

E-Play Digital Inc.

Management Discussion and Analysis

For the nine months ended September 30, 2023

This Management's Discussion and Analysis ("MD&A") provides a detailed analysis of the business of E-Play Digital Inc. ("E-Play" or the "Company") and compares its financial results for the nine months ended September 30, 2023. The MD&A should be read in conjunction with the unaudited condensed interim consolidated financial statements of the Company for the nine months ended September 30, 2023 and the audited consolidated financial statements of the Company for the year ended December 31, 2022 and related notes, which have been prepared in accordance with International Financial Reporting Standards ("IFRS"). The Company'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 Company 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 Company cautions investors that any forward-looking statements by the Company 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 Company'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 Company can be located on the SEDAR+ website at www.sedarplus.ca.

This MD&A is current as at November 29, 2023.

Caution on Forward-Looking Statements

The MD&A contains certain forward-looking statements concerning anticipated developments in the Company'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 Company may differ materially from those reflected in forward-looking statements due to a variety of risks, uncertainties and other factors. The Company's forward-looking statements are based on the beliefs, expectations and opinions of management on the date the statements are made, and the Company 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 Company'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 Company from time to time and filed with the appropriate regulatory agencies.

Overview

The Company's long-term objective is to work and develop real-time fan engagement technologies that enable TV networks, venues, teams, leagues and brands to evolve and meet the demands of today's highly engaged audiences.

Through its subsidiary Mobovivo Inc. ("Mobovivo" or "MV"), the Company offers a social game engine and content marketing platform to engage audiences. MV's innovative Sports Game Engine integrate TV, video, sports, daily fantasy and social games into powerful multi-platform destinations and campaigns for brands, sports teams, and venues.

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Recent Announcements

On May 10, 2022, the Company announced an update on its Fan Freak sports streak game development. One new game uses a unique database of NBA scores and player statistics used to assess trades, new player signings and other scouting functions. The other new game being developed for Fan Freak is a pre-paid and guaranteed daily and multiple day-part prize money game. Users will enter survivor challenges and the best predications and streaks win guaranteed prize pools.

On June 16, 2022, the Company announced the Klocked running app to feature the first Pet Store in Metaverse. The new feature will allow runners to take their 3D pets for a run around their neighborhood in augmented reality and around the Metaverse in Klocked.

On June 22, 2022, the Company announced the appointment of David Gratton to the board of directors following the resignation of Lew Turnquist.

On November 8, 2022, the Company announced Klocked Sports & Entertainment World Platform for the turn-key creation of immersive, Real-Time 3D (RT3D), and Augmented Reality (AR) sports and entertainment worlds for leagues, federations, broadcasters, athletes and fans. Klocked Sports & Entertainment World automatically creates epic sports broadcasts, replays, tools, and games in real-time. Klocked is leading an evolution of mass participation events, entertainment, and professional sports. Klocked Sports & Entertainment World leverages its proprietary Klocked and Fan Freak technology to create and deliver real-time 3D interactive sports content.

The Company, in the past, announced several new projects that the Company was engaged in, which are now abandoned except for those projects described under "Current Projects" below. The Company is now narrowing down and is focusing on a few games and apps, including Holo3D and its metaverse, Klocked World.

Business History

E-Play Digital Inc. was incorporated under the Business Corporations Act (British Columbia) on September 19, 2013 and operates from its registered head office located at 1739 – 246 Stewart Green SW, Calgary, Alberta, Canada T3H 3C8. The Company underwent a name change on October 6, 2016, and was previously known as Network Life Sciences Inc. Previous to this, the Company had its name changed from Organach Beverage Acquisition Corp. to Network Oncology Inc. on August 12, 2014, and from Network Oncology Inc. to Network Life Sciences Inc. on June 17, 2016. On November 23, 2016, the Company completed its business change and the CSE re-listed the shares of the Company for resale to the public. The Company's trading symbol changed on this date to "EPY" from "NOI".

Acquisition of Holo3D Technologies Inc.

On June 25, 2021, the Company entered into an agreement to purchase 100% of the equity of Holo3D Technologies Inc. ("Holo3D"), a company controlled by the CEO of the Company. As consideration, the Company issued 12,000,000 common shares.

The Company is now focusing on the ongoing development of and upgrades to its Klocked app and Klocked World metaverse and is working towards monetizing its intellectual property.

Current Projects

Klocked

Klocked is a sports metaverse with automated virtual sports production and stadium/mass participation activation. Klocked works for any sport including the award-winning, augmented reality running app, Klocked.run, sports gaming app Fan Freak, and flagship title Big Shot Basketball.

Fan Freak

Mobile sports games that pay to play. Daily fantasy, pick sheet, streak, and sports games from E-Play.

