

BACKSTAGEPLAY INC.
Management's Discussion and Analysis
For the Quarter Ended June 30, 2023

Introduction

The following management's discussion and analysis for Backstageplay Inc. "Backstageplay", or the "Company") provides information that management believes is relevant to an assessment and understanding of the Company's consolidated results of operations and financial condition. Management has prepared this document in conjunction with its broader responsibilities for the accuracy and reliability of the consolidated financial statements. This discussion and analysis should be read in conjunction with the Company's consolidated financial statements for the year ended December 31, 2022 and 2021, which have been prepared in accordance with International Financial Reporting Standards ("IFRS") and are available on the System for Electronic Document Analysis and Retrieval ("SEDAR") at www.sedar.com. Additional information relating to the Company is also accessible at www.sedar.com. Unless otherwise indicated, all references to "\$" herein refer to Canadian dollars.

The date of this MD&A is Aug 25, 2023.

Forward Looking Statements

This discussion and analysis of financial condition and results of operations may contain forward looking statements that involve substantial risks and uncertainties including, but not limited to, the identification of new business opportunities for the Company, the ability of the Company to access sufficient funding to take advantage of any identified new business opportunities and the ability of the Party to close the Proposal, as defined under Comments on Management's Plans and Going Concern below. The material factors that could impact on the actual results would include, but not be limited to, the outcome of the Restructuring as discussed below under Comments on Management's Plans and Going Concern below. No assumptions were applied to these forward looking statements. Any statement in this discussion and analysis that is not a statement of a historical fact constitutes a forward looking statement and when we use the words "may", "expect", "anticipate", "plan", "believe", "seek", "estimate" and similar words, we intend to identify statements and expressions that may be forward looking statements. We believe it is important to communicate certain of our expectations to our investors. Forward looking statements are not guarantees of future performance. They involve risks, uncertainties and assumptions that could cause the Company's future results to differ materially from those expressed in any forward looking statements. Many factors are beyond our ability to control or predict. You are accordingly cautioned not to place undue reliance on such forward looking statements. We do not intend to update publicly any forward looking statements whether in response to new information, future events or otherwise except as required by applicable law. Important factors that may cause our actual results to differ from such forward looking statements include, but are not limited to, the Risks and Uncertainties discussed below.

Management's Discussion and Analysis

General Overview

Backstageplay Inc. holds rights to certain software and intellectual property and operates in the Internet entertainment and marketing industry. The platform uses at its core, commercial grade online gaming technologies which serve up games and other content while using software and back-office systems which manage players and their gaming activity. The Backstageplay system provides a technology infrastructure allowing businesses or their entertainment professionals to generate subscription, top up and advertising revenue while Artists or other social media engaged celebrities generate fan loyalty. Since 2018, the Company has generated a limited amount of subscription revenues and is evaluating options for improved fan marketing, improved gameplay options, alternative reward mechanics and more streamlined and cost-effective delivery processes.

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 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. In addition, in exchange for the Company's contribution of game 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. As at March 31, 2023, the Company has contributed \$263,172 towards the co-development project. In 2023, Cash Live advised the Company that it had suspended development efforts until it could either obtain funding to support additional development efforts or make other arrangements. The Company and Cash Live continue discussions in this regard and hope to resolve the disruption in an amicable way in Q2 2023.

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.

On November 1, 2021, the Company announced the appointment of Bob Williams to the position of CIO and Director and the grant of stock options to purchase up to 200,000 common shares of the Company exercisable up to and including November 1, 2026 at an exercise price of \$0.20 per share.

On July 13, 2021, the Company announced the appointment of Simon Collins to the Position of Executive Chairman. Mr. Collins is a well-known pioneer of the online gaming sector in the United Kingdom. Mr Collins is helping advance new opportunities to create shareholder value through skill-based and iGaming synergies amongst his contact base. In conjunction with this appointment, the Company granted stock options to purchase up to 300,000 common shares of the Company exercisable up to and including July 13, 2026 at an exercise price of \$0.10 per share.

On December 21, 2020, the Company announced the development of a new Esports and online social collaboration and gamification platform that will operate under the bigC (“Big Community”) brand.

On November 18, 2020, 350,000 stock options were exercised for gross proceeds of \$35,000.

