AMPD VENTURES INC.

Consolidated Financial Statements

For the years ended May 31, 2021 and 2020

Expressed in Canadian Dollars

AMPD VENTURES INC.

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of AMPD Ventures Inc.

Opinion

We have audited the consolidated financial statements of AMPD Ventures Inc. (the "Company"), which comprise the consolidated statement of financial position as at May 31, 2021 and 2020 and the consolidated statement of changes in shareholders' equity, loss and comprehensive loss and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at May 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 to the financial statements, which describes events or conditions that indicate a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises the information included in Management's Discussion and Analysis.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

(cont'd)

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audits.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Rakesh Patel.

DMCL

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, BC

September 28, 2021

MOORE

An independent firm
associated with Moore
Global Network Limited

AMPD VENTURES INC.

Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

	Notes		**May 31, 2021**		May 31, 2020
ASSETS					
Cash		**$**	**1,608,342**	$	938,661
Receivables	5		**268,300**		335,537
Inventory			**16,333**		-
Prepaids and deposits			**126,680**		28,358
			2,019,655		1,302,556
Long-term deposits			**15,793**		-
Property and equipment	6		**903,623**		1,468,466
		$	**2,939,071**	$	2,771,022
LIABILITIES					
Trade payables and accrued liabilities	7,12	**$**	**351,855**	$	393,752
Deferred revenue			**-**		39,022
Convertible debt	8,12		**347,174**		306,175
Lease liability, current	9,14		**230,797**		333,410
Loans payable, current	8		**-**		59,220
Finance loans, current	14		**123,000**		174,691
			1,052,826		1,306,270
Lease liabilities, long-term	9,14		**88,759**		324,662
Finance loans, long-term	14		**-**		133,064
Government loan	10		**51,248**		-
			1,192,833		1,763,996
SHAREHOLDERS' EQUITY					
Share capital	11		**11,339,133**		8,290,127
Reserve	11		**3,169,119**		2,193,456
Foreign currency translation			**(466)**		5,798
Deficit			**(12,761,548)**		(9,482,355)
			1,746,238		1,007,026
		$	**2,939,071**	$	2,771,022

Nature and continuance of business (Note 1)
Reverse takeover (Note 4)
Commitments (Note 14)
Subsequent events (Note 20)

The accompanying notes form an integral part of these consolidated financial statements.

Approved on behalf of the board of directors:

"Anthony Brown"
Anthony Brown, Director

"Rob Kang"
Rob Kang, Director

AMPD VENTURES INC.

Consolidated Statement of Changes in Shareholders' Equity
(Expressed in Canadian Dollars)

		Share Capital		Reserve				
		Number of common shares	Amount	Share-based compensation	Conversion rights of debt	Foreign currency translation	Deficit	Total shareholders' equity
Balance at May 31, 2019		**16,200,141**	**$ 325,086**	**$ 140,000**	**$ 32,615**	**$ (7)**	**$ (1,250,478)**	**$ (752,784)**
Rescind cancellation of shares	11	849,808	-	-	-	-	-	-
Shares issued for cash	11	4,119,000	978,263	-	-	-	-	978,263
Shares issued for employment incentive	11	2,185,224	764,828	-	-	-	-	764,828
Share-based compensation	11	-	-	1,460,858	-	-	-	1,460,858
Shares issued for equipment purchase	11	594,865	175,000	-	-	-	-	175,000
Shares issued for consulting services	11	169,962	50,000	-	-	-	-	50,000
Share issuance costs	11	-	(24,532)	-	-	-	-	(24,532)
Recapitalization transaction:								
Equity of AMPD Ventures	4,11	17,138,940	6,018,542	-	-	-	-	6,018,542
Shares issued on exercise of warrants	11	8,400	2,940	-	-	-	-	2,940
Share-based compensation	11	-	-	564,635	-	-	-	564,635
Settlement of convertible debt	8	-		-	(4,652)	-	4,652	-
Foreign exchange translation		-	-	-	-	5,805	-	5,805
Net loss for the year		-	-	-	-	-	(8,236,529)	(8,236,529)
Balance at May 31, 2020		**41,266,340**	**8,290,127**	**2,165,493**	**27,963**	**5,798**	**(9,482,355)**	**1,007,026**
Shares issued for cash	11	15,908,166	2,670,050	-	-	-	-	2,670,050
Share issuance costs	11	-	(73,325)	29,712	-	-	-	(43,613)
Shares issued on debt settlement	9,11	1,540,000	277,200	174,288	-	-	-	451,488
Shares issued on exercise of warrants	11	500,000	175,081	(174,781)	-	-	-	300
Share-based compensation	11	-	-	946,444	-	-	-	946,444
Foreign exchange translation		-	-	-	-	(6,264)	-	(6,264)
Net loss for the year		-	-	-	-	-	(3,279,193)	(3,279,193)
Balance at May 31, 2021		**59,214,506**	**$ 11,339,133**	**$ 3,141,156**	**$ 27,963**	**$ (466)**	**$ (12,761,548)**	**$ 1,746,238**

* Prior to the completion of the Transaction (Note 4), a forward-stock split was completed on the basis of 1.6996. All share amounts have been stated on a post-forward share split basis.

The accompanying notes form an integral part of these consolidated financial statements

AMPD VENTURES INC.

Consolidated Statements of Loss and Comprehensive Loss
For the years ended May 31, 2021 and 2020
(Expressed in Canadian Dollars)

	Note		**2021**		2020
Sales	15,16	**$**	**1,549,741**	$	1,173,638
Cost of services			**572,671**		701,334
GROSS PROFIT			**977,070**		472,304
Expenses					
Advertising and promotion			**66,777**		377,998
Amortization	6		**644,566**		344,876
Bank charges			**8,135**		14,995
Data center costs			**247,250**		104,490
Directors fees	12		**12,000**		8,000
Dues and subscriptions			**3,253**		17,705
Insurance	14		**42,670**		32,014
Office and miscellaneous			**203,401**		165,818
Professional fees			**361,893**		177,514
Regulatory and transfer agent fees			**27,472**		13,866
Salaries and consulting fees	12		**1,444,871**		1,191,428
Share-based compensation	11		**946,444**		2,790,321
Travel and entertainment			**7,634**		121,330
			4,016,366		5,360,355
NET LOSS BEFORE OTHER ITEMS			**(3,039,296)**		(4,888,051)
Other items					
Foreign exchange loss			**(5,196)**		(4,689)
Interest expense and finance costs	8,9,10,12,14		**(107,861)**		(118,708)
Reversal of prior year accrual	7		**-**		180,000
Interest and other income	10		**16,648**		487
Loss on debt settlement	9, 11		**(143,488)**		-
Listing expense	4		-		(3,405,568)
			(239,897)		(3,348,478)
NET LOSS FOR THE YEAR			**(3,279,193)**		(8,236,529)
Other comprehensive income					
Foreign currency translation adjustment			**(6,264)**		5,805
			(6,264)		5,805
NET AND COMPREHENSIVE LOSS FOR THE YEAR		**$**	**(3,285,457)**	$	(8,230,724)
Loss per common share –basic and diluted		**$**	**(0.07)**	$	(0.26)
Weighted average number of common shares outstanding -basic and diluted			**47,366,119**		31,854,245

The accompanying notes form an integral part of these consolidated financial statements.

AMPD VENTURES INC.