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Big Shot AR Sports Mobile Games

Big Shot AR Basketball is a brand new Augmented Reality (AR) game that allows users to build their fantasy team while taking AR selfies with their favorite athletes. Like Pokémon Go, Big Shot games engage users by offering AR on mobile phones with no need for a headset or glasses.

Howie's Games

Mobile games from the mind of Howie Mandel.

Mobovivo

Game development shop for E-Play.

Virtual Sports Production

We are close to announcing our b2b business. A Real-Time 3D (RT3D) and augmented reality (AR) metaverse for sports and engaging sports fans. Klocked works for any sport. We started with mass participation events like cycling and running but all racing and team sports are compatible with Klocked. The product is a metaverse as a service for sports leagues, teams, federations, brands, race organizers, broadcasters, and technology companies.

FINANCIAL POSITION

As at September 30, 2023, the Company had current assets of \$20,548 and current liabilities of \$1,687,964. At September 30, 2023, the Company had a working capital deficiency of \$1,667,416 compared to \$1,543,515 at December 31, 2022.

The Company had cash of \$909 at September 30, 2023 compared to \$30,689 at December 31, 2022. During the nine months ended September 30, 2023, the Company had cash outflows from operations of \$42,625 compared to \$487,674 in 2022.

Cash flows from financing activities during the nine months ended September 30, 2023 was \$12,865 compared to \$Nil for the same period in 2022 mainly due to the bank overdraft.

SUMMARY OF QUARTERLY RESULTS

	Sep. 30 2023	Jun. 30 2023	Mar. 31 2023	Dec. 31 2022	Sep. 30 2022	Jun. 30 2022	Mar. 31 2022	Dec. 31 2021
	\$	\$	\$	\$	\$	\$	\$	\$
Financial results:								
Net loss	(19,780)	(52,071)	(58,414)	(129,456)	(106,331)	(233,709)	(238,711)	(266,676)
Basic loss per share	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)

During the year ended December 31, 2022, the Company wrote off accounts payable totaling \$45,753 (2021 - \$nil). These amounts were associated with old accounts payable that management determined have passed the statute of limitations.

During the year ended December 31, 2022, the Company recorded share-based compensation of \$Nil (2021 - \$573,100) related to the granting and vesting of stock options during the prior year.

During the year ended December 31, 2021, the Company recorded a consideration paid in excess of net assets acquired of \$2,728,436 related to the acquisition of Holo3D by issuing 12,000,000 common shares of the Company.

RESULTS OF OPERATIONS

Third Quarter September 30, 2023

The Company incurred a net loss of \$19,780 for the three months ended September 30, 2023 compared to a net loss of \$106,331 in 2022.

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During the three months ended September 30, 2023, the Company's research and developments costs to develop new apps as discussed under Recent Announcements section in this MD&A was a recovery of \$11,465 compared to an expense of \$63,001 in 2022 mainly due to grants received of \$28,469 under the Industrial Research and Assistance Program. The research and development activities of the Company's augmented reality apps continued throughout 2022 and into the current year of 2023.

Total operating expenses for the three months ended September 30, 2023 was \$19,893 which is a decrease from \$128,515 during the comparative period, and this is mainly due to decrease in sales and marketing to \$42 (2022 - \$19,488) and research and development to a recovery of \$11,465 (2022 – expense of \$63,001) as mentioned above.

Nine Months September 30, 2023

The Company incurred a net loss of \$130,265 for the nine months ended September 30, 2023 compared to a net loss of \$578,751 in 2022.

During the nine months ended September 30, 2023, the Company's research and developments costs to develop new apps as discussed under Recent Announcements section in this MD&A was a recovery of \$18,898 compared to an expense of \$295,070 in 2022 mainly due to grants received of \$61,639 under the Industrial Research and Assistance Program. The research and development activities of the Company's augmented reality apps continued throughout 2022 and into the current year of 2023.

Total operating expenses for the nine months ended September 30, 2023 was \$141,659 which is a decrease from \$614,118 during the comparative period, and this is mainly due to decrease in sales and marketing to \$15,781 (2022 - \$101,528) and research and development to a recovery of \$18,898 (2022 – expense of \$295,070) as mentioned above.

LIQUIDITY AND CAPITAL RESOURCES

At September 30, 2023, the Company had working capital deficiency of \$1,667,416 (December 31, 2022 – \$1,543,515) including cash and cash equivalents of \$909 (December 31, 2022 - \$30,689).

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") applicable to a going concern, which assumes that the Company 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 Company as a going concern is dependent on its ability to obtain necessary equity financing for its commitments.