On November 2, 2020, the Company and eUnited mutually agreed to terminate the Agreement citing difficult market conditions exacerbated by the economic uncertainty of COVID-19. The parties have agreed to continue discussions as to commercial and strategic alternatives to forge a continuing relationship. Subsequent to its announcement of the termination of the Agreement, on November 23, 2020, the Company’s shares resumed trading on the TSX Venture Exchange.

On June 16, 2020 the Company entered into a merger agreement (the “Agreement”) with eUnited eSports Inc. (“eUnited”). The Agreement involved the creation of a wholly-owned subsidiary Backstageplay (Delaware Inc.) (“Subco”) pursuant to which Backstageplay will have agreed to acquire the Company through the merger of Subco with and into eUnited. Following the completion of the merger, the combined entity will carry on the business of eUnited while also utilizing the software and intellectual property of Backstageplay. In connection with the transaction, Backstageplay intends to complete a private placement for minimum gross proceeds of CAD\$3,000,000. The Company’s shares were halted on June 16, 2020, at the request of the Company.

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 issuance of 2,427,025 common shares at a deemed issue price of \$0.20 per common share. 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 the 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 \$12,349.

On February 14, 2020, the Company completed a 2:1 Share Consolidation resulting in 26,693,383 pre-consolidation common shares outstanding being reduced to approximately 13,346,686 post-consolidation common shares. The share consolidation has been applied retrospectively. All references to the number of common shares have been adjusted retrospectively to reflect the Company’s 2:1 share consolidation for all periods disclosed in this MD&A.

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.

On February 14, 2020, the Company announced the grant of 1,000,000 stock options to directors and officers at an exercise price of \$0.10 per share in accordance with the Company’s 10% rolling stock option plan.

Critical Accounting Policies and Estimates

The consolidated financial statements of the Company are prepared in accordance with IFRS-IASB. IFRS-IASB requires that management make certain estimates, judgments and assumptions. These estimates, judgments and assumptions are subject to periodic evaluation. Management believes that the estimates, judgments and assumptions upon which management relies are reasonable based upon information available to management at the time these estimates, judgments and assumptions are made. These estimates, judgments and assumptions can affect the reported amounts of assets and liabilities as of the date of the financial statements, as well as the reported amounts of revenue and expenses during the periods presented. To the extent that there are material differences between these estimates, judgments or assumptions and actual results, the Company's consolidated financial statements will be affected. As the Company presently has no business operations, there are no specific significant accounting policies that management believes are critical to aid in fully understanding and evaluating the reported financial results.

In many cases, the accounting treatment of a particular transaction is prescribed by IFRS-IASB and, accordingly, management does not apply judgment in the application of IFRS-IASB. There are also areas in which management's judgment in selecting amongst available alternatives would not produce a materially different result. The Company's senior management has reviewed these critical accounting policies and related disclosures with the Board of Directors of the Company.

Changes in Significant Accounting Policies

Except as described below, the accounting policies used by the Company are the same as those applied in the Company's annual audited financial statements as at and for the years ended December 31, 2022 and 2021.

Changes in Significant Accounting Policies

Except as described below, the accounting policies used by the Company are the same as those applied in the Company's annual audited financial statements as at and for the years ended December 31, 2022 and 2021.

Recent Accounting Pronouncements

None

Summary of Quarterly Results

The following table sets out selected unaudited financial information of the Company on a consolidated basis for the last eight quarters in whole Canadian dollars except for per share amounts. Certain figures have been reclassified in comparative periods to conform with the current period's presentation. For more information readers should refer to the Company's annual financial statements ended December 31, 2022.