Consolidated Statements of Cash Flows
For the years ended May 31, 2021 and 2020
(Expressed in Canadian Dollars)

		2021		2020
Cash provided by (used in):				
Operating:				
Net loss for the year	**$**	**(3,279,193)**	$	(8,236,529)
Items not involving cash:				
Accrued interest and finance costs		**105,673**		101,073
Amortization		**644,566**		344,876
Other income		**(12,685)**		-
Listing expense		**-**		3,184,124
Reversal of prior year accrual		**-**		(180,000)
Stock-based compensation		**946,444**		2,790,321
Loss on debt settlement		**143,488**		-
		(1,451,707)		(1,996,135)
Changes in non-cash operating working capital items:				
Receivables		**67,237**		300,218
Prepaid expenses and deposits		**(114,115)**		(28,158)
Inventory		**(16,333)**		-
Trade payables and accrued liabilities		**(41,897)**		204,269
Deferred revenue		**(39,022)**		39,022
		(1,595,837)		(1,480,784)
Investing:				
Acquisition of equipment		**(79,723)**		(555,219)
Net cash acquired on reverse takeover		**-**		2,290,958
		(79,723)		1,735,739
Financing:				
Proceeds from issuance of shares, net		**2,626,737**		956,670
Lease payments		**(76,063)**		(158,144)
Loan and finance repayments		**(259,169)**		(226,801)
Government loan proceeds		**60,000**		-
		2,351,505		571,725
Effect of foreign exchange on cash flows		**(6,264)**		5,805
Increase in cash during the year		**669,681**		832,485
Cash, beginning of year		**938,661**		106,176
Cash, end of year	**$**	**1,608,342**	$	938,661

Supplemental cash flow information (Note 17)

The accompanying notes form an integral part of these consolidated financial statements.

1. NATURE AND CONTINUANCE OF BUSINESS

AMPD Ventures Inc. (the "Company") was incorporated under the laws of the Province of British Columbia on June 27, 2018.

The Company's head office and principal address is located at #210-577 Great Northern Way, Vancouver, BC, V5T 1E1. The registered and records office is suite 2900-550 Burrard Street, Vancouver, BC, V6C 0A3.

On October 11, 2019, the Company (formerly E-Gaming Ventures Corp.) ("E-Gaming Ventures") completed a reverse takeover (the "RTO") with AMPD Holdings Corp., ("AMPD"), a private company incorporated under the Canada Business Corporations Act and its wholly owned subsidiary, AMPD Game Technologies US Inc., ("AMPD US"). The Company acquired 100% of the issued and outstanding common shares of AMPD (the "Transaction") resulting in AMPD becoming a wholly-owned subsidiary of the Company. See Note 4.

As a result of the Transaction, effective October 24, 2019, the Company commenced trading its common shares on the Canadian Securities Exchange ("CSE") under the symbol "AMPD". On November 4, 2019, the Company's common shares were listed on the Frankfurt Exchange trading under the symbol "2Q0". On July 1, 2021, the Company commenced trading on the OTCQB under the symbol "AMPDF".

The Company is a technology company that builds high performance computing and cloud infrastructure to service the needs of companies with low-latency applications, including multiplayer video games and eSports, next-gen digital media production, and big data analysis, collection, and visualization.

These consolidated financial statements have been prepared on the basis of 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. The Company's ability to continue as a going concern is dependent on being able to raise the necessary funding to continue operations, through public equity, debt financings, joint arrangements and other contractual arrangements, or being able to operate profitably in the future. The Company has incurred losses since inception and as at May 31, 2021 has a working capital of $966,829 (May 31, 2020 – working capital deficit of $3,714) and an accumulated deficit of $12,761,548 (May 31, 2020 - $9,482,355). There is no assurance that additional funding will be available on a timely basis or on terms acceptable to the Company. If the Company is unable to obtain sufficient funding, the ability of the Company to meet its obligations as they come due and, accordingly, the appropriateness of the use of accounting principles as a going concern will be in doubt. These uncertainties may cast significant doubt upon the Company's ability to continue as a going concern. These financial statements do not include any adjustments relating to the recoverability and classification of assets and liabilities which might be necessary should the Company be unable to continue in existence.

Further, in March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. While the impact of COVID-19 is expected to be temporary, the current circumstances are dynamic and the impacts of COVID-19 on business operations cannot be reasonably estimated at this time. There can be no assurance that the Company will not be impacted by adverse consequences that may be brought about by the pandemic's impact on its business, results of operations, financial position and cash flows in the future.

2. BASIS OF PRESENTATION

These financial statements were authorized for issue on September 28, 2021 by the directors of the Company.

Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and Interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC").

Basis of preparation and consolidation

These consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments which are measured at fair value, as explained in the accounting policies set out in Note 3.

These consolidated financial statements include accounts of the Company and its wholly-owned subsidiaries, AMPD and AMPD US. The financial statements prior to October 11, 2020, the RTO completion date, include only the accounts of AMPD and AMPD US. Inter-company transactions and balances are eliminated upon consolidation.

Subsidiaries are corporations in which the Company is able to control the financial operating, investing and financing activities and policies, which is the authority usually connected with holding majority voting rights. The consolidated financial statements include the accounts of the Company and its controlled entities from the date on which control was acquired. The subsidiaries use the same reporting period and the same accounting policies as the Company.

All significant inter-company balances and transactions have been eliminated on consolidation.

Significant accounting judgements, estimates and assumptions

The preparation of consolidated financial statements in conformity with IFRS requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported expenses during the period. Actual results could differ from these estimates.

The preparation of these consolidated financial statements requires management to make judgments regarding going concern of the Company as discussed in Note 1.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the end of the reporting period, 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:

Share-based payments
The Company uses the Black-Scholes Option Pricing Model to determine the fair value of options and warrants in order to calculate share-based payments expense and the fair value of agent warrants. The Black-Scholes Option Pricing Model involves six key inputs to determine fair value of an option: risk-free interest rate, exercise price, market price at date of issue, expected dividend yield, expected life, and expected volatility. Certain of the

2. BASIS OF PRESENTATION (cont'd)

Significant accounting judgements, estimates and assumptions *(cont'd)*

inputs are estimates that involve considerable judgment and are or could be affected by significant factors that are out of the Company's control. The Company is also required to estimate the future forfeiture rate of options based on historical information in its calculation of share-based payments expense.

Recognition and valuation of deferred tax assets
The recognition of deferred tax assets is based upon whether it is probable that sufficient and suitable taxable profits will be available in the future or whether taxable temporary differences will reverse such that deferred tax assets can be utilized. Recognition therefore involves a degree of estimation and judgement regarding the future financial performance or the timing of the reversed deferred tax liabilities where deferred tax assets have been recognized.

Revenue recognition
Revenue is measured at the fair value of the consideration received or receivable, net of estimated discounts. The Company considers the terms of the sales contracts as well as industry practices, taking into consideration the type of customer, the estimated time required on each project and the specific circumstances of each arrangement. The Company recognizes revenues when the initial setup is complete and the ongoing technological service fees are billed monthly and recorded as revenue on a monthly basis, over the term of the contract.

Comprehensive income (loss)
Comprehensive income (loss) is the change in the Company's net assets that results from transactions, events and circumstances from sources other than the Company's shareholders and includes items that are not included in the statement of loss. For the years ended May 31, 2021 and 2020, other comprehensive income is related to the effects of currency translation adjustments.

Reverse takeover

Refer to Note 4 for disclosure on the reverse takeover Transaction, which included estimates on the fair value of consideration paid, along with an assessment of fair value of net assets acquired.

Business combination
Considerable judgment is required to determine whether a set of assets acquired and liabilities assumed constitute a business and may require the Company to make certain judgments, taking into account all facts and circumstances. A business consists of inputs, including non-current assets and processes, including operational processes that when applied to those inputs have the ability to create outputs and provide a return to the Company and its shareholders.

In business combinations, it generally requires time to obtain the information necessary to identify and measure the following as of the acquisition date:

a) The identifiable assets acquired and liabilities assumed;
b) The consideration transferred in exchange for an interest in the acquiree;
c) The resulting goodwill.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Company reports in its consolidated financial statements provisional amounts for the items for which the accounting is incomplete.

2. BASIS OF PRESENTATION (cont'd)

Significant accounting judgements, estimates and assumptions (cont'd)

Business combination (cont'd)

During the measurement period, the Company will retrospectively adjust the provisional amounts recognized at the acquisition date to reflect new information obtained about facts and circumstances that existed as of the acquisition date and, if known, would have affected the measurement of the amounts recognized as of that date. During the measurement period, the Company will also recognize additional assets or liabilities if new information is obtained about facts and circumstances that existed as of the acquisition date and, if known, would have resulted in the recognition of those assets and liabilities as of that date. The measurement period ends as soon as the Company receives the information it was seeking about facts and circumstances that existed as of the acquisition date.