On April 20, 2020, the Company received \$40,000 under the Canada Emergency Business Account ("CEBA"). The loan is non-interest bearing and no principal repayments are required up to December 31, 2023. If the principal balance of \$30,000 is repaid by December 31, 2023, then the remaining \$10,000 of the principal balance will be forgiven. The repayment deadline for the loan to qualify for forgiveness of \$10,000 was extended from December 31, 2023 to January 18, 2024. Any remaining balance after January 18, 2024 will be converted into a 3-year term loan with a fixed interest of 5% per annum, monthly interest-only payments and the outstanding balance must be repaid in full by December 31, 2025.

On March 5, 2021, the Company completed the first tranche of a non-brokered private placement for 5,750,000 units at \$0.10 per unit for gross proceeds \$575,000. Each unit consist of one common share and one share purchase warrant. Each warrant can be exercised to purchase one additional common share at \$0.20 per share on or before March 17, 2024. On March 17, 2021, the Company completed the second tranche of a non-brokered private placement for 5,250,000 units at \$0.10 per unit for gross proceeds \$525,000. Each unit consist of one common share and one share purchase warrant. Each warrant can be exercised to purchase one additional common share at \$0.20 per share on or before March 17, 2024.

During the year ended December 31, 2021, the Company issued 564,533 common shares pursuant to the exercise of 564,533 stock options for proceeds of \$59,680.

During the year ended December 31, 2021, the Company issued 1,000,000 common shares pursuant to the exercise of 1,000,000 warrants for proceeds of \$150,000.

During the year ended December 31, 2022, the Company the Company reclassified CMF loans in the amount of \$1,242,213 to current liabilities following the receipt of a notice of termination from the Canada Media Fund (CMF). Consequently, CMF has the right to demand immediate repayment of the outstanding loans balance.

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

Future Cash Requirements

The Company's future capital requirements will depend on many factors, including, among others, its ability to earn cash flow from operations. Should the Company 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 Company'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 Company and its shareholders. If adequate funds are not available, the Company may not be able to meet its contractual requirements.

FINANCIAL INSTRUMENTS

Classification of financial instruments

	September 30, 2023	December 31, 2022
	\$	\$
Financial assets		
FVTPL	909	30,689
Amortized costs	97	6,119
Financial liabilities		
Amortized costs	1,732,436	1,634,450

The fair value of the Company's financial assets and liabilities approximates the carrying amount.

Management of Industry and Financial Risk

The Company's financial instruments are exposed to certain financial risks, which include the following:

Credit risk

Credit risk is the risk of loss due to the counterparty's inability to meet its obligations. The Company's exposure to credit risk is on its cash and amounts receivable. Risk associated with cash is managed through the use of major banks which are high credit quality financial institutions as determined by rating agencies. Collectability for amounts receivable is assessed on an ongoing basis and a provision for impairment recorded as necessary.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulties in meeting obligations when they become due. The Company intends to ensure that there is sufficient capital in order to meet short-term operating requirements, after taking into account the Company's holdings of cash. As at September 30, 2023, the Company had cash of \$909 (December 31, 2022 - \$30,689) to settle the total current liabilities of \$1,687,964 (December 31, 2022 - \$1,594,338). The Company needs additional financing to meet the short-term operating requirements.

Foreign exchange risk

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency.

At September 30, 2023, the Company had nominal amounts of accounts payable and loans denominated in Euro. A 10% change in the currency exchange rates between the Canadian dollars relative to the Euro would have an immaterial effect on the Company's results of operations, financial position and/or cash flows. The Company has not hedged its exposure to currency fluctuations.

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The Company is exposed to currency risk through the following monetary assets and liabilities denominated in foreign currencies.

	September 30, 2023		December 31, 2022	
Cash and cash equivalents	USD\$	1,006	USD\$	11,783
Loans payable	EUR\$	(10,000)	EUR\$	(10,000)

Based on the above net exposure and assuming that all other variables remain constant a 10% change in the value of the foreign currencies against the Canadian dollar would result in an increase or decrease of approximately \$1,400 (2022 - \$3,000) in income/loss from operations.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to significant interest rate risk because it does not have any variable interest-bearing debt.

Capital management

The Company'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 Company consists of equity, net of cash and cash equivalents. There were no changes in the Company's approach to capital management during the year. The Company is not subject to any externally imposed capital requirements.

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

Transactions between Related Parties

	2023	2022
	\$	\$
Professional fees paid / accrued to CFO for accounting services	30,000	36,125
Management fees paid / accrued to CEO for CEO services	45,000	45,750
Consulting fees paid / accrued to CEO for consulting services prescribed to Mobovivo Inc.	-	20,000
Research and development paid / accrued to CEO for ongoing development of current and new applications	-	20,000
Total	75,000	121,875

- (a) Included accounts payable and accrued liabilities as at September 30, 2023 is \$197,625 (December 31, 2022 - \$112,875) due to companies controlled by the CEO and CFO. Amounts are unsecured, non-interest bearing and due on demand.
- (b) Included in loans payable as at September 30, 2023 is \$4,472 (December 31, 2022 - \$112) due to the CEO.
- (c) On June 25, 2021, the Company acquired 100% of the equity of Holo3D, a related company as the CEO of the Company has a 12.5% shareholder interest in Holo3D.

