable to this debt settlement amounted to $14,799, which are included in legal fees on the consolidated statements of loss and comprehensive loss.

On November 18, 2020, 350,000 common shares were issued for the exercise of stock options for gross proceeds of $35,000. The fair value of the options was $26,972, which was reallocated from contributed surplus to common shares.

(in Canadian dollars, except for per share amounts, unless otherwise noted)

NOTE 6. - SHAREHOLDERS' EQUITY (continued)

There were no share issuances for the six months ending June 30, 2022.

Capital management

The Company's objectives when managing capital (defined as shareholders' equity or deficiency), are to safeguard cash as well as maintain financial liquidity and flexibility in order to preserve its ability to meet financial obligations and deploy capital to pursue new business interests. The Company's financial strategy is designed to maintain a flexible capital structure consistent with the objectives stated above and to respond to business growth opportunities and changes in economic conditions. In order to maintain or adjust its capital structure, the Company may issue shares or issue debt (secured, unsecured, convertible and/or other types of available debt instruments).

The Company has never declared a dividend to its shareholders and the Company is not subject to any externally imposed capital requirements.

NOTE 7. STOCK OPTION PLANS AND STOCK-BASED COMPENSATION

The Company has a stock option plan (the "Plan") which was approved by the Company's disinterested shareholders at its Annual General Meeting held on October 3, 2013. The Plan enables the Company to grant stock options which are used to assist the Company to maintain its compensation and employee retention strategies. Directors, officers, employees and consultants are eligible for grants of options under the Plan. The general provisions of the Plan include vesting period requirements whereby options vest on the date of grant of such options. Options issued to consultants providing investor relations services must vest (and not otherwise be exercisable) in stages over a minimum of 12 months with no more than ¼ of the options vesting in any 3-month period. The Company's stock option limit is a 10% rolling balance based on the outstanding shares. Should there be a corporate transaction such as an amalgamation or take-over, as defined, by the Company, unvested options shall vest immediately.

A summary of stock option activity for the periods ended June 30, 2022, and 2021 is presented below:

	Q1- Q2 2022		2021	
	Number of share options	Weighted average exercise price $	Number of share options	Weighted average exercise price $
Outstanding - Beginning of year	1,725,000	0.14	1,225,000	0.16
Granted	-	-	500,000	0.10
Outstanding - End of period	1,725,000	0.14	1,725,000	0.14

There were no stock options granted during the six months ending June 30, 2022.

(in Canadian dollars, except for per share amounts, unless otherwise noted)

NOTE 7. STOCK OPTION PLANS AND STOCK-BASED COMPENSATION (continued)

The Company recognized stock-based compensation expense associated with the 2021 grants of $92,300 based on the Black-Scholes option pricing model with the following assumptions:

	2021
Expected dividend yield	Nil
Expected stock price volatility	191%
Risk-Free interest rate	1.20%
Expected life of options	5 years

The following table summarizes information about stock options outstanding and exercisable at June 30, 2022:

	Options outstanding and exercisable		
Exercise price $	Number outstanding at June 30, 2022	Number exercisable at June 30, 2022	Weighted average remaining contractual life (years)
0.10	950,000	950,000	6.49
0.20	775,000	775,000	2.99
	1,725,000	1,725,000	

NOTE 8. – RELATED PARTY TRANSACTIONS AND MANAGEMENT COMPENSATION

Transactions with key management personnel, including compensatory arrangements, require disclosure. Key management personnel are the Chief Executive Officer, the Chief Financial Officer and the independent members of the board of directors.

	June 30, 2022	June 30, 2021
Management and consulting fees and other		
Chief Executive Officer	$ -	$ -
Chief Financial Officer	10,000	10,000
Directors	-	-
	$ 10,000	$ 10,000
Related party payables and accrued liabilities		
Chief Executive Officer	$ 54,105	$ 53,521
Chief Financial Officer	54,000	74,084
	$ 108,105	$ 127,605

NOTE 8. – RELATED PARTY TRANSACTIONS AND MANAGEMENT COMPENSATION (continued)

During the year ended December 31, 2016, the Company entered into a customer finder's agreement with one of its Board Members. The agreement entitles the Director to receive three percent of any royalty or managed services revenues and 10% of any implementation fees secured through his network. No fees were accrued for this agreement through June 30, 2022.

During the year ended December 31, 2016, the Company entered into the MSA and PSA with a Company partially owned by the CEO as disclosed in Note 4. The Company incurred $750 in site maintenance and support expenses and accrued $nil in license royalties during the six month period ending June 30, 2022 (quarter ending June 30, 2021- $nil in maintenance and support and nil in license royalties).