Estimates of useful lives of property and equipment
Management's judgment involves consideration of intended use, industry trends and other factors in determining the expected useful lives of depreciable assets and to determine depreciation methods.

Leases
The Company applies judgment to determine the lease term for some lease contracts in which it is a lessee that includes renewal options. The assessment of whether the Company is reasonably certain to exercise such options will impact the lease term, which significantly impacts the amount of lease liabilities and right-of-use assets recognized.

Cash generating units and impairment of non-financial assets
Judgment is required to assess the Company's determination of cash generating units ("CGU") for the purpose of impairment testing. The process to calculate the recoverable amount of a cash generating unit requires use of valuation methods such as the discounted cash flow method which uses assumptions of key variables including future cash flows, discount rate and terminal growth rates.

3. SIGNIFICANT ACCOUNTING POLICIES

Foreign currency translation

The consolidated financial statements of the Company are presented in CAD dollars.

The individual financial statements of each subsidiary are presented in its functional currency, the currency of the primary economic environment in which the entity operates. The functional currency for the Company and AMPD is the Canadian dollar and the functional currency for AMPD US is the US dollar.

Transactions in currencies other than the entity's functional currency are translated at the exchange rates in effect on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of the exchange in effect as at the statement of financial position date. Non-monetary assets and liabilities denominated in foreign currencies are translated at the exchange rates prevailing at the time of the acquisition of the assets or assumption of the liabilities. Foreign currency differences arising on translation are recognized in profit or loss. When converting to presentation currency, all resulting exchange gains or losses are recognized as a foreign currency translation adjustment and included as a separate component of equity, Accumulated Other Comprehensive Loss ("AOCI").

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Financial instruments

The following table shows the classification of the Company's financial instruments under IFRS 9:

Financial assets	
Cash	FVTPL
Receivables	Amortized cost
Financial liabilities	
Trade payables	Amortized cost
Convertible debt	Amortized cost
Lease liabilities	Amortized cost
Finance loans	Amortized cost
Government loan	Amortized cost

The Company classifies its financial assets in one of the following categories: (1) at fair value through profit or loss ("FVTPL"), (2) at amortised cost or (3) at fair value through other comprehensive income ("FVTOCI"). The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statements of (loss) income. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the statements of (loss) income in the period in which they arise.

Amortized cost

Financial assets and liabilities at amortized cost are initially recognized at fair value and subsequently carried at amortized cost less any impairment. They are classified as current assets or non-current assets based on their maturity date.

Financial assets at FVTOCI

Investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently, they are measured at fair value, with gains and losses arising from changes in fair value recognized in other comprehensive income. There is no subsequent reclassification of fair value gains and losses to profit or loss following the de-recognition of the investment.

Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the credit risk of the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in the statements of (loss) income, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

***Financial instruments** (cont'd)*

Derecognition

Financial assets

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity.

Financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when the terms of the liability are modified such that the terms and / or cash flows of the modified instrument are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

Gains and losses on derecognition are generally recognized in profit or loss.

The Company's financial instruments at May 31, 2021 are as follows:

		Level 1		*Level 2*		*Level 3*
Financial assets						
Cash	$	1,608,342	$	–	$	–
Receivables	$	–	$	210,159	$	–
Financial liabilities						
Trade payables	$	–	$	281,855	$	–
Convertible debt	$	–	$	347,174	$	–
Lease liabilities	$	–	$	319,556	$	–
Finance loan	$	–	$	123,000	$	–
Government loan	$	–	$	51,248	$	–

Fair value hierarchy

The Company uses the following hierarchy for determining and disclosing the fair value of the financial instruments by valuation technique:

i) Level 1 – Applies to assets or liabilities for which there are quoted prices in active markets for identical assets or liabilities.
ii) Level 2 – Applies to assets or liabilities for which there are inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly such as quoted prices for similar assets or liabilities in active markets or indirectly such as quoted prices for identical assets or liabilities in markets with insufficient volume or infrequent transactions.
iii) Level 3 – Applies to assets or liabilities for which there are unobservable market data.

Cash deposits have been measured at fair value using Level 1 inputs. The carrying value of receivables, trade payables, loans payable, and convertible debt approximate their fair value because of the short-term nature of these instruments or their ability of prompt liquidation.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Property and equipment

Property and equipment is recorded at cost less accumulated depreciation and accumulated impairment write-downs. These assets are depreciated over the estimated useful lives as follows:

Equipment:	Computer equipment	-	55% declining balance
	Servers	-	3 years straight-line method
Right of use assets:	Office and data centre leases	-	Term of lease

Impairment of non-financial assets

At the end of each reporting period, the Company reviews the carrying amounts of its property and equipment to determine whether there is an indication of impairment. If any such indication exists, the extent of the impairment charge is determined based on the estimated recoverable amount of the asset.

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

If the recoverable amount of the asset is estimated to be less than its recorded amount, the recorded amount of the asset is reduced to its recoverable amount. An impairment charge is recognized immediately in the statement of loss and comprehensive loss, unless the asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, to a maximum amount equal to the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years.

Provisions

Provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the statement of financial position date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset when it is virtually certain that reimbursement will be received and the amount receivable can be measured reliably. There were no provisions recorded for the years presented in these consolidated financial statements.

Revenue recognition

The Company sells computer hardware and software and provides technological services to customers in the United States of America and Canada, under fixed price contracts for a specified period of time. Service contracts are typically for the initial setup and ongoing technological services over a specified period of time at specified fees for each service.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Revenue recognition *(cont'd)*

The Company follows a five step recognition and measurement approach for revenue arising from contracts with customers:

1. Identify the contracts with customers
2. Identify the performance obligations in the contract
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations in the contract
5. Recognize revenue when the entity satisfies a performance obligation

When collectability is reasonably assured, fees relating to the initial setup are recorded when the setup is complete and the ongoing technological service fees are billed monthly and recorded as revenue on a monthly basis, over the term of the contract.

Credits are offered to customers for service outages and are based on rates specified in the customer's contracts. When the Company can reliably estimate the amount of credits to be issued for service outages, these credits are recorded as a reduction in revenue when issued.

Income taxes

The provision for income taxes consists of current and deferred tax expense and is recorded in operations. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the period, adjusted for amendments to tax payable for previous years.

Deferred tax assets and liabilities are computed using the asset and liability method on temporary differences between the carrying amounts of assets and liabilities on the statement of financial position and their corresponding tax values, using the enacted or substantially enacted, income tax rates at each statement of financial position date.

Deferred tax assets also result from unused losses and other deductions carried forward. The valuation of deferred tax assets is reviewed on a regular basis and adjusted to the extent that it is not probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized by use of a valuation allowance to reflect the estimated realizable amount.

Warrants

Equity financing transactions may involve issuance of common shares or units. A unit comprises a certain number of commons shares and a certain number of share purchase warrants.

The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the more easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component. The Company considers the fair value of common shares issued in the private placements to be the more easily measurable component and the common shares are valued at their fair value, as determined by the closing market price on the announcement date. The balance, if any, is allocated to the attached warrants. Any fair value attributed to the warrants is recorded in the reserve account.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Share-based compensation

The Company has a share option plan. The fair value of share-based compensation to employees is measured at grant date using the Black-Scholes Option Pricing Model, and is recognized over the vesting period using the graded vesting method. The fair value of share-based compensation to non-employees is measured at the date the goods or services are received, at either the fair value of the goods or services received or the fair value of the equity instruments issued using the Black-Scholes Option Pricing Model, if the fair value of the goods or services received cannot be readily measured.

