



AMPD VENTURES INC.

Condensed Consolidated Interim Financial Statements

For the six months ended November 30, 2022 and 2021

Expressed in Canadian Dollars

(Unaudited – Prepared by Management)

AMPD VENTURES INC.

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AMPD VENTURES INC.

NOTICE TO READER

Under National Instrument 51-102, Part 4, subsection 4.3(3) (a), if an auditor has not performed a review of the condensed consolidated interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed consolidated interim financial statements of the Company have been prepared by management and approved by the Audit Committee and Board of Directors of the Company.

The Company's independent auditors have not performed a review of these condensed consolidated interim financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of condensed consolidated interim financial statements by an entity's auditors.

January 24, 2023

AMPD VENTURES INC.

Condensed Consolidated Interim Statements of Financial Position
(Expressed in Canadian Dollars - Unaudited)

	Notes	November 30, 2022	May 31, 2022
ASSETS			
Cash		\$ 836,817	\$ 1,134,157
Receivables	5	388,106	843,199
Subscriptions receivable	13	49,997	-
Inventory		-	29,966
Digital currencies	6	4,669	9,096
Prepays and deposits		330,394	471,751
		<u>1,609,983</u>	<u>2,488,169</u>
Investments	7	334,240	326,480
Goodwill	4	657,427	657,427
Property and equipment	8	3,971,312	3,807,857
		<u>\$ 6,572,962</u>	<u>\$ 7,279,933</u>
LIABILITIES			
Trades payable and accrued liabilities	9,14	\$ 1,335,626	\$ 1,217,747
Deferred revenue		43,680	-
Lease liability, current	11,16	1,140,386	997,184
Finance loan, current	16	78,652	17,627
		<u>2,598,344</u>	<u>2,232,558</u>
Lease liabilities, long term	11,16	1,150,347	750,813
Government loan	12	119,008	113,228
		<u>3,867,699</u>	<u>3,096,599</u>
SHAREHOLDERS' EQUITY			
Share capital	13	23,222,012	20,109,609
Reserves	13	4,261,526	3,946,928
Foreign currency translation		(9,270)	3,591
Deficit		(24,761,052)	(19,869,273)
Equity attributable to owners of the Company		<u>2,713,216</u>	<u>4,190,855</u>
Equity attributable to non-controlling interest	15	(7,953)	(7,521)
		<u>2,705,263</u>	<u>4,183,334</u>
		<u>\$ 6,572,962</u>	<u>\$ 7,279,933</u>

Nature and continuance of business (Note 1)
Commitments (Note 16)
Subsequent events (Note 22)

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

AMPD VENTURES INC.

Condensed Consolidated Interim Statement of Changes in Equity
(Expressed in Canadian Dollars - Unaudited)

	Note	Share Capital		Common shares to be issued	Reserves	Equity component of convertible notes	Foreign currency translation adjustment	Deficit	Total	Non-controlling interest	Total shareholders' equity
		Number of common Shares	Amount								
Balance at May 31, 2021		59,214,506	\$ 11,339,133	\$ -	\$ 3,141,156	\$ 27,963	\$ (466)	\$ (12,761,548)	\$ 1,746,238	\$ -	\$ 1,746,238
Exercise of warrants	13	187,500	28,125	210,216	-	-	-	-	28,125	-	28,125
Shares issued for cash	13	23,139,663	6,941,899	-	-	-	-	-	6,941,899	-	6,941,899
Share issuance costs	13	-	(371,224)	-	175,977	-	-	-	(195,247)	-	(195,247)
Shares issued for Cloud A Acquisition	4,13	1,760,001	378,400	-	-	-	-	-	378,400	-	378,400
Share based compensation	13	-	-	-	545,718	-	-	-	545,718	-	545,718
Foreign exchange translation		-	-	-	-	-	(13,613)	-	(13,613)	-	(13,613)
Net loss for the period		-	-	-	-	-	-	(2,167,696)	(2,167,696)	-	(2,167,696)
Balance at November 30, 2021		84,301,670	18,316,333	210,216	3,862,851	27,963	(14,079)	(14,929,244)	7,263,824	-	7,263,824
Exercise of warrants	13	3,255,154	710,836	(210,216)	(174,782)	-	-	-	536,054	-	536,054
Share issuance costs	13	-	(1,077)	-	-	-	-	-	(1,077)	-	(1,077)
Shares issued for acquisitions	4,13	3,598,195	1,233,517	-	-	-	-	-	1,233,517	-	1,233,517
Shares returned to treasury	13	(500,000)	(150,000)	-	-	-	-	-	(150,000)	-	(150,000)
Share based compensation	13	-	-	-	230,896	-	-	-	230,896	-	230,896
Foreign exchange translation		-	-	-	-	-	17,670	-	17,670	-	17,670
Net loss for the period		-	-	-	-	-	-	(4,940,029)	(4,940,029)	(7,521)	(4,947,550)
Balance at May 31, 2022		90,655,019	20,109,609	-	3,918,965	27,963	3,591	(19,869,273)	4,190,854	(7,521)	4,183,333
Shares issued for cash	13	24,201,729	3,388,242	-	-	-	-	-	3,388,242	-	3,388,242
Share issuance costs	13	-	(275,839)	-	86,654	-	-	-	(189,185)	-	(189,185)
Share based compensation	13	-	-	-	227,944	-	-	-	227,944	-	227,944
Foreign exchange translation		-	-	-	-	-	(12,861)	-	(12,861)	-	(12,861)
Net loss for the period		-	-	-	-	-	-	(4,891,779)	(4,891,779)	(432)	(4,892,211)
Balance at November 30, 2022		114,856,748	\$ 23,222,012	\$ -	\$ 4,233,563	\$ 27,963	\$ (9,270)	\$ (24,761,052)	\$ 2,713,216	\$ (7,953)	\$ 2,705,263

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

AMPD VENTURES INC.