OUTSTANDING SHARE DATA

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

	Balance
Shares issued and outstanding	98,965,819
Stock options	2,375,000
Warrants	11,000,000
Fully Diluted	112,340,819

Critical Accounting Estimates and Judgements

The preparation of the Company's financial statements requires management to make judgments and estimates that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these judgments and estimates. The financial statements include judgments and estimates that, by their nature, are uncertain. The impacts of such judgments and estimates are pervasive throughout the financial statements and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised, and the revision affects both current and future periods.

Significant assumptions about the future and other sources of judgments and estimates that management has made at the statement of financial position date that could 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 are not limited to, the following:

Judgements

a) Going concern

The assessment of the Company's ability to execute its strategy by funding future working capital requirements involves judgement. Management monitors future cash requirements to assess the Company's ability to meet these future funding requirements.

b) Impairment indicators of intangible assets

The recoverability of the carrying value of the intellectual property is dependent on successful development and commercial stage to the point where revenue is possible. The carrying value of these assets is reviewed by management when events or circumstances indicate that its carrying value may not be recovered. If impairment is determined to exist, an impairment loss is recognized to the extent that the carrying amount exceeds the recoverable amount.

c) Transactions

Judgment is used when determining whether an acquisition is a business combination or an asset acquisition. There are judgements in measuring the fair value of equity instruments issued as consideration and in allocating the fair value of consideration paid to the assets acquired and liabilities assumed.

Estimates

a) Share-based compensation

Share-based compensation expense is measured by reference to the fair value of the stock options at the date at which they are granted. Estimating fair value for granted stock options requires determining the most appropriate valuation model which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the option, volatility, dividend yield, and rate of forfeitures and making assumption about them.

b) Recoverability of amounts receivables

The Company assesses the collectability of receivables on an ongoing basis. A provision for the impairment of receivables involves significant management judgment and includes the review of individual receivables based on individual customer creditworthiness, current economic trends and analysis of historical bad debts.

c) Deferred tax assets and liabilities

The measurement of deferred income tax provision is subject to uncertainty associated with the timing of future events and changes in legislation, tax rates and interpretations by tax authorities. The estimation of taxes includes evaluating the recoverability of deferred tax assets based on an assessment of the Company's ability to utilize the underlying future tax deductions against future taxable income prior to expiry of those deductions. Management assesses whether it is probable that some or all of the deferred income tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income which in turn is dependent upon the successful operations of the Company. To the extent that management's assessment of the Company's ability to utilize future tax deductions changes, the Company would be required to recognize more or fewer deferred tax assets, and deferred tax provisions or recoveries could be affected. Tax losses have been estimated and are subject to changes as a result of reviews from regulatory authorities.

RISKS AND UNCERTAINTIES

Operating History

From inception to September 30, 2023, the Company has incurred losses from operations. The Company cannot be certain that its investment strategy or development of the Company's business will be successful. The likelihood of the Company's success must be considered in light of the problems, expenses, difficulties, complications and delays frequently encountered in connection with the establishment of any business. If the Company fails to adequately address any of those risks or difficulties, business will likely suffer.

Competition

The earnings of the Company depend upon the Company's ability to locate suitable opportunities and to bring to market the proprietary products being developed by its research and development division. Competition may restrict the Company's share of the market, reduce rates of return and/or may reduce profit margins.

Financial and Disclosure Controls and Procedures

During the nine months ended September 30, 2023, there has been no significant change in the Company's internal control over financial reporting since last reporting period.

The Chief Executive Officer and Chief Financial Officer of the Company are responsible for establishing and maintaining appropriate information systems, procedures and controls to ensure that information used internally and disclosed externally is complete, reliable and timely. They are also responsible for establishing adequate internal controls over financial reporting to provide sufficient knowledge to support the representations made in this MD&A and the Company's consolidated financial statements for the nine months ended September 30, 2023 (together the "Interim Filings").

The Chief Executive Officer and Chief Financial Officer of the Company have filed the Venture Issuer Basic Certificate with the Interim Filings on SEDAR+ at www.sedarplus.ca.

In contrast to the certificate required for non-venture issuers under National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109"), the venture issuer basic certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR"), as defined in NI 52-109. Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost-effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency, and timeliness of interim and annual filings and other reports provided under securities legislation.

ADDITIONAL INFORMATION

Additional information pertaining to the Company is available on the SEDAR+ website and at www.eplaydigital.com