For both employees and non-employees, the fair value is recognized as an expense with a corresponding increase in the reserve. The amount recognized as expense is adjusted to reflect the number of share options expected to vest. For share options granted with vesting terms conditional upon the achievement of a performance condition, and the performance condition is not a market condition, the Company revises its estimates of the length of the vesting period, if necessary, when information arises that indicates that the length of the vesting period differs from previous estimates. When this occurs, the change in estimate is accounted for prospectively.

Compensation expense is recorded in the consolidated statement of loss and comprehensive loss as share-based compensation expense with a corresponding credit to reserve. When stock options are exercised, the proceeds, together with the amount recorded in the reserve account, are recorded in share capital.

Government loans and grants

Government grants are not recognized until there is reasonable assurance that the Company will comply with the conditions attached to them and that the grant will be received. Government grants are recognized in profit or loss on a systematic basis over the periods in which the Company recognizes as expenses the related costs for which the grants are intended to compensate.

The benefit of a government loan at a below-market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates.

A forgivable loan from the government is treated as a government grant as long as there is reasonable assurance that the Company will meet the terms for forgiveness of the loan.

Leases

At inception of a contract, the Company assesses whether a contract is, or contains a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company recognizes a right-of-use asset and a lease obligation at the lease commencement date. The right-of-use asset is initially measured based on the initial amount of the lease obligation adjusted for any lease payments made at or before the commencement date. The assets are depreciated over the lease term using the straight-line method as this most closely reflects the expected pattern of consumption of future economic benefits.

The lease obligation is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease obligation. The lease obligation is subsequently measured at amortized cost using the effective interest rate method.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Recent accounting pronouncements

The adoption of the following standards and interpretations, which have been issued but are not yet effective, are not expected to have a material effect on the Company's future results and financial position:

Onerous Contracts—Cost of Fulfilling a Contract (Amendments to IAS 37)

The amendments to IAS 37 specify which costs an entity includes in determining the cost of fulfilling a contract for the purpose of assessing whether the contract is onerous. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract). These amendments are effective for reporting periods beginning on or after January 1, 2022.

Classification of Liabilities as Current or Non-current (Amendments to IAS 1)

The amendments to IAS1 provide a more general approach to the classification of liabilities based on the contractual arrangements in place at the reporting date. These amendments are effective for reporting periods beginning on or after January 1, 2023.

4. REVERSE TAKEOVER OF AMPD

On October 11, 2019, the Company completed an RTO transaction with AMPD (Note 1), whereby the Company acquired 100% of the issued and outstanding common shares of AMPD. Pursuant to the Transaction, the Company issued an aggregate of 20,000,000 common shares of the Company in exchange for all of the issued and outstanding shares of AMPD. Upon closing of the Transaction, the shareholders of AMPD owned 55% of the common shares of the Company and, as a result, the Transaction was considered a reverse acquisition of the Company by AMPD.

For accounting purposes, the acquisition was considered to be a reverse acquisition under IFRS 3 *Business Combinations* ("IFRS 3") as the shareholders of AMPD obtained control of E-Gaming Ventures. However, as E-Gaming Ventures did not meet the definition of a business as defined by IFRS 3, it has been accounted for as a share-based payment transaction in accordance with IFRS 2. The accounting for this transaction resulted in the following:

a. The consolidated financial statements of the combined entity were issued under the legal parent, E-Gaming Ventures, but were considered a continuation of the financial statements of the legal subsidiary, AMPD.

b. As AMPD was deemed to be the acquirer for accounting purposes, its assets and liabilities were included in the consolidated financial statements at their historical carrying values.

c. Since the shares allocated to the former shareholders of AMPD on closing the Transaction is considered within the scope of IFRS 2, and the Company cannot identify specifically some or all of the goods or service received in return for the allocation of the shares, the value in excess of the net identifiable assets or obligations of AMPD acquired on closing was expensed in the consolidated statement of loss and comprehensive loss as a listing expense.

   The fair value of the consideration for all the share of E-Gaming Ventures was calculated as follows:

   The fair value of the 17,138,940 common shares of E-Gaming Ventures was determined to be $5,998,629 or $0.35 per common share.

   The fair value of 279,591 warrants of E-Gaming Ventures was estimated using the Black-Scholes Option Pricing Model using the following assumptions: risk-free rate of 1.61%, expected life of 0.66 years, volatility of 63.21% and no expected dividends.

(Expressed in Canadian Dollars)

4. REVERSE TAKEOVER OF AMPD (cont'd)

d. The fair value of all the consideration given and charged to listing expense was comprised of:

Consideration		
Outstanding common shares of E-Gaming Ventures	$	5,998,629
Outstanding warrants of E-Gaming Ventures		19,913
	$	6,018,542
Net identifiable assets acquired – At October 11, 2019		
Cash	$	2,290,958
Receivables		601,332
Trade payables		(7,872)
		2,884,418
Unidentified assets acquired		
Listing expense		3,134,124
Total net identifiable assets and transaction costs	$	6,018,542

e. The Company incurred additional listing expenses of $271,444, for a total listing expense of $3,405,568 Included in this amount was 169,962 common shares issued in exchange for $50,000 in consulting services.

5. RECEIVABLES

	May 31, 2021	May 31, 2020
Trade receivables	$ 210,159	$ 285,859
Goods and services tax recoverable	58,141	49,678
	$ 268,300	$ 335,537

6. PROPERTY AND EQUIPMENT

	Equipment	Right-of-use ("ROU") Assets	Total
	(Note 14)	(Note 9, and 14)	
Cost			
Balance, May 31, 2019	$ 4,849	$ -	$ 4,849
Additions	1,029,672	782,660	1,812,332
Balance, May 31, 2020	1,034,521	782,660	1,817,181
Additions	79,723	-	79,723
Balance, May 31, 2021	$ 1,114,244	$ 782,660	$ 1,896,904
Accumulated amortization			
Balance, May 31, 2019	$ 3,839	$ -	$ 3,839
Amortization	203,356	141,520	344,876
Balance, May 31, 2020	207,195	141,520	348,715
Amortization	366,215	278,351	644,566
Balance, May 31, 2021	$ 573,410	$ 419,871	$ 993,281
Balance			
May 31, 2020	$ 827,326	$ 641,140	$ 1,468,466
May 31, 2021	$ 540,834	$ 362,789	$ 903,623

(Expressed in Canadian Dollars)

7. TRADE PAYABLES AND ACCRUED LIABILITIES

	May 31, 2021	May 31, 2020
Trade payables (Note 12)	$ 281,855	$ 361,548
Accrued liabilities	70,000	32,204
	$ 351,855	$ 393,752

During the year ended May 31, 2020, the Company recorded a $180,000 reversal of previously accrued liabilities.

8. CONVERTIBLE DEBT AND LOANS PAYABLE

a. Convertible debt

On August 29, 2018, as last amended on May 1, 2019, the Company issued a $250,000 unsecured convertible promissory note to one of its principal shareholders who is also an officer and director of the Company. The Convertible Debt accrues interest at 12% per annum, compounded monthly in arrears. The principal and accrued interest are due and payable on May 1, 2020. The principal and accrued interest are convertible to common shares of the Company at any time prior to the maturity date, at the holder's discretion, at a conversion price of $0.70 per common share. As of May 31, 2021, the Company recorded $97,174 (May 31, 2020 -$58,099) in accrued interest on the promissory note. To May 31, 2021, the Company has not repaid the convertible promissory note and the holder has not demanded repayment nor exercised their right to convert.

On May 1, 2019, the Company issued an additional $120,000 unsecured convertible promissory note to an unrelated party under the same terms. The Company repaid the promissory note and accrued interest of $11,355 in full during the year ended May 31, 2020. Accordingly, the Company relocated $Nil (May 31, 2020 - $4,652) from reserve to deficit.

The reconciliation of the carrying amount of the convertible debt is:

	May 31, 2021	May 31, 2020
Balance, beginning of year	$ 306,175	$ 379,515
Net loan repayments	-	(132,555)
Interest expense at effective interest rate	40,999	59,215
Balance, end of year	$ 347,174	$ 306,175

b. Non-revolving credit facility

On October 13, 2017, the Company entered into a $200,000 non-revolving credit facility agreement (the "Loan"). The Loan was interest bearing at 16% per annum, secured and matured on October 13, 2020. During the year ended May 31, 2021, the Company repaid the remainder of the Loan.