Condensed Consolidated Interim Statements of Loss and Comprehensive Loss
For the three and six months ended November 30, 2022 and 2021
(Expressed in Canadian Dollars - Unaudited)

	Note	Three months ended November 30,		Six Months Ended November 30,	
		2022	2021	2022	2021
Sales	17,18	\$ 424,214	\$ 295,867	\$ 1,108,413	\$ 629,341
Cost of Services		168,422	93,736	610,721	221,102
GROSS PROFIT		255,792	202,131	497,692	408,239
Expenses					
Amortization	8	536,062	159,585	1,034,090	323,475
Data center costs		144,945	131,439	346,747	216,469
General and administration	16	246,853	70,570	486,666	167,845
Professional fees		280,645	88,610	523,141	157,715
Public company costs		197,197	34,116	425,658	48,478
Salaries and consulting fees	14	1,212,090	570,650	2,194,958	1,084,449
Share based compensation	13,14	105,429	191,855	227,944	545,718
		2,723,221	1,246,825	5,239,204	2,544,149
NET LOSS BEFORE OTHER ITEMS		(2,467,429)	(1,044,694)	(4,741,512)	(2,135,910)
Other items					
Foreign exchange loss		(31,013)	(1,450)	(27,010)	(2,220)
Interest expense and finance costs	10,11,12,16	(87,656)	(31,283)	(155,212)	(55,782)
Interest and other income		1,032	596	2,446	26,215
Realized loss on digital currency transactions	6	1,417	-	-	-
Impairment loss	6	(4,426)	-	(4,426)	-
Gain on sales of equipment		-	-	29,872	-
Gain on loan modification	11	3,632	-	3,632	-
		(117,014)	(32,137)	(150,698)	(31,787)
NET LOSS FOR THE PERIOD		(2,584,443)	(1,076,831)	(4,892,210)	(2,167,697)
Other comprehensive income					
Foreign currency translation adjustment		(12,530)	(13,848)	(12,861)	(13,613)
		(12,530)	(13,848)	(12,861)	(13,613)
COMPREHENSIVE LOSS FOR THE PERIOD		\$ (2,596,973)	\$ (1,090,679)	\$ (4,905,071)	\$ (2,181,310)
Net loss for the period attributable to:					
Owners of the parent		(2,584,263)	(1,076,831)	(4,891,779)	(2,167,697)
Non-controlling interest	15	(180)	-	(432)	-
		(2,584,443)	(1,076,831)	(4,892,211)	(2,167,697)
Comprehensive loss for the period attributable to:					
Owners of the parent		(2,596,792)	(1,090,679)	(4,904,639)	(2,181,310)
Non-controlling interest	15	(180)	-	(432)	-
		(2,596,973)	(1,090,679)	(4,905,071)	(2,181,310)
Loss per common share attributable to owners of the parent					
-basic and diluted		\$ (0.02)	\$ (0.02)	\$ (0.05)	\$ (0.04)
Weighted average number of common shares outstanding					
-basic and diluted		104,508,392	62,301,549	97,941,860	61,616,192

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

AMPD VENTURES INC.

Condensed Consolidated Interim Statements of Cash Flows
For the six months ended November 30, 2022 and 2021
(Expressed in Canadian Dollars - Unaudited)

	Six Months Ended November 30,	
	2022	2021
Cash provided by (used in):		
Operating:		
Net loss for the period	\$ (4,892,210)	\$ (2,167,697)
Items not involving cash:		
Accrued interest and finance costs	146,159	44,999
Amortization	1,034,090	323,475
Other income	-	(10,835)
Stock-based compensation	227,944	545,718
Gain on loan modification	(3,632)	-
Impairment loss	4,426	-
Gain on sale of equipment	(29,872)	-
	<u>(3,513,095)</u>	<u>(1,264,340)</u>
Changes in non-cash operating working capital items:		
Receivables	455,093	192,299
Prepaid expenses and deposits	141,357	(11,114)
Inventory	29,966	(43,318)
Accounts payable and accrued liabilities	117,879	355,413
	<u>(2,725,120)</u>	<u>(771,060)</u>
Investing		
Acquisition of equipment	(237,618)	(391,660)
Acquisition of Cloud A	-	(311,247)
Proceeds on sale of assets	271,411	-
Investments	(7,760)	-
	<u>26,033</u>	<u>(702,907)</u>
Financing		
Net cash received from Cloud A acquisition	-	45,045
Proceeds from issuance of shares, net	3,199,057	6,774,777
Proceeds from warrant exercise	-	210,216
Subscriptions receivable	(49,997)	-
Proceeds from loan financings	88,384	162,592
Lease payments	(794,692)	(127,493)
Loan and finance repayments	-	(182,949)
Loans payable	(28,144)	-
	<u>2,414,608</u>	<u>6,882,188</u>
Effect of foreign exchange on cash flows	<u>(12,861)</u>	<u>(13,613)</u>
Change in cash during the period	(297,340)	5,394,608
Cash, beginning of period	1,134,157	1,608,342
Cash, end of period	\$ 836,817	\$ 7,002,950

Supplemental cash flow information (Note 20)

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

AMPD VENTURES INC.

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended November 30, 2022

(Expressed in Canadian Dollars - Unaudited)

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.

The Company's common shares are listed 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.

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.

On June 2, 2021, the Company completed the acquisition of Cloud-A Computing Inc. ("Cloud-A"), a self-service cloud computing company, by acquiring all of the issued and outstanding shares of Cloud-A from Cloud-A shareholders (Note 4).

On June 17, 2021, the Company acquired all of the issued and outstanding shares of AMPD US from AMPD and changed AMPD US's name to AMPD Technologies (US) Inc. In addition, AMPD Holdings Corp. changed its name to AMPD Technologies (Canada) Inc.

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

On December 15, 2021, the Company completed a Share Purchase Agreement with Departure Lounge Inc. ("Departure Lounge") and its shareholders to acquire all of the issued and outstanding shares of Departure Lounge (the "Acquisition"). Departure Lounge is a Vancouver, BC-based company pursuing various technology and content initiatives related to the development of the Metaverse. Departure Lounge has a controlling interest of 70% in 1310675 B.C. Ltd. ("1310675BC") (Note 13(b) and 14).

AMPD VENTURES INC.

