

E-Play Digital Inc.

Management Discussion and Analysis

For the nine months ended September 30, 2021

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, 2021. 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, 2021 and the audited consolidated financial statements of the Company for the year ended December 31, 2020 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.sedar.com.

This MD&A is current as at November 29, 2021.

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 continues 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.

The Company released a new demo for its Augmented Reality (AR) sports game at the Mobile World Congress North America conference. The Company has also released a media kit with samples from the latest demonstrations.

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.

Recent Announcements

The Company has begun to transition from 100% services revenue to include direct to consumer revenue from its Big Shot product.

On September 9, 2021, the Company announced that Klocked Fitness App and Klocked Sportsnet are now available to the public. Recently the Company announced Klocked World – a virtual sports world in augmented reality. The Klocked App, Sportsnet and World are all now available in public beta for testing.

On September 15, 2021, the Company and the Canadian Securities Exchange (“CSE”) announced the opening for signups to a special team of Canadian technology and eSports companies, athletes, CSE issuers and investors working together to support the Terry Fox Foundation.

On September 28, 2021, the Company announced that it has released a major update to its Outbreak mobile game featuring Howie Mandel.

On September 30, 2021, the Company announced that Apple has approved the Fan Freak app and is officially Pending Developer Release for the Apple App Store.

On October 21, 2021, the Company announced that the recently released Klocked Fitness App is opening registration for mass participation events on November 8, 2021.

On November 4, 2021, the Company announced that the recently released Klocked Fitness App is opening registration for the Boston Common 5k Hybrid Real-Time Race Experience and Virtual Run on November 6, 2021 at 8am Eastern Time.

On November 18, 2021, the Company announced new augmented reality features to the recently released Klocked Fitness App.

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 owned by the CEO of the Company. As consideration, the Company issued 12,000,000 common shares.

FINANCIAL POSITION

As at September 30, 2021, the Company had current assets of \$910,568 and current liabilities of \$233,735. At September 30, 2021, the Company had working capital of \$676,833 compared to a working capital deficiency of \$206,829 at December 31, 2020.

The Company had cash of \$848,987 at September 30, 2021 compared to \$1,533 at December 31, 2020. During the nine months ended September 30, 2021, the Company had cash outflows from operations of \$521,163 compared to \$123,947 in 2020. As a result of the Company's recent development on the Big Shot Basketball app and Klocked apps, the Company has begun the transition from 100% service revenue to direct consumer revenue.

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Cash flows from financing activities during the nine months ended September 30, 2021 was \$1,305,062 compared to cash inflow of \$90,889 for the same period in 2020 mainly due to the closing of private placements related to issuing 11,000,000 common shares of the Company for total proceeds of \$1,100,000, exercise of warrants for proceeds of \$150,000 and exercise of stock options of \$59,680.

SUMMARY OF QUARTERLY RESULTS

	Sep. 30	Jun. 30	Mar. 31	Dec. 31	Sep. 30	Jun. 30	Mar. 31	Dec. 31
	2021	2021	2021	2020	2020	2020	2020	2019
	\$	\$	\$	\$	\$	\$	\$	\$
Financial results:								
Net loss	(663,720)	(2,983,010)	(324,240)	(53,351)	(33,127)	(103,630)	(137,756)	(2,565,259)
Basic loss per share	(0.01)	(0.03)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.04)

During the quarter ended December 31, 2019, the Company recorded a write-down of goodwill in the amount of \$2,055,580 resulting in a significantly higher net loss for the period.

During the quarter ended June 30, 2021, the Company recorded a consideration paid in excess of net assets acquired of \$2,708,160 related to the acquisition of Holo3D by issuing 12,000,000 common shares of the Company.

During the quarter ended September 30, 2021, the Company recorded share-based compensation of \$280,005 related to the granting and vesting of stock options during the period.

RESULTS OF OPERATIONS**Nine Months Ended September 30, 2021**

The Company incurred a net loss of \$3,970,970 for the nine months ended September 30, 2021 compared to a net loss of \$274,513 in 2020.

During the nine months ended September 30, 2021, the Company's research and developments costs to develop new apps as discussed under Key Highlights section in this MD&A was \$159,659 compared to research and development costs of \$64,464 in 2020. The research and development activities of the Company's augmented reality apps continued throughout 2020 and into the current period of 2021.

Total operating expenses for the nine months ended September 30, 2021 was \$1,292,903 which is a significant increase from \$373,265 during the comparative period, and this is the result of an increase in professional fees to \$105,417 (2020 - \$47,144), sales and marketing to \$262,282 (2020 - \$17,430) and professional fees of \$105,417 (2020 - \$47,144). In addition, the Company recognized non-cash share-based compensation of \$572,585 and compared to \$83,765 in the comparative period related to stock options granted during the nine months ended September 30, 2021 and vesting of stock options granted in a prior year.

Gain on settlement of debts for the nine months ended September 30, 2021 was \$125 compared to \$48,065 related to the Company issuing common shares to settle balances with certain related parties and third-party creditors.

Consideration paid in excess of net assets acquired for the nine months ended September 30, 2021 was \$2,708,160 related to the acquisition of Holo3D.

Third Quarter Ended September 30, 2021

The Company incurred a net loss of \$663,720 for the three months ended September 30, 2021 compared to a net loss of \$33,127 in 2020.

During the three months ended September 30, 2021, the Company's research and developments costs to develop new apps as discussed under Key Highlights section in this MD&A was \$140,501 compared to research and development costs of \$Nil in 2020.