The reconciliation of the carrying amount of the non-revolving credit facility is:

	May 31, 2021	May 31, 2020
Carrying value, beginning of year	$ 59,220	$ 153,467
Net loan repayments	(59,220)	(94,247)
Interest expense at effective interest rate	6,965	17,395
Interest paid	(6,965)	(17,395)
Carrying value, end of year	$ -	$ 59,220

(Expressed in Canadian Dollars)

9. LEASE LIABILITIES

The Company incurs lease payments related to its office premises, data centre and server equipment.

	Office	Data Centre	Total
Balance, May 31, 2019	$ -	$ -	$ -
Lease liability for ROU asset (Notes 6 and 14)	169,347	613,314	782,660
Imputed interest	10,693	22,863	33,555
Payments	(61,400)	(96,744)	(158,144)
Balance, May 31, 2020	118,639	539,433	658,072
Imputed interest	8,425	37,122	45,547
Payments	(64,221)	(319,843)	(384,063)
Balance, May 31, 2021	$ 62,844	$ 256,712	$ 319,556
Current portion	$ 53,383	$ 177,414	$ 230,797
Long-term portion	$ 9,461	$ 79,298	$ 88,759

When measuring the present value of lease obligations, the Company has discounted remaining lease payments using its incremental borrowing rate of 10%.

During the year ended May 31, 2021, the Company arranged to settle $308,000 of its lease liabilities for the Data Centre by issuing 1,540,000 units of the Company's equity (Note 11(b)).

10. GOVERNMENT LOAN

On June 1, 2020, the Company received the Canada Emergency Business Account loan (the "CEBA Loan") which is an interest-free loan to cover operating costs. On December 22, 2020, the Company received an additional loan from the expansion of CEBA loan program (the "CEBA Expansion Loan"). Repaying the balance of the two CEBA loans on or before December 31, 2022 will result in an aggregate loan forgiveness of $20,000.

The CEBA Loan and CEBA Expansion Loan (collectively, the "CEBA Loans") were made available on certain terms and conditions, and in reliance on attestations made by the Company in the underlying respective loan agreements. The funds from the CEBA Loans shall only be used by the Company to pay non-deferrable operating expenses including, without limitation, payroll, rent, utilities, insurance, property tax and regularly scheduled debt service, and may not be used to fund any payments or expenses such as prepayment/refinancing of existing indebtedness, payments of dividends, distributions and increases in management compensation.

Pursuant to IAS 20 *Accounting for Government Grants and Disclosure of Government Assistance*, the benefit of a government loan at below-market rate is treated as a government grant and measured in accordance with IFRS 9 *Financial Instruments:* the benefit of below-market rate shall be measured as the difference between initial carrying value of the loan (being the present value of a similar loan at market rates) and the proceeds received. The Company has estimated the initial carrying value of the CEBA Loans at $47,315, using a discount rate of 10%, which was the estimated rate for a similar loan without interest-free component. To May 31, 2021, the Company recorded $3,933 in interest expense on the CEBA Loans.

Further, the portion of the forgivable CEBA Loans of $12,685 was treated as a government grant, given reasonable assurance that the Company will meet the terms for forgiveness of the loan. As such, the total government grants were amortized and recognized in the statements of loss and comprehensive loss over the year ended May 31, 2021; the period in which the Company recognized the related expenditures for which the balances were intended to compensate.

(Expressed in Canadian Dollars)

10. GOVERNMENT LOAN (cont'd)

The CEBA Loans were, collectively, an interest-free loan, to the Company until December 31, 2020. On January 1, 2021, the CEBA Loans converted to a 2-year, 0% interest term loan, to be repaid by December 31, 2022. If the Company repays $40,000 by December 31, 2022, a balance of $20,000 will be forgiven. If on December 31, 2022, the Company has not repaid the $40,000, it may exercise the option for a 3-year term extension and, accordingly, a 5% interest rate will be applied during this extension period on any balance remaining.

		May 31, 2021		May 31, 2020
Balance, beginning of year	$	–	$	–
Loan received		60,000		–
Interest-free benefit		(12,685)		–
Finance expense		3,933		–
Balance, end of year	$	51,248	$	–

11. SHARE CAPITAL

a. Authorized

Unlimited number of common shares without par value.

b. Issued and outstanding

During the year ended May 31, 2021, the Company completed the following transactions:

i) issued 500,000 common shares on the exercise of 500,000 warrants for gross proceeds of $300. In addition, a reallocation of $174,781 from reserves to share capital was recorded on the exercise of these options. This amount constitutes the fair value of options recorded at the original grant date.

ii) completed a private placement of 600,000 units at a price of $0.20 per unit for gross proceeds of $120,000. Each unit includes one common share and one-half share purchase warrant. Each whole warrant is exercisable at a price of $0.30 per share for a period of one year. The CEO and director of the Company was the sole subscriber for this private placement. The Company incurred $200 in share issuance costs in connection to this private placement.

iii) completed an arrangement through which the Company settled $308,000 of lease liabilities in exchange for 1,540,000 units (Note 9). Each unit includes one common share and one common share purchase warrant. Each warrant is exercisable at a price of $0.30 per share for a period of two years. The Company recorded a fair value of $277,200 on 1,540,000 common shares and $174,288 on 1,540,000 share purchase warrants. As a result, the Company recorded a loss of $143,488 in connection to this settlement.

iv) completed a private placement of 4,735,500 units at a price of $0.10 per unit for gross proceeds of $473,550. Each unit includes one common share and one-half share purchase warrant. Each whole warrant is exercisable at a price of $0.15 per share for a period of one year. Three directors and officers and a former officer of the Company subscribed for an aggregate of 2,745,500 units in this private placement (Note 12). The Company incurred $900 in share issuance costs in connection to this private placement.

v) completed a non-brokered private placement of 5,666,666 units at a price of $0.15 per unit for gross proceeds of $850,000. Each unit includes one common share and one share purchase warrant exercisable at a price of $0.25 per share for a period of three years. The Company incurred $700 in share issuance costs in connection to this private placement.

11. SHARE CAPITAL (cont'd).

b. Issued and outstanding (cont'd)

vi) completed a non-brokered private placement totaling 4,906,000 units at a price of $0.25 per unit for aggregate proceeds of $1,226,500. Each unit includes one common share and one share purchase warrant exercisable at a price of $0.40 per warrant for a period of two years. The expiry date of the warrants may be accelerated at the option of the Company if, at any time prior to the expiry of the warrants, the volume weighted average trading price of the underlying common shares on the CSE (or such other recognized Canadian stock exchange on which the common shares are then listed) is or exceeds $0.75 for a period of ten (10) consecutive trading days. To May 31, 2021 and subsequently, the warrants have not met the criterion for acceleration.

The Company issued 163,200 in agent's warrants at an exercise price of $0.40 per warrant for a period of two years and recorded a fair value of $29,712 on the agent's warrants. The Company incurred $41,813 in share issuance costs in connection to this private placement.

During the year ended May 31, 2020, AMPD completed the following transactions:

i) On June 1, 2019, issued 169,962 common shares at a fair value of $50,000 for consulting services, which has been recorded in listing expense.
ii) On June 1, 2019, issued 2,185,224 common shares at a fair value of $764,828 as employment sign-on incentives to an officer and director of AMPD, which has been recorded in share-based compensation
iii) On July 1, 2019, issued 594,865 common shares at a fair value of $175,000 as consideration for the purchase of equipment.
iv) On July 3, 2019, rescinded an agreement to repurchase 849,808 common shares, which were initially cancelled at a nominal value, from a director and officer of the Company.