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended November 30, 2022

(Expressed in Canadian Dollars - Unaudited)

1. NATURE AND CONTINUANCE OF BUSINESS (cont'd)

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 November 30, 2022 has working capital deficiency of \$988,361 (May 31, 2022 – working capital of \$255,611) and an accumulated deficit of \$24,761,052 (May 31, 2022 - \$19,869,273). 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. Such adjustments could be material.

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 January 24, 2023 by the directors of the Company.

Statement of compliance

These condensed consolidated interim financial statements, including comparatives, have been prepared in accordance with International Accounting Standards ("IAS") 34, "Interim Financial Reporting" using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and International Financial Reporting Interpretations Committee ("IFRIC").

These condensed consolidated interim financial statements have been prepared using accounting policies consistent with those used in the Company's May 31, 2022 consolidated audited financial statements. It is therefore recommended that these condensed consolidated interim financial statements be read in conjunction with the Company's May 31, 2022 consolidated audited financial statements.

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.

AMPD VENTURES INC.

Notes to the Condensed Consolidated Interim Financial Statements
For the six months ended November 30, 2022
(Expressed in Canadian Dollars - Unaudited)

2. BASIS OF PRESENTATION (cont'd)

Basis of preparation and consolidation (cont'd)

These consolidated financial statements include accounts of the Company and its wholly-owned subsidiaries, AMPD, AMPD US, AMPD Europe, Cloud-A, and Departure Lounge. In addition, Departure Lounge has 70% interest in 1310675BC. 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.

Comparative figures

Certain of the comparative figures and groupings have been condensed and reclassified to conform to the presentation adopted in the current period. These reclassifications had no effect on the reported results of operations.

3. SIGNIFICANT ACCOUNTING POLICIES

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:

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.

AMPD VENTURES INC.

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended November 30, 2022

(Expressed in Canadian Dollars - Unaudited)

4. CLOUD-A COMPUTING INC.

Pursuant to a Share Purchase Agreement dated June 2, 2021, the Company acquired Cloud-A from its shareholders by acquiring all of the issued and outstanding shares of Cloud-A (the "Acquisition") for a consideration of 1,760,001 common shares of the Company at a fair value of \$267,300 (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 (Note 13(c)). Further, the Company assumed repayment of a loan between Cloud A and its shareholders of \$88,753, of which \$74,757 has been repaid.

The acquisition cost was allocated as follows:

Cash and cash equivalents	\$	45,045
Receivables		18,627
Equipment		7,826
Payables		(13,553)
Loans		(74,757)
Lease		(2,068)
Government loan – long term		(60,000)
Goodwill		657,427
Total	\$	578,547

For accounting purposes, the assets acquired were considered to be a business acquisition under IFRS 3 Business Combinations (IFRS 3). As such, the difference between the fair value of consideration paid and the fair value of the Company's identifiable assets and liabilities was recognized as goodwill.

5. RECEIVABLES

	November 30, 2022	May 31, 2022
Trade receivables	\$ 282,113	\$ 655,799
Goods and services tax recoverable	105,993	187,400
	\$ 388,106	\$ 843,199

6. DIGITAL CURRENCIES

As at November 30, 2022, the Company held various digital currencies with a fair value of \$4,669 (May 31, 2022 - \$9,096) and recorded an impairment loss of \$4,426 (2021 - \$Nil) on the digital currencies.

Digital currencies were valued using the closing price quoted on www.coinbase.com. During the period ended November 30, 2022, the Company realized a loss of \$1,417 (2021 - \$Nil) from the trades of digital currencies.

AMPD VENTURES INC.

Notes to the Condensed Consolidated Interim Financial Statements
For the six months ended November 30, 2022
(Expressed in Canadian Dollars - Unaudited)

7. INVESTMENTS

	November 30, 2022	May 31, 2022
(1) On December 21, 2021, the Company purchased 1,000,000 non-transferrable common shares of NFTX Entertainment Corp., a private company.	\$ 100,000	\$ 100,000
(2) On January 12, 2022, the Company entered into a SAFE Agreement with Orderinbox Inc. ("Orderinbox"), a private company to invest in future rights to shares after Orderinbox reaches a valuation cap of \$20,000,000 for an investment of USD\$100,000.	134,240	126,480
(3) On March 9, 2022, the Company purchased 62,500 common shares of Bunker Digital Inc., a private company.	100,000	100,000
	\$ 334,240	\$ 326,480

Determination of fair value

These investments represent investments in a private company for which there is no active market and for which there are no publicly available quoted market prices. The Company has classified these investments as Level 2 in the fair value hierarchy.

For purposes of determining fair value of these investments, the Company considered valuation techniques described in IFRS 13 – Fair Value Measurement. The fair value of these investments is consistent with the implied value based on their respective purchase prices, which is a level 2 input.

8. PROPERTY AND EQUIPMENT

	Data Centre Equipment (Note 16)	Computer Equipment	Software	Production and Metastage Equipment	Right-of-use ("ROU") Assets (Note 11, 16)	Total
Cost						
Balance, May 31, 2021	\$ 1,049,413	\$ 64,831	\$ -	\$ -	\$ 782,660	\$ 1,896,904
Additions	858,835	42,183	39,710	1,645,988	2,013,733	4,600,449
Disposals	(340,332)	-	-	(381,080)	-	(721,412)
Balance, May 31, 2022	1,567,916	107,014	39,710	1,264,908	2,796,393	5,775,941
Additions	66,942	-	39,710	37,705	1,284,309	1,428,666
Disposals	(146,778)	(9,990)	-	-	(109,990)	(266,758)
Foreign exchange translation	-	-	-	-	10,416	10,416
Balance, November 30, 2022	\$ 1,488,080	\$ 97,024	\$ 79,420	\$ 1,302,613	\$ 3,981,128	\$ 6,948,265

AMPD VENTURES INC.