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Total operating expenses for the three months ended September 30, 2021 was \$670,819 which is a significant increase from \$33,127 during the comparative period, and this is the result of an increase in professional fees to \$24,078 (2020 - \$6,000), sales and marketing to \$155,921 (2020 - \$Nil) and research and development costs to \$140,501 (2020 - \$Nil). In addition, the Company recognized non-cash share-based compensation of \$280,005 and compared to \$6,249 in the comparative period related to 1,650,000 stock options granted to certain directors and consultants of the Company at an exercise price of \$0.195 per share for a period of three years and the vesting of stock options granted in a prior year.

LIQUIDITY AND CAPITAL RESOURCES

At September 30, 2021, the Company had working capital of \$676,833 (December 31, 2020 – working capital deficiency of \$206,829) including cash and cash equivalents of \$848,987 (December 31, 2020 - \$1,533).

The condensed interim consolidated 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. The Company's cash resources are insufficient to meet its working capital requirements.

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, 2022. If the principal balance of \$30,000 is repaid by December 31, 2022, then the remaining \$10,000 of the principal balance will be forgiven. Any remaining balance after January 1, 2023 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 5, 2022.

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, 2022.

During the nine months ended September 30, 2021, the Company issued 564,533 common shares pursuant to the exercise of 564,533 stock options for proceeds of \$59,680.

During the nine months ended September 30, 2021, the Company issued 1,000,000 common shares pursuant to the exercise of 1,000,000 warrants for proceeds of \$150,000.

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, 2021	December 31, 2020
	\$	\$
Financial assets		
FVTPL	848,987	1,533
Amortized costs	5,603	1,357
Financial liabilities		
Amortized costs	1,511,353	1,529,981

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. Risk associated with cash is managed through the use of major banks which are high credit quality financial institutions as determined by rating agencies.

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, 2021, the Company had cash of \$848,987 (December 31, 2020 - \$1,533) to settle the total current liabilities of \$233,735 (December 31, 2020 - \$254,595). 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, 2021, 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.

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

	September 30, 2021		December 31, 2020	
Cash and cash equivalents	USD\$	548	USD\$	1,403
Accounts payable	EUR\$	(30,070)	EUR\$	(30,070)
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 \$5,900 (2020 - \$6,040) 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.

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

	2021	2020
	\$	\$
Revenue earned from a company controlled by CEO	20,000	-
Professional fees paid / accrued to CFO	47,500	28,400
Management fees paid / accrued to CEO	53,274	51,750
Consulting fees paid / accrued to CEO	1,714	4,429
Research and development paid / accrued to CEO	1,714	4,428
Share-based compensation	101,364	5,425
Total	205,566	94,432

- (a) Included in accounts payable and accrued liabilities as at September 30, 2021 is \$Nil (December 31, 2020 - \$47,214) due to companies controlled by the CEO and CFO. Amounts are unsecured, non-interest bearing and due on demand. During the nine months ended September 30, 2021, the Company issued 1,548,919 (2020 – 1,418,000) common shares with a fair value of \$152,488 (2020 - \$56,720) to settle certain accounts payable with the officers of the Company in the amount of \$152,613 (2020 - \$70,900).
- (b) Included in loans payable as at September 30, 2021 is \$112 (December 31, 2020 - \$112) due to the CEO.
- (c) On June 25, 2021, the Company acquired 100% of the equity of Holo3D, a company owned by the CEO of the Company.

OUTSTANDING SHARE DATA

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

	Balance
Shares issued and outstanding	98,619,319
Stock options	9,029,557
Warrants	11,000,000
Performance Warrants	3,045,113
Fully Diluted	121,693,989

Critical Accounting Estimates

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:

Going concern

The assessment of the Company's ability to execute its strategy effectively operating the Company involves judgement.

Accounts receivable

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.

Impairment

At the end of each reporting period, the Company's assets are reviewed to determine whether there is any indication that those assets may be impaired. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. 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 amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the profit or loss for the period. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Intellectual property

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.

Fair value of financial instruments

Management uses valuation techniques in measuring the fair value of financial instruments, where active market quotes are not available. Details of the assumptions used are provided in the notes regarding financial assets and liabilities.

In applying the valuation techniques, management makes maximum use of market inputs wherever possible, and uses estimates and assumptions that are, as far as possible, consistent with observable data that market participants would use in pricing the instrument. Where applicable data is not observable, management uses its best estimate about the assumptions that market participants would make. Such estimates include liquidity risk, credit risk and volatility may vary from the actual results that would be achieved in an arm's length transaction at the reporting date. The assessment of the timing and extent of impairment of intangible assets involves both significant judgements by management about the current and future prospects for the intangible assets as well as estimates about the factors used to quantify the extent of any impairment that is recognized.

Coronavirus Global Pandemic Risk

In March 2020, the World Health Organization declared a global pandemic related to the virus known as COVID-19. The expected impacts on global commerce are anticipated to be far reaching. To date there have been significant effects on the world's equity markets and the movement of people and goods has become restricted. Due to market uncertainty, the Company may be restricted in its ability to raise additional funding. The impact of these factors on the Company is not yet determinable; however, they may have a material impact on the Company's financial position, results of operations and cash flows in future periods.

Financial and Disclosure Controls and Procedures

During the nine months ended September 30, 2021, 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, 2021 (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.sedar.com.

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