Quarter	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021
Expenses								
General and administrative	12,930	15,778	45,078	12,540	17,954	16,053	21,371	26,286
Investor relations	-	-	1,000	3,000	3,000	3,000	-	-
Site development, maintenance and support	4,379	3,901	7,061	265,872	4,872	-	2,750	8,500
Sales and marketing	-	-	1,398	3,000	6,163	3,000	836	150
Stock-based compensation	-	-	-	-	-	-	69,582	22,718
Interest, recoveries and exchange	182	3	45	(164)	(34)	-	2	(51)
	<u>17,491</u>	<u>19,682</u>	<u>54,582</u>	<u>284,248</u>	<u>31,955</u>	<u>22,053</u>	<u>94,541</u>	<u>57,603</u>
Income (loss)	<u>(17,491)</u>	<u>(19,682)</u>	<u>(54,582)</u>	<u>(284,248)</u>	<u>(31,955)</u>	<u>(22,053)</u>	<u>(94,541)</u>	<u>(57,603)</u>
Net income (loss) per share								
Basic	(0.001)	(0.001)	(0.003)	(0.014)	(0.002)	(0.001)	(0.005)	(0.003)
Diluted	(0.001)	(0.001)	(0.003)	(0.014)	(0.002)	(0.001)	(0.005)	(0.003)
Weighted average number of common shares outstanding:								
Basic	20,687,833	20,687,833	20,687,833	20,687,833	20,687,833	20,687,833	19,600,877	18,123,731
Diluted	20,687,833	20,687,833	20,687,833	20,687,833	20,687,833	20,687,833	19,600,877	18,123,731
Net Working Capital								
Current Assets	47,951	75,121	306,820	306,820	306,820	306,820	306,820	94,157
Current Liabilities	<u>324,339</u>	<u>334,018</u>	<u>323,197</u>	<u>323,197</u>	<u>323,197</u>	<u>323,197</u>	<u>323,197</u>	<u>587,385</u>
	(276,388)	(258,897)	(16,377)	(16,377)	(16,377)	(16,377)	(16,377)	(493,228)

Results of Operations for the three and six month periods ended June 30, 2023 and 2022

There were no subscription revenues for the three-month and six-month periods ended June 30, 2023 or 2022.

Total expenses decreased to \$17,491 compared to \$26,602 during the three-month period ended June 30, 2022. Total expenses decreased to \$36,988 compared to \$48,655 during the six-month period ended June 30, 2022. The decreases were a result of lower sales and marketing efforts related to the launch of the Company's new website and promotion of the Company's iGaming software solutions in 2022. General and administrative expenses decreased moderately to \$12,930 for the quarter ended June 30, 2023 compared to \$17,954 for the prior year quarter. General and administrative expenses relate primarily to the Company's ongoing public company compliance, legal and accounting needs.

Results of Operations for the year ended December 31, 2022 compared with the year ended December 31, 2021

There were no subscription revenues for the year ended December 31, 2022 or 2021.

Total operating expenses decreased to \$392,992 for the year ended December 31, 2022 compared to \$195,394 for the year ended December 31, 2021. The decrease was a result of the Company's curtailing expenses in 2021 after incurring costs associated with a potential transaction with eUnited which was ultimately terminated due to COVID in October 2020. Sales, marketing and business development costs decreased from \$123,289 in 2020 to \$986 in 2021 as the Company incurred significant business development costs in efforts to prepare for and market a financing to support the potential transaction with eUnited. Filing fees, similarly, decreased from \$45,450 to \$35,359, as did site maintenance and support, royalties and site development costs which decreased to \$12,150 for the year ended December 31, 2021 compared to \$28,036 for the year ended December 31, 2020 related to upgrades to the software platform to accommodate new

features relevant to eSports and online community gamification. Stock-based compensation expense remained relatively consistent year over year.

There were no recoveries on debt settlements in 2021 compared to \$242,703 in 2020. These recoveries were a result of agreements to settle certain debts through the issue of 2,427,025 common shares at a deemed issue price of \$0.20 per common share whereas, the Company's share price was trading at \$0.10 at the time of approval by the TSX Venture Exchange.

Selected Annual Information

	As at December 31, 2022 or for the year then ended	As at December 31, 2021 or for the year then ended	As at December 31, 2020 or for the year then ended
Revenues	\$ -	\$ -	\$ -
General and Administrative Expenses	\$ 115,033	\$ 183,255	\$ 245,652
Research and Development Expenses	\$ 277,805	\$ 12,150	\$ 28,036
Net Loss and Comprehensive Loss	392,838	195,405	273,688
Net loss per share- basic	\$ 0.019	\$ 0.011	\$ 0.017
Net loss per share - diluted	\$ 0.019	\$ 0.011	\$ 0.017
Current assets	83,531	476,820	88,411
Total assets	83,532	476,821	88,412
Total liabilities	322,746	323,197	320,983
Share Capital	5,171,032	5,171,032	4,921,796
Warrants	240,064	240,064	-
Contributed Surplus	3,446,049	3,446,049	3,353,749
Accumulated Deficit	(9,096,359)	(8,703,521)	(8,508,116)
Shareholders' equity (deficiency)	(239,214)	153,624	(232,571)
Weighted Average Shares Outstanding	20,687,833	18,496,053	16,507,811