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended November 30, 2022

(Expressed in Canadian Dollars - Unaudited)

8. PROPERTY AND EQUIPMENT (cont'd)

	Data Centre Equipment	Computer Equipment	Software	Production and Metastage Equipment	Right-of-use ("ROU") Assets	Total
Accumulated amortization						
Balance, May 31, 2021	\$ 552,508	\$ 20,902	\$ -	\$ -	\$ 419,871	\$ 993,281
Additions	374,207	28,777	-	-	573,709	976,693
Foreign exchange translation	-	-	-	-	(1,890)	(1,890)
Balance, May 31, 2022	926,715	49,679	-	-	991,690	1,968,084
Additions	174,425	10,808	5,295	86,841	756,721	1,034,090
Disposals	(29,070)	-	-	-	-	(29,070)
Foreign exchange translation	-	-	-	-	3,849	3,849
Balance, November 30, 2022	\$ 1,072,070	\$ 60,487	\$ 5,295	\$ 86,841	\$ 1,752,260	\$ 2,976,953
Balance						
May 31, 2022	\$ 641,201	\$ 57,335	\$ 39,710	\$ 1,264,908	\$ 1,804,703	\$ 3,807,857
November 30, 2022	\$ 416,010	\$ 36,537	\$ 74,125	\$ 1,215,772	\$ 2,228,868	\$ 3,971,312

9. TRADE PAYABLES AND ACCRUED LIABILITIES

	November 30, 2022	May 31, 2022
Trade payables (Note 14)	\$ 1,285,626	\$ 1,157,747
Accrued liabilities	50,000	60,000
	\$ 1,335,626	\$ 1,217,747

10. CONVERTIBLE DEBT

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 and matures on August 29, 2021. The principal and accrued interest are convertible into 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. In fiscal 2022, the Company repaid the note in full together with interest of \$122,218.

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

	November 30, 2022	May 31, 2022
Balance, beginning of period	\$ -	\$ 347,174
Interest expense at effective interest rate	-	25,044
Net loan repayment	-	(372,218)
Balance, end of period	\$ -	\$ -

AMPD VENTURES INC.

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended November 30, 2022

(Expressed in Canadian Dollars - Unaudited)

11. LEASE LIABILITIES

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

	Office	Data Centre	Total
Balance, May 31, 2021	\$ 62,844	\$ 256,712	\$ 319,556
Additions	303,729	1,710,004	2,013,733
Imputed interest	9,605	111,088	120,693
Payments	(115,583)	(590,402)	(705,985)
Balance, May 31, 2022	260,595	1,487,402	1,747,997
Additions	293,256	996,993	1,290,249
Imputed interest	12,483	127,111	139,594
Payments	(183,435)	(611,257)	(794,692)
Lease close outs	(24,333)	(77,221)	(101,554)
Gain on loan modification	(946)	(2,686)	(3,632)
Foreign exchange translation	-	12,771	12,771
Balance, November 30, 2022	\$ 357,620	\$ 1,933,113	\$ 2,290,733
Current portion	\$ 328,720	\$ 811,666	\$ 1,140,386
Long-term portion	\$ 28,900	\$ 1,121,447	\$ 1,150,347

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

12. GOVERNMENT LOAN

On June 1, 2020, the Company received a Canada Emergency Business Account loan (the "CEBA Loan") of \$40,000 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, 2023, as extended from December 31, 2022 by the Government of Canada, will result in an aggregate loan forgiveness of \$20,000. In connection to the Cloud-A acquisition, the Company acquired an additional CEBA loan of \$60,000 with the same terms of the CEBA Loan and CEBA Expansion Loan.

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 estimated the initial carrying value of the CEBA Loans at \$96,480, using a discount rate of 10%, which was the estimated rate for a similar loan without interest-free component. To November 30, 2022, the Company recorded \$22,529 in interest expense on the CEBA Loans.

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12. GOVERNMENT LOAN (cont'd)

Further, the portion of the forgivable CEBA Loans of \$23,520 was treated as a government grant, given reasonable assurance that the Company will meet the terms for forgiveness of the loan. As such, the government grants were amortized and recognized in the statements of loss and comprehensive loss; the period in which the Company recognized the related expenditures for which the balances were intended to compensate.

The CEBA Loans were, collectively, an interest-free loan, to the Company until December 31, 2020. On January 1, 2021 and June 30, 2021, the CEBA Loans of \$60,000 and \$60,000, respectively, converted to a 2-year, 0% interest term loan, to be repaid by December 31, 2023. If the Company repays \$40,000 of each CEBA Loan by December 31, 2023, a balance of \$20,000 of each CEBA Loan will be forgiven. If on December 31, 2023, the Company has not repaid the \$40,000 of each CEBA Loan, 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.

	November 30, 2022	May 31, 2022
Balance, beginning of period	\$ 113,228	\$ 51,248
Loan received	-	60,000
Interest-free benefit	-	(10,835)
Finance expense	5,780	12,815
Balance, end of period	\$ 119,008	\$ 113,228

13. SHARE CAPITAL

a. Authorized

Unlimited number of common shares without par value.

b. Issued and outstanding

During the six months ended November 30, 2022, the Company completed the following transactions:

- i) On August 17, 2022 and August 31, 2022 the Company closed two tranches of the Company's non-brokered private placement totaling 13,053,571 units (the "Units") at a price of \$0.14 per Unit for aggregate proceeds of \$1,827,500 (the "Private Placement").

Each Unit will be comprised of one common share of the Company (each a 'Share') and one common share purchase warrant (each a "Unit Warrant" and, collectively, the "Unit Warrants"), with each Unit Warrant entitling the holder to subscribe for one Common Share (each a "Warrant Share" and, collectively, the "Warrant Shares") in the capital of the Company at an exercise price of \$0.20 per Warrant Share for a period of 18 months following the date of the closing of the Private Placement tranche.

As part of this transaction, the Company paid cash of \$92,630 and issued 661,640 Unit Warrants as finder's fees on a portion of the private placement raised and recorded a fair value of \$50,303 on the agent's warrants. The Company incurred \$12,099 in other share issuance costs in connection to this private placement.

- ii) On November 10, 2022 and November 29, 2022 the Company closed two tranches of the Company's non-brokered private placement totaling 11,148,158 units at a price of \$0.14 per Unit for aggregate proceeds of \$1,560,742.