During the year ended May 31, 2020, E-Gaming Ventures completed the following transaction:

i) Between July 25, 2019 and September 10, 2019, in connection with and prior to the completion of the Transaction, E-Gaming issued an aggregate of 8,684,854 special warrants at a price of $0.35 per special warrant for total gross proceeds of $2,866,299. Each special warrant entitled the holder to one common share at no additional consideration and were fully converted into 8,684,854 common shares prior to the completion of the Transaction. In connection to the financing, an aggregate of 279,591 agent's warrants were issued. Each agent warrant is exercisable at a price of $0.35 expiring between May 9, 2021 and September 18, 2021. The Company recognized a fair value of $19,913 on the agent's warrants.

During the year ended May 31, 2020, the Company completed the following transactions:

i) On October 11, 2019, in accordance with the Transaction (Note 4), the Company issued 20,000,000 common shares to acquire all the issued and outstanding shares of AMPD.
ii) Issued 8,400 common shares on the exercise of agent's finder's warrants, which were previously issued by E-Gaming Ventures, for gross proceeds of $2,940.
iii) On February 7, 2020, the Company closed its private placement financing of 4,119,000 units for gross proceeds of $978,263. Each unit includes one common share and one-half of one common share purchase warrant having an exercise price of $0.50 per whole warrant expiring February 7, 2021. The Company incurred $24,532 in share issuance costs in connection to this private placement.

11. SHARE CAPITAL (cont'd)

c. Escrow

16,170,456 common shares issued to the principals of the Company under the Transaction are subject to escrow conditions required by applicable securities laws and the CSE requirements. Pursuant to the terms of the escrow agreements, 10% of the escrowed shares were released from escrow on October 24, 2019 and 15% of the escrowed shares to be released every 6 months over a period of 36 months. As at May 31, 2021, 7,276,711 (May 31, 2020 – 12,127,847) common shares are held within escrow.

d. Reserve

Share-based compensation
The reserve records the fair value recognized on stock options granted and on the share purchase warrants issued in connection to the private placement until such time that the stock options or share purchase warrants are exercised, at which time the corresponding amount will be transferred to share capital.

Conversion rights of debt
This reserve records the equity component of debt which has both a liability and equity component. On conversion, the amount recorded is transferred to share capital. On redemption or settlement, the amount is transferred to deficit.

e. Stock options and share purchase warrants

The Company adopted a 10% rolling share option plan (the "Plan") that enables management to grant options to directors, officers, employees and other service providers. The Company follows the CSE policies where the number of common shares which may be issued pursuant to options granted under the Plan may not exceed 10% of the issued and outstanding shares of the Company from time to time at the date of granting of options. Each option agreement with the grantee sets forth, among other things, the number of options granted, the exercise price, expiry date, and the vesting conditions of the options as determined by the Board of Directors.

During the year ended May 31, 2021, the Company carried out the following stock options and share purchase warrant transactions:

i) granted 2,550,000 incentive stock options to directors, employees and an advisor at an exercise price of $0.19 per share expiring June 23, 2025. The fair value of the options at grant date was $432,843. During the year, the Company recorded $300,783 in share-based compensation on the vested portion of the options.

ii) recorded $72,133 in share-based compensation on previously issued stock options which vested during the year and the forfeiture of 700,000 stock options at an exercise price of $0.35 per share and 400,000 stock options at an exercise price of $0.50, which were previously issued.

iii) issued 300,000 share purchase warrants at an exercise price of $0.30 per share expiring June 15, 2021 in connection to a private placement (Note 11(b)).

iv) issued 1,540,000 share purchase warrants at an exercise price of $0.30 per share expiring June 15, 2022 in connection to a debt settlement (Note 11(b)).

v) issued 2,367,750 share purchase warrants at an exercise price of $0.15 per share expiring December 14, 2021 (Note 11(b)).

11. SHARE CAPITAL (cont'd)

e. Stock options and share purchase warrants (cont'd)

vi) issued 500,000 common shares on the exercise of 500,000 warrants for total gross proceeds of $300. The Company reallocated $174,781 in share-based compensation to share capital on the exercise of these warrants (Note 11(b)).

vii) issued 5,666,666 share purchase warrants at an exercise price of $0.25 per share expiring March 9, 2024 (Note 11(b)).

viii) issued an aggregate of 4,906,000 share purchase warrants and 163,200 agent's warrants at an exercise price of $0.40 expiring between April 29, 2023 and May 1, 2023 (Note 11(b)).

ix) granted an aggregate of 2,100,000 stock options at an exercise price of $0.25 per share to certain officers, employees and consultants of the Company. 1,500,000 of the options expire on March 10, 2024 and 600,000 of the options expire on March 10, 2026. The fair value of the options at grant date was $503,571. During the year, the Company recorded $486,249 in share-based compensation on the vested portion of the options.

x) granted an aggregate of 250,000 stock options at an exercise price of $0.25 per share to two consultants of the Company expiring March 22, 2024. The fair value of the options at grant date was $65,728. During the year, the Company recorded $65,728 in share-based compensation on the vested portion of the options.

xi) granted an aggregate of 275,000 stock options at an exercise price of $0.25 per share to certain employees and consultants of the Company. 75,000 of the options expire on May 14, 2024 and 200,000 of the options expire on May 14, 2026. The fair value of the options at grant date was $60,689. During the year, the Company recorded $21,551 in share-based compensation on the vested portion of the options.

During the year ended May 31, 2020, AMPD entered into the following stock option and share purchase warrant transactions:

i) issued 5,000,000 common share purchase options with an exercise price of $0.01 to certain directors and officers. The options were subject to the following vesting conditions and expiry dates:
   i. 3,000,000 vest immediately and expire in five years;
   ii. 500,000 vest after the Company generates not less than $750,000 in total revenues in a single fiscal year, and expire in two years;
   iii. 500,000 vest after the Company generates not less than $1.5 million in total revenues in a single fiscal year, and expire in three years;
   iv. 500,000 vest after the Company generates not less than $4 million in total revenues in a single fiscal year, and expire in five years; and
   v. 500,000 vest after the Company closes a single recurring revenue deal in which the aggregate top-line value exceeds $2 million, and expire in five years.

   The fair value of the options at grant date was $1,747,813. During the year ended May 31, 2020, the Company recorded $1,456,511 in share-based compensation on the vested portion of the options. Prior to the completion of the Transaction, these options were converted and replaced with 5,000,000 share purchase warrants.

11. SHARE CAPITAL (cont'd)

e. Stock options and share purchase warrants (cont'd)

ii) 250,000 previously issued special warrants were replaced with 424,904 common share purchase warrants. The common share purchase warrants will be exercisable at $0.35 ($0.60 pre-forward stock split) per share for a period of 12 months once the holders of the previous special warrants have received royalty payments equal to the purchase price of the royalty units as follows:

Holders of the special warrants are entitled to receive a pro-rata share of 0.83% of the Company's annualized gross sales, to a maximum of 80% of net profit for that year, so long as the Company maintains a positive annual EBITDA. Once holders of the special warrants have received an amount equal to the aggregate purchase price of the royalty units, the Company may at its sole discretion convert each special warrant to one-half of one share purchase warrant.

Following conversion of the special warrants, provided that the Company maintains a positive annual EBTIDA and receives board of director approval, the Company will pay to all holders of common shares an annual dividend of no less than 5% of the Company's annualized gross sales in excess of $5 million.

The purchase price of the special warrants was initially allocated to the common shares issued and no value was allocated to the special warrants as the Company had incurred recurring losses and there was no certainty that the Company will achieve positive annual earnings in future years.

During the year ended May 31, 2020, AMDP issued an aggregate of 279,591 agent's warrants which were issued on completion of a financing. Each agent warrant is exercisable at a price of $0.35 expiring between May 19, 2021 and September 18, 2021.