Liquidity and Capital Resources

At June 30, 2023, the Company had cash of \$47,237 compared to \$81,385 at December 31, 2022. Net working capital deficiency at June 30, 2023 was \$276,388 compared to a working capital deficiency of \$239,213 at December 31, 2022.

At June 30, 2023, the Company had total liabilities of \$324,339 compared to \$334,018 at December 31, 2022. Included in these liabilities are \$119,105 of related party payables and accrued liabilities.

Net cash used in operating activities was \$34,148 for the six-month period ended June 30, 2023 compared to cash flows from operating activities of \$58,087 for the comparative period ended June 30, 2022. The use of cash during the quarter ended June 30, 2023 was primarily for audit and compliance costs.

The consolidated financial statements have been prepared under the assumption that the Company will be able to continue as a going concern and realize its assets and discharge its liabilities in the course of business rather than through a process of forced liquidation. Continued operations of the Company are dependent on the Company's ability to receive continued financial support from its shareholders, to develop or acquire a sustainable operating business and to obtain additional equity. The consolidated 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 operations.

Financial Instruments and Risk and Capital Management

Cash balances

At June 30, 2023, the Company's cash is on deposit with one Canadian Chartered financial institution which is a high-credit quality financial institution.

Liquidity risk

The liquidity risk to the Company is that it may not have sufficient funds to meet financial obligations as they fall due. There is uncertainty as to whether the Company will be able to realize its assets and discharge its liabilities through the conduct of a business. These uncertainties are more fully described in Note 1.

The Company's objectives when managing capital (defined as shareholders' equity), 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 is not subject to any externally imposed capital requirements.

Other Required Management's Discussion and Analysis Disclosures

Outstanding Share Data and Other Information

At June 30, 2023 and Aug 25, 2023, the Company had 20,687,833 commons shares outstanding.

At June 30, 2023 and Aug 25, 2023, the Company had 1,725,000 options outstanding, 950,000 of which have exercise prices of \$0.10 per share and 775,000 which have exercise prices of \$0.20 per share.

Off-Balance Sheet Arrangements

The Company has not entered into any off-balance sheet arrangements.

Related Party Transactions and Management Compensation

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

During the six month period ending June 30, 2023, the Company incurred fees for bookkeeping, Chief Financial Officer amounting to \$10,000 (2022 - \$10,000) from a Company controlled by the CFO.

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 have been accrued for this agreement through June 30, 2023.

Disclosure Control Risks

The Company maintains a set of disclosure controls and procedures designed to ensure that information required to be disclosed in filings is recorded, processed, summarized and reported within the time periods specified in the Canadian Securities Administrators' rules and forms. Our Chief Executive Officer and Chief Financial Officer have designed our disclosure controls and procedures, or caused them to be designed under their supervision, as of June 30, 2023 to provide reasonable assurance that material information relating to the Company was made known to them and reported as required.

Internal control over financial reporting

Our Chief Executive Officer and Chief Financial Officer are responsible for the design of internal controls over financial reporting, or for causing them to be designed under their supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation and fair presentation of external financial statements in accordance with IFRS. Regardless of how well an internal control system is designed and operated, it can provide only reasonable, not absolute, assurance that it will prevent or detect all misstatements resulting from error or fraud due to the inherent limitations of any internal control system. The Chief Financial Officer and Chief Executive Officer have evaluated the design of the Company's internal controls and procedures over financial reporting as of the end of the period covered by this filing and believe that the design to be sufficient to provide such reasonable assurance. There were no changes that occurred during the year ended June 30, 2023 that have materially affected, or are reasonably likely to materially affect, the Company's internal controls over financial reporting.

Risks and Uncertainties

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 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.