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13. SHARE CAPITAL (cont'd).

b. Issued and outstanding (cont'd)

Each Unit is comprised of one common share of the Company and one common share purchase warrant with each Unit Warrant entitling the holder to subscribe for one common shares in the capital of the Company at an exercise price of \$0.20 per Warrant Share for a period of 24 months following the date of the private placement closing.

As part of this transaction, the Company paid total cash of \$83,755 and issued 598,251 Unit Warrants as finder's fees on a portion of the private placement raised and recorded a fair value of \$36,352 on the agent's warrants. The Company incurred \$700 in other share issuance costs in connection to this private placement.

As at November 30, 2022, \$49,997 was recorded in subscriptions receivable on the second private placement tranche. This amount was received subsequent to the period end.

During the year ended May 31, 2022, the Company completed the following transactions:

- i) Pursuant to a Share Purchase Agreement dated December 15, 2021, the Company acquired Departure Lounge from its shareholders by acquiring all of the issued and outstanding shares of Departure Lounge (the "DL Acquisition") for a consideration of 3,598,195 common shares of the Company at a fair value of \$1,344,617 ("DL Purchase Shares"). 50% of the DL Purchase Shares will be subject to contractual resale restrictions for two years from the date of issuance and will be released in four equal instalments every six months following the closing of the DL Acquisition (Note 13(c)). The Parties also established a performance-based profit-sharing plan as part of the DL Acquisition. In addition, at time of the DL Acquisition closing, the Company agreed to advance \$2,500,000 to Departure Lounge to fund its operations. The DL Acquisition is considered a related party transaction (Note 14) as defined in MI61-101 which has been incorporated by the policies of the CSE.

The acquisition cost was allocated as follows:

Receivables	\$ 2,173
Prepaid expenses	3,000
Payables	(59,642)
Acquisition expense	1,399,086
Total	<u>\$ 1,344,617</u>

The acquisition is accounted for in accordance with the guidance provided by IFRS 2 *Share-based Payment* and IFRS 3 *Business Combinations* ("IFRS 3"). As the Company did not meet the definition of a business as defined by IFRS 3 as there were no substantive processes in place, the transaction does not constitute a business combination; rather, it is treated as a share base payment. In accordance with IFRS 2, the fair value of the share issuance was determined to be \$1,344,617 or \$0.374 per common share, based on the estimated fair value at the acquisition date.

- ii) Issued 1,760,001 common shares at a fair market value of \$267,300 to the shareholders of Cloud-A to acquire 100% of Cloud-A (Note 4).
- iii) Issued an aggregate of 2,942,654 common shares on the exercise of 2,942,654 warrants for gross proceeds of \$563,879.
- iv) Recognized share issuance costs of \$700 in connection to the Company's non-brokered private placement completed in May, 2021.

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13. SHARE CAPITAL (cont'd).

b. Issued and outstanding (cont'd)

- v) Completed a non-brokered private placement of 23,139,663 units at a price of \$0.30 per Unit, for gross proceeds of \$6,941,899. Each Unit is comprised of one common share of the Company (each a 'Share') and one common share purchase warrant (each a "Unit Warrant" and, collectively, the "Unit Warrants"), with each Unit Warrant entitling the holder to subscribe for one Share (each a "Warrant Share" and, collectively, the "Warrant Shares") at an exercise price of \$0.50 per Warrant Share for a period of 24 months (Note 13(e)(vii)). The expiry date of the Unit Warrants may be accelerated at the option of the Company if, at any time prior to the expiry of the Unit Warrants, the volume weighted average trading price of the underlying Shares on the CSE (or such other recognized Canadian stock exchange on which the Common Shares are then listed) is or exceeds \$0.80 for a period of ten consecutive trading days.

In connection with the Private Placement, the Company paid certain finders \$189,462 and issued 631,539 finder warrants with an exercise price of \$0.50 per share for a period of two years and recorded a fair value of \$175,977 on the agent's warrants. The Company incurred \$6,162 in other share issuance costs in connection to this private placement.

Subsequent to the completion of the non-brokered private placement, a subscriber returned 500,000 units to the Company's treasury as a cancellation of its subscription and \$150,000 was returned to the subscriber.

- vi) Issued 500,000 common shares on the exercise of 500,000 warrants for gross proceeds of \$300. In addition, a reallocation of \$174,782 from reserves to share capital was recorded on the exercise of these warrants. This amount constitutes the fair value of warrants recorded at the original grant date.

c. Escrow

16,170,456 common shares issued to the principals of the Company 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 November 30, 2022, Nil (May 31, 2022 – 2,425,583) common shares are held within escrow.

Pursuant to the share purchase agreement (Note 4), 1,760,001 common shares issued to the shareholders of Cloud A under the Acquisition are subject to escrow conditions required by applicable securities laws and the CSE requirements. Pursuant to the terms of the escrow agreements, 25% of the escrowed shares shall be released every 6 months from June 2, 2021 over a period of 24 months. As at November 30, 2022, 880,001 (May 31, 2022 – 1,320,001) common shares were held within escrow.

Pursuant to the share purchase agreement (Note 13(b)(i)), 1,799,098 common shares issued to the shareholders of Departure Lounge under the DL Acquisition are subject to escrow conditions required by applicable securities laws and the CSE requirements. Pursuant to the terms of the escrow agreements, 25% of the escrowed shares shall be released every 6 months from December 15, 2021 over a period of 24 months. As at November 30, 2022, 1,124,436 (May 31, 2022 – 1,574,210) common shares were held within escrow.

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13. SHARE CAPITAL (cont'd).

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 period ended November 30, 2022, the Company had the following stock options and share purchase warrant transactions:

- i) Granted an aggregate of 1,065,000 stock options at an exercise price between \$0.14 per share and \$0.25 per share to certain consultants and employees of the Company. 150,000 of the options expire on November 4, 2025 and 915,000 of the options expire on November 4, 2027. The fair value of options at grant date was \$23,327. During the period, the Company recorded \$23,327 in share-based compensation on the vested portion of the options.
- ii) cancelled 370,000 stock options at an exercise price between \$0.12 and \$0.50 per share forfeited by a former employees of the Company.
- iii) cancelled 1,540,000 warrants at an exercise price of \$0.30 per share on the expiry date.