During the year ended May 31, 2020, the Company granted the following stock options:

i) 900,000 stock options to directors and officers of the Company at an exercise price of $0.35 per share expiring on October 24, 2024. The stock options granted are subject to vesting terms over a 3 year period. During the year, the Company recorded $169,282 in share-based compensation on the vested portion of the options.

ii) 700,000 stock options to directors, officers, and employees of the Company at an exercise price of $0.50 per share expiring on October 25, 2024. The stock options granted are subject to vesting terms over a 3 year period. During the year, the Company recorded $171,964 in share-based compensation on the vested portion of the options.

iii) 650,000 stock options to consultants of the Company at an exercise price of $0.63 per share expiring on April 7, 2020. During the year, the Company recorded $210,518 in share-based compensation on the options. These options expired unexercised on April 7, 2020.

iv) 50,000 stock options to an employee of the Company at an exercise price of $0.39 per share expiring on January 19, 2025. During the year, the Company recorded $7,630 in share-based compensation on the vested portion of the options.

v) 150,000 stock options to two employees of the Company at an exercise price of $0.22 per share expiring on March 4, 2025. During the year, the Company recorded $9,588 in share-based compensation on the vested portion of the options.

(Expressed in Canadian Dollars)

11. SHARE CAPITAL (cont'd)

e. Stock options and share purchase warrants (cont'd)

During the year ended May 31, 2020, the Company issued the following warrants:

i) 279,591 warrants issued and outstanding in E-Gaming Ventures were converted to warrants of the Company upon completion of the Transaction (Note 4).

ii) 2,059,500 warrants in conjunction with the private placement financing.

The Company applies the fair value method in accounting for its stock options and warrants using the Black-Scholes Option Pricing Model using the following estimates:

	Stock options		Warrants	
	May 31, 2021	May 31, 2020	May 31, 2021	May 31, 2020
Risk free rate	0.49%	1.13%	0.26%	1.38%
Expected dividend yield	0%	0%	0%	0%
Expected stock price volatility	167.41%	195.73%	153.25%	142.60%
Weighted average expected life	4.29 years	3.78 years	2.00 years	4.50 years
Weighted average fair value	$0.21	$0.39	$0.12	$0.001

Stock options and share purchase warrant transactions are summarized as follows:

	Stock Options		Warrants	
	Number	Weighted Average Exercise Price	Number	Weighted Average Exercise Price
Outstanding, May 31, 2019	-	$ -	-	$ -
Reissued	-	-	279,591	0.35
Converted from options and special warrants	-	-	5,424,904	0.03
Granted	2,450,000	0.46	2,059,500	0.50
Exercised	-	-	(8,400)	0.35
Forfeited	(200,000)	0.35	-	-
Expired	(650,000)	0.63	-	-
Outstanding, May 31, 2020	1,600,000	0.41	7,755,595	0.17
Forfeited	(1,250,000)	0.39	-	-
Expired	-	-	(2,313,349)	0.48
Exercised	-	-	(500,000)	0.0006
Granted	5,175,000	0.22	14,943,616	0.29
Outstanding, May 31, 2021	5,525,000	$ 0.24	19,885,862	$ 0.23
Number currently exercisable	3,400,000	$ 0.25	7,225,092	$ 0.13

(Expressed in Canadian Dollars)

11. SHARE CAPITAL (cont'd)

e. Stock options and share purchase warrants (cont'd)

As at May 31, 2021, the following stock options and share purchase warrants were outstanding:

	Expiry Date	Number of Shares	Weighted Average Exercise Price	Weighted Average Period
Stock options	March 10, 2024	1,500,000	$ 0.25	2.78 years
	March 22, 2024	250,000	$ 0.25	2.81 years
	May 14, 2024	75,000	$ 0.25	2.96 years
	October 26, 2024	300,000	$ 0.50	3.41 years
	March 4, 2025	100,000	$ 0.22	3.76 years
	June 23, 2025	2,500,000	$ 0.19	4.07 years
	March 10, 2026	600,000	$ 0.25	4.78 years
	May 14, 2026	200,000	$ 0.25	4.96 years
		5,525,000	$ 0.24	3.71 years
Warrants	June 15, 2021 *	300,000	$ 0.30	0.04 years
	September 18, 2021 *	17,342	$ 0.35	0.30 years
	December 1, 2021	424,904	$ 0.35	0.50 years
	December 14, 2021	2,367,750	$ 0.15	0.54 years
	June 2, 2022	500,000	$ 0.0006	1.01 years
	June 15, 2022	1,540,000	$ 0.30	1.04 years
	April 29, 2023	4,940,800	$ 0.40	1.91 years
	May 1, 2023	128,400	$ 0.40	1.92 years
	March 9, 2024	5,666,666	$ 0.25	2.78 years
	June 2, 2024	4,000,000	$ 0.0006	3.01 years
		19,885,862	$ 0.23	2.07 years

* Subsequently expired, unexercised.

12. RELATED PARTY TRANSACTIONS

Key management personnel are persons responsible for planning, directing and controlling activities of an entity, and include executive and non-executive directors and officers. During the years ended May 31, 2021 and 2020, the remuneration of the key management personnel were as follows:

May 31,	2021	2020
Chief Executive Officer	$ 121,662	$ 114,500
Chief Financial Officer	39,600	13,500
Chief Strategy Officer	200,026	170,000
Chief Technology Officer	117,692	120,000
Former Vice President of Client Services	70,070	207,452
Vice President of Operations	117,231	103,500
Director Fees	12,000	8,000
Total	$ 678,281	$ 736,952

(Expressed in Canadian Dollars)

12. RELATED PARTY TRANSACTIONS (cont'd)

Other related party transactions and balances

The Company recognized an aggregate of $287,194 (May 31, 2020 - $2,069,188) in share-based compensation on the vested portion of stock options and performance-based warrants granted to directors and officers of the Company.

Convertible debt of $250,000 and interest earned of $97,174 (May 31, 2020 – debt of $250,000 and interest of $47,860) is owed to the CEO at May 31, 2021 (Note 8(a)).

During the year ended May 31, 2021, the Company paid or accrued $12,000 in director's fees (May 31, 2020 - $8,000) to a director of the Company. As at May 31, 2021, $2,000 (May 31, 2020 - $2,000) was included in trade payables and accrued liabilities in director fees owed to a director of the Company.

On June 15, 2020, the Company issued 600,000 units consisting of 600,000 common shares and 300,000 share purchase warrants exercisable at $0.30 per share for a period of one year for total proceeds of $120,000 to the Company's CEO (Note 11(b)).

On December 14, 2020, the Company issued an aggregate of 2,745,500 units consisting of 2,745,500 common shares and 1,372,750 share purchase warrants exercisable at $0.15 per share for a period of one year for total proceeds of $274,550 to the Company's CEO, CFO, VP of Operations and the former VP of Client Services (Note 11(b)).

13. INCOME TAXES

The following table reconciles the expected income tax recovery at the Canadian Federal and Provincial statutory rate of 27% (2020 - $27%) and a United States tax rate of 21% (2020 - 21%) to the amounts recognized in the consolidated statements of loss and comprehensive loss:

	2021	2020
Loss before income taxes	$ (3,279,193)	$ (8,236,529)
Expected income tax at statutory tax rates	$ (886,000)	$ (2,040,000)
Permanent difference	257,000	1,475,000
Change in statutory, foreign tax, foreign exchange rates and other	(4,000)	(5,000)
Adjustments and change in unrecognized deductible temporary differences	633,000	570,000
Total income tax expense	$ -	$ -

Significant components of deductible and taxable temporary differences, unused tax losses and unused tax credits that have not been included on the consolidated statement of financial position are as follows:

	2021	Expiry dates	2020	Expiry dates
Share issue costs	156,000	2022 to 2025	130,000	2021 to 2024
Non-capital losses	4,622,000	2037 to 2041	2,987,000	2037 to 2040
Capital assets	798,000	No expiry	944,000	No expiry
	5,576,000		4,061,000	

(Expressed in Canadian Dollars)

14. COMMITMENTS

Finance loans

a. Equipment finance agreement dated December 2, 2019 for server equipment for a period of 2 years commencing January 1, 2020 and expiring December 31, 2021, in exchange for $14,558 per month plus applicable taxes.

b. Insurance premium financing agreement dated October 2, 2020 for the Company's directors' and officers' liability insurance for a period of nine months commencing October 21, 2020, in exchange for a down payment of $8,663 and $2,282 per month.

c. Insurance premium financing arrangement dated October 8, 2020 for general liability and information technology insurance for a period of one year commencing November 29, 2020, in exchange for $740 per month.

d. Insurance premium financing arrangement dated November 26, 2020 for commercial property insurance for a period of one year commencing January 2, 2021, in exchange for $936 per month.