During the year ended May 31, 2022, the Company carried out the following stock options and share purchase warrant transactions:

- i) granted an aggregate of 500,000 stock options at an exercise price of \$0.34 per share to certain employees and consultants of the Company. 300,000 of the options expire on September 15, 2023 and 200,000 of the options expire on September 15, 2026. The fair value of the options at grant date was \$123,757. During the year, the Company recorded \$101,789 in share-based compensation on the vested portion of the options.
- ii) granted an aggregate of 350,000 stock options at an exercise price of \$0.48 per share to certain employees and consultants of the Company. 250,000 of the options expire on November 29, 2023 and 100,000 of the options expire on November 29, 2026. The fair value of the options at grant date was \$136,869. During the year, the Company recorded \$63,560 in share-based compensation on the vested portion of the options.

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13. SHARE CAPITAL (cont'd).

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

- iii) granted an aggregate of 425,000 stock options at an exercise price of \$0.45 per share to an employee and consultant of the Company. 400,000 of the options expire on December 22, 2026 and 25,000 of the options expire on December 22, 2024. The fair value of the options at grant date was \$174,566. During the year, the Company recorded \$87,690 in share-based compensation on the vested portion of the options.
- iv) granted an aggregate of 625,000 stock options at an exercise price of \$0.36 per share to certain employees, officer and consultants of the Company. 25,000 of the options expire on January 18, 2025 and 600,000 of the options expire on January 18, 2027. The fair value of the options at grant date was \$193,667. During the year, the Company recorded \$84,061 in share-based compensation on the vested portion of the options.
- v) granted an aggregate of 375,000 stock options at an exercise price of \$0.22 per share to certain employees, and consultants of the Company. 25,000 of the options expire on March 3, 2025 and 300,000 of the options expire on March 3, 2027. The fair value of the options at grant date was \$92,887. During the year, the Company recorded \$22,309 in share-based compensation on the vested portion of the options.
- vi) granted an aggregate of 700,000 stock options at an exercise price of \$0.12 per share to certain employees, officer and consultants of the Company with an expiry date of May 12, 2027. The fair value of the options at grant date was \$77,243. During the year, the Company recorded \$4,039 in share-based compensation on the vested portion of the options.
- vii) issued 23,139,663 share purchase warrants and 631,539 agent's warrants at an exercise price of \$0.50 per share expiring November 25, 2023 in connection to a private placement (Note 13(b)(v)). Of the 23,139,663 share purchase warrants, 500,000 share purchase warrants were cancelled and returned to treasury due to a cancellation of a subscriber's subscription. During the year, the Company recorded share issuance costs of \$175,977 on the agent's warrants.
- viii) exercised an aggregate of 3,442,654 warrants at an exercise price between \$0.15 and \$0.35 per share for an aggregate of 3,442,654 common shares (Note 13(b)).
- ix) recorded an aggregate of \$413,166 in share-based compensation on previously issued stock options which vested during the year.

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	
	November 30, 2022	November 30, 2021	November 30, 2022	November 30, 2021
Risk free rate	2.83%	0.80%	3.72%	1.07%
Expected dividend yield	0%	0%	0%	0%
Expected stock price volatility	206.42%	160.44%	124.42%	160.78%
Weighted average expected life	5.82 years	3.06 years	1.74 years	2 years
Weighted average fair value	\$0.30	\$0.31	\$0.07	\$0.28

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13. SHARE CAPITAL (cont'd).

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

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, 2021	5,525,000	\$ 0.24	19,885,862	\$ 0.23
Forfeited	-	-	(500,000)	0.50
Expired	-	-	(317,342)	0.30
Exercised	-	-	(3,442,654)	0.16
Granted	2,975,000	0.31	23,771,202	0.50
Outstanding, May 31, 2022	8,500,000	0.26	39,397,068	0.38
Forfeited	(370,000)	0.29	(1,540,000)	0.30
Granted	1,065,000	0.15	25,461,621	0.20
Outstanding, November 30, 2022	9,195,000	\$ 0.25	63,318,689	\$ 0.28
Number currently exercisable	6,250,831	\$ 0.26	37,857,068	\$ 0.40

As at November 30, 2022, 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	1.28 years
	March 22, 2024	250,000	\$ 0.25	1.31 years
	May 14, 2024	75,000	\$ 0.25	1.45 years
	October 25, 2024	200,000	\$ 0.50	2.90 years
	March 4, 2025	100,000	\$ 0.22	2.26 years
	June 23, 2025	2,450,000	\$ 0.19	2.56 years
	March 10, 2026	600,000	\$ 0.25	3.28 years
	May 14, 2026	200,000	\$ 0.25	3.45 years
	September 15, 2023	300,000	\$ 0.34	0.79 years
	September 15, 2026	200,000	\$ 0.34	3.79 years
	November 29, 2023	250,000	\$ 0.48	1.00 years
	November 29, 2026	100,000	\$ 0.48	4.00 years
	December 22, 2024	25,000	\$ 0.45	2.06 years
	December 22, 2026	400,000	\$ 0.45	4.06 years
	January 18, 2025	25,000	\$ 0.36	2.14 years
	January 18, 2027	600,000	\$ 0.36	4.14 years
	March 3, 2025	25,000	\$ 0.22	2.26 years
	March 3, 2027	150,000	\$ 0.22	4.26 years
	May 12, 2027	680,000	\$ 0.12	4.45 years
	November 4, 2025	100,000	\$ 0.25	2.93 years
November 4, 2027	965,000	\$ 0.14	4.93 years	
		9,195,000	\$ 0.25	2.89 years

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13. SHARE CAPITAL (cont'd).

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

	Expiry Date	Number of Shares	Weighted Average Exercise Price	Weighted Average Period
Warrants	April 29, 2023	4,790,800	\$ 0.40	0.41 years
	May 1, 2023	128,400	\$ 0.40	0.42 years
	November 25, 2023	23,271,202	\$ 0.50	0.99 years
	March 9, 2024	5,666,666	\$ 0.25	1.27 years
	June 2, 2024	4,000,000	\$ 0.0006	1.51 years
	February 17, 2024	4,827,472	\$ 0.20	1.22 years
	February 29, 2024	8,887,739	\$ 0.20	1.25 years
	November 10, 2024	2,744,642	\$ 0.20	1.95 years
	November 29, 2024	9,001,767	\$ 0.20	2.00 years
		63,318,688	\$ 0.28	1.24 years

14. 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 periods ended November 30, 2022 and 2021, the remuneration of the key management personnel were as follows:

November 30,		2022		2021
Chief Executive Officer	\$	60,000	\$	58,154
Chief Financial Officer		15,300		19,000
Chief Strategy Officer		120,000		73,333
Chief Technology Officer		60,000		54,077
Vice President of Operations		60,000		53,154
Director Fees		17,443		6,000
Total	\$	332,743	\$	263,718

Other related party transactions and balances

- (i) The Company recognized an aggregate of \$54,813 (November 30, 2021 - \$326,499) in share-based compensation on the vested portion of stock options and performance-based warrants granted to directors and officers of the Company.
- (ii) During the period ended November 30, 2022, the Company repaid the convertible debt of \$Nil and interest earned of \$Nil (May 31, 2022 – debt of \$250,000 and interest of \$122,218) to the CEO of the Company (Note 10(a)).
- (iii) During the period ended November 30, 2022, the Company paid or accrued \$18,151 in director's fees (November 30, 2021 - \$6,000) to three directors of the Company. As at November 30, 2022, \$50,151 (May 31, 2022 - \$32,000) was included in trade payables and accrued liabilities in director fees owed to three directors of the Company.

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14. RELATED PARTY TRANSACTIONS (cont'd)

- (iv) As at November 30, 2022, \$82,720 (May 31, 2022 - \$46,080) was included in trade payables and accrued liabilities for deferred salaries and accrued vacation salaries to four executives of the Company.
- (v) As at November 30, 2022, \$12,543 (May 31, 2022 - \$1,921) was owed to the CFO of the Company for services rendered. The amount is included in trade payables and accrued liabilities.
- (vi) In fiscal 2022, the Company entered into a leasing arrangement with Rabid Publishing Inc., a company partially owned by three directors and officers of the Company to lease an LED wall totaling USD\$150,000 (CAD\$190,882) for a period of 36 months at 12% per annum (Note 16(p)). As at November 30, 2022, \$201,718 including \$14,037 in interest and data center lease costs (May 31, 2022 - \$190,882 including \$Nil in interest and data center lease costs) remains outstanding on the lease.

15. NON-CONTROLLING INTEREST

In fiscal 2022, the Company acquired 100% of Departure Lounge (Note 13(b)(i)) which holds 70% equity interest in 1310675BC. The non-controlling interest represents the 30% equity interest in 1310675BC held by a minority shareholder.

The continuity of non-controlling interest is summarized as follows:

	1310675 BC Ltd
Balance, May 31, 2020 and 2021	\$ -
Share of net and comprehensive loss	(7,521)
Balance, May 31, 2022	(7,521)
Share of net and comprehensive loss	(432)
Balance, November 30, 2022	\$ (7,953)

16. COMMITMENTS

Finance loans

- a. 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. The Company renewed its directors' and officers' liability insurance and entered into a financing agreement dated October 20, 2021 for a period of nine months commencing October 21, 2021, in exchange for a down payment of \$7,613 and \$2,556 per month.

On October 2, 2022, the Company renewed its directors' and officers' liability insurance and entered into a financing agreement for a period of eleven months commencing October 20, 2022, in exchange for a down payment of \$4,484 and \$2,431 per month.

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16. COMMITMENTS (cont'd)

- b. 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 Company renewed its general liability and information technology insurance for a period of nine months commencing February 28, 2022, in exchange for \$2,543. In July 2022, the Company increased its general liability and information technology insurance coverage thereby increasing the premium. Effective July 2022, the monthly payments increased to \$3,652. The insurance will expire in November 2022.

On November 29, 2022, the Company renewed its commercial property insurance and entered into a financing agreement for a period of ten months commencing January 29, 2023 in exchange for \$5,623 per month.

The summary of finance loans is:

		Insurance (a,b)
Balance, May 31, 2021	\$	14,437
Proceeds		44,695
Imputed interest		1,369
Payments and other		(42,874)
Balance, May 31, 2022		17,627
Proceeds		88,384
Imputed interest		785
Payments and other		(28,144)
Balance, November 30, 2022	\$	78,652
Current portion	\$	78,652
Long-term portion	\$	-

Lease agreements

- a. 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.

On November 1, 2022, the Company renewed its data centre lease for an additional 3 year term in exchange for \$14,624 per month plus applicable taxes. The monthly rent includes base rent, operating costs, and capital cost recoveries.

- b. Data Center lease dated May 31, 2021 for data centre colocation services with Equinix Netherlands for €97,485 for a period of three years, with payments commencing on September 1, 2021 and expiring August 31, 2024. Payments begin at €2,820 per month with a 5% increase every 12 months.
- c. Data Center lease dated July 13, 2021 for data centre colocation services with Equinix US for US\$71,841 for a period of three years, with payments commencing October 1, 2021 and expiring September 30, 2024. Payments begin at US\$1,600 per month with a 5% increase every 12 months.