The summary of finance loans is:

	Server	Insurance	Total
Balance, May 31, 2019	$ -	$ -	$ -
Finance liability	426,303	-	426,303
Imputed interest	8,302	-	8,302
Payments	(126,850)	-	(126,850)
Balance, May 31, 2020	307,755	-	307,755
Proceeds	-	47,868	47,868
Imputed interest	14,133	1,061	15,194
Payments and other	(213,325)	(34,492)	(247,817)
Balance, May 31, 2021	$ 108,563	$ 14,437	$ 123,000
Current portion	$ 108,563	$ 14,437	$ 123,000

Lease agreements

a. Office sublease dated July 12, 2019 for a portion of the office premises for a period of three years commencing August 1, 2019 and expiring July 31, 2022, in exchange for $7,450 per month plus applicable taxes for the first two years and base rent of $4,750 per month plus Landlord's projected operating costs and applicable taxes for the final year. The lease agreement includes an option to renew for an additional 3 year term at the end of its initial term.

b. Data Centre lease dated June 1, 2019 for a portion of the premises for a period of three years commencing November 1, 2019 and expiring October 31, 2022 in exchange for $23,185 per month plus applicable taxes. The monthly rent includes base rent, operating costs, and capital cost recoveries. The lease agreement includes an option to renew for an additional 3 year term at the end of its initial term.

(Expressed in Canadian Dollars)

15. SALES AND RELIANCE ON MAJOR CUSTOMERS

The Company's sales by category are:

Year ended May 31,	2021	2020
Sales for the year		
Hardware sales and installation	$ 368,294	$ 349,774
Software licensing fees	56,308	142,656
Platform fees	1,083,091	583,842
Support and maintenance	3,111	1,798
Rental fees	33,176	48,579
Consulting services	-	11,806
Other	5,761	35,186
	$ 1,549,741	$ 1,173,638

During the year ended May 31, 2021, sales to three of the Company's customers amounted to 32%, 9%, and 9%, respectively, for a combined total of 50% of sales. For the year ended May 31, 2020, sales to seven of the Company's customers amounted to 15%, 10%, 9% and 8%, respectively, for a combined total of 42% of sales.

The digital media and computer technology industry is highly competitive and there is no guarantee that the Company could easily replace these customers should it cease selling products and services to them.

16. SEGMENTED INFORMATION

The Company operates in one industry segments in both Canada and the United States of America. The Company's assets are solely located in Canada. A breakdown of the Company's sales by geographical area is as follows:

Years ended May 31,	2021	2020
Sales by location		
Canada	$ 1,549,741	$ 1,120,897
USA	-	52,741
	$ 1,549,741	$ 1,173,638

17. SUPPLEMENTAL CASH FLOW INFORMATION

Non-cash transactions during the year ended May 31, 2021 include:

i. The Company issued common shares units at a fair value of $451,488 for a debt settlement on a lease (Note 11) and recorded a corresponding payment against its lease liability of $308,000; and
ii. The Company reclassified $174,781 in share-based compensation on the exercise of warrants to share capital (Note 11).

Non-cash transactions during the year ended May 31, 2020 include:

i. The Company issued common shares at a fair value of $175,000 for the purchase of equipment (Note 11);
ii. The Company recorded equipment and a corresponding finance loan (Note 14); and
iii. The Company recorded a right-of-use asset and corresponding lease liability (Notes 6 and 9).

18. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company's financial instruments consist of cash, receivables, trade payables, convertible debt, loan payable and finance loan. These financial instruments are exposed to certain risks, including credit risk, interest rate risk, liquidity risk and other market risk.

Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. The Company's cash is held through large Canadian financial institutions. The Company considers credit risk on its cash to be minimal.

The Company's receivables consists of Goods and Services Tax due from the Federal Government of Canada and amounts receivable from customers. The Company's maximum exposure to credit risk as at May 31, 2021 is $210,159 (May 31, 2020 - $285,859), representing trade receivables.

For amounts due from customers, the Company performs ongoing credit evaluations of its customers and monitors the receivable balance and the payments made in order to determine if an allowance for estimated credit losses is required.

When determining the allowance for estimated credit losses the Company will consider historical experience with the customer, current market and industry conditions and any specific collection issues. As at May 31, 2021 and 2020, the Company did not have any material overdue accounts.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk by maintaining cash balances to ensure that it is able to meet its short term and long term obligations as and when they fall due. Trades payable and accrued liabilities are due within the current operating period. The Company manages liquidity risk through the management of its capital structure as described in Note 19.

As at May 31, 2021, the Company had a working capital of $966,829 (May 31, 2020 – working capital deficiency of $3,714).

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk from its secured loans and convertible debentures. The Company's interest rates on these loans are fixed and the sensitivity of the Company's loss before tax to a reasonably possible change in market interest rates is considered minimal.

Other Market Risk

Other market risk that the Company is exposed to includes currency risk. Currency risk is the risk of loss due to fluctuation of foreign exchange rates and the effects of these fluctuations on foreign currency denominated monetary assets and liabilities. The Company is not exposed to significant currency risk as the parent entity and subsidiaries primarily transact in their functional currencies.

Price risk

The Company is not exposed to price risk.

19. CAPITAL MANAGEMENT

The Company's capital management objectives are to safeguard the Company's ability to continue as a going concern in order to continue its technology services to its customers. The Company's capital is composed of its shareholders' equity, convertible debt and loan payable.

The Company manages and adjusts its capital structure whenever changes to the risk characteristics of the underlying assets or changes in economic conditions occur. To maintain or adjust the capital structure, the Company may issue new shares or acquire, dispose of or jointly operate certain of its assets. In order to facilitate the management of its capital requirements, the Company actively monitors its liquidity and short and long-term funding requirements. There was no change to the Company's approach to capital management during the year.

20. SUBSEQUENT EVENTS

Subsequent to May 31, 2021, the Company completed the following:

a. On June 2, 2021, the Company completed a Share Purchase Agreement with Cloud-A Computing Inc. ("Cloud-A") and its shareholders to acquire all of the issued and outstanding shares of Cloud-A, a self-service cloud computing company (the "Acquisition"). The purchase price for the Acquisition was $751,247 (the "Purchase Consideration"). The Purchase Consideration was satisfied through the issuance of 1,760,001 common shares in the capital of the Company at an agreed price of $0.25 per share (the "Purchase Shares"), and the payment of a cash consideration of $311,247. The Purchase Shares will be subject to contractual resale restrictions for two years from the date of issuance and will be released in instalments every six months following the closing of the Acquisition. Further, the Company assumed repayment of a loan between Cloud A and its shareholders of $88,753, of which $74,757 has been repaid.

b. On June 17, 2021, the Company
   i. acquired all of the issued and outstanding shares of AMPD Game Technologies US Inc. from the Company's Canadian operating subsidiary, AMPD Holdings Corp.
   ii. changed the name of its US operating subsidiary from AMPD Game Technologies US Inc. to AMPD Technologies (US) Inc.
   iii. changed the name of its Canadian operating subsidiary from AMPD Holdings Corp. to AMPD Technologies (Canada) Inc.

c. On July 13, 2021, the Company incorporated a subsidiary, AMPD Technologies (Europe) Limited, under the laws of Dublin, Ireland.

d. On August 25, 2021, 37,500 warrants were exercised for proceeds of $5,625.

e. On September 15, 2021, the Company granted 500,000 incentive stock options to certain employees and consultants at an exercise price of $0.34 per share expiring between September 15, 2023 and September 15, 2026.