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16. COMMITMENTS (cont'd)

- d. Data Center lease dated June 30, 2021 for data centre colocation services with Equinix Australia for AUD104,742 for a period of three years, with payments commencing on April 1, 2022 and expiring March 31, 2025. Payments begin at AUD3,200 per month with a 5% increase every 12 months.
- e. Equipment lease dated May 27, 2021 and amended on December 22, 2021 for various data center equipment with NFS Leasing for \$335,259 for a period of three years, with payments commencing on December 1, 2021 and expiring December 31, 2024. Payments are currently estimated at \$13,383 per month.
- f. Equipment lease dated September 17, 2021 for various data center equipment with NFS Leasing for \$250,295 for a period of three years, with payments commencing September 1, 2021 and expiring September 30, 2024. Payments are currently estimated as \$9,963 per month.
- g. Equipment lease dated April 21, 2022 for data centre equipment with Data Sales Company of Canada Inc. for \$111,166 for a period of 36 months commencing May 1, 2022 expiring April 30, 2025 in exchange for \$3,705 per month plus applicable taxes.
- h. Equipment lease dated April 21, 2022 for data centre equipment with Data Sales Company of Canada Inc. for \$125,233 for a period of 36 months commencing June 1, 2022 expiring May 31, 2025 in exchange for \$4,174 per month plus applicable taxes.
- i. Equipment lease dated August 16, 2022 for data centre equipment with Data Sales Company of Canada Inc. for \$221,762 for a period of 36 months commencing September 1, 2022 expiring August 31, 2025 in exchange for \$7,391 per month plus applicable taxes.
- j. Data Center lease agreement dated February 10, 2016 for colocation services with Cologix for a period of 36 months and subsequently renewed on an annual basis expiring Mar 4, 2023 in exchange for \$2,436 per month plus applicable taxes.
- k. Data Center lease agreement dated November 28, 2017 for colocation services with Cologix for a period of 60 months and subsequently renewed on an annual basis expiring May 1, 2023 in exchange for \$2,466 per month plus applicable taxes.
- l. Data Center lease agreement dated February 20, 2018 for colocation services with Hibernia Atlantic Communications (Canada) Company for a period of 24 months and subsequently renewed on an annual basis expiring June 1, 2023 in exchange for \$1,692 per month plus applicable taxes.
- m. Equipment lease dated April 12, 2022 for production equipment with De Lage Landen Financial Services Canada Inc. for \$381,080 for a period of 12 months commencing on April 21, 2022 expiring April 30, 2023 in exchange for a down payment of \$120,000 plus applicable taxes and \$24,634 per month plus applicable taxes.
- n. Equipment lease dated June 25, 2022 for data centre equipment with GC Leasing Ontario Inc. for a period of 48 months commencing October 1, 2022 expiring September 30, 2026 in exchange for \$1,998 per month plus applicable taxes.
- o. Equipment lease dated July 22, 2022 for data centre equipment with Alliance Financing Group. for a period of 48 months commencing September 1, 2022 expiring August 31, 2026 in exchange for \$1,564 per month plus applicable taxes.

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16. COMMITMENTS (cont'd)

- p. Equipment Lease-To-Own Agreement dated April 25, 2022 for metastage equipment with Rabid Publishing Inc for USD\$150,000 for a period of 36 months commencing June 1, 2022 expiring May 31, 2025 in exchange for USD\$4,982 per month plus applicable taxes.
- q. Equipment lease dated September 26, 2022 for data centre equipment with Data Sales Company of Canada Inc. for \$17,400 for a period of 36 months commencing October 1, 2022 expiring September 26, 2025 in exchange for \$526 per month plus applicable taxes.
- r. Equipment lease dated September 29, 2022 for data centre equipment with Alliance Financing Group. for a period of 36 months commencing October 1, 2022 expiring September 30, 2025 in exchange for \$923 per month plus applicable taxes.
- s. Office lease with Great Northern Way Campus Ltd. for three suites:
- Dated December 18, 2021 for office premises for a period of 12 months commencing January 1, 2022 and expiring December 31, 2022 in exchange for \$7,093 per month plus applicable taxes. The lease agreement includes an option to renew for two additional one year option terms at the end of its current term.
 - Dated March 30, 2022 for office premises for a period of 12 months commencing April 1, 2022 and expiring March 31, 2023 in exchange for \$20,658 per month plus applicable taxes. The lease agreement includes an option to renew for two additional one year option terms at the end of its current term.
 - Dated August 1, 2022 for office premises for a period of 17 months commencing August 1, 2022 and expiring December 31, 2023 in exchange for \$8,242 per month plus applicable taxes. The lease agreement includes an option to renew for two additional one-year option term at the end of its current term.

17. SALES AND RELIANCE ON MAJOR CUSTOMERS

The Company's sales by category are:

Six months ended November 30,	2022	2021
Sales for the period		
Hardware sales and installation	\$ 542,593	\$ 137,469
Software licensing fees	10,034	386
Platform fees	374,610	471,187
Support and maintenance	2,576	-
Rental fees	54,596	12,504
Consulting services	103,743	7,563
Other	20,261	232
	<u>\$ 1,108,413</u>	<u>\$ 629,341</u>

AMPD VENTURES INC.

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17. SALES AND RELIANCE ON MAJOR CUSTOMERS (cont'd)

During the period ended November 30, 2022, sales to the top two of the Company's customers amounted to 36%, and 35%, respectively, for a combined total of 71% of sales. A single hardware sale represented the largest customer. During the period ended November 30, 2021, sales to two of the Company's customers amounted to 49%, and 15%, respectively, for a combined total of 64% 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.

18. SEGMENTED INFORMATION

The Company operates in one industry segments in Canada, the United States of America and in Europe. The Company's assets are solely located in Canada. During the periods ended November 30, 2022 and 2021, all sales occurred in Canada.

19. SUPPLEMENTAL CASH FLOW INFORMATION

Non-cash transactions during the six months ended November 30, 2022 include:

- i. The Company recorded an aggregate fair value of \$86,654 on 1,259,891 agents warrants issued in connection to the Company's two private placement financings totalling 24,201,730 units for gross proceeds of \$3,388,242 (Note 13(b)).

Non-cash transactions during the six months ended November 30, 2021 include:

- i. The Company issued 1,760,001 common shares at a fair value of \$267,300 for the acquisition of Cloud-A (Note 4) and is included in goodwill.
- ii. The Company recorded a fair value of \$175,977 on 631,539 agents' warrants issued in connection to the Company's private placement of 23,139,663 units for gross proceeds of \$6,941,899 (Note 13(b)).

20. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company's financial instruments consist of cash, receivables, trade payables, 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 November 30, 2022 is \$282,113 (May 31, 2022 - \$655,799), 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.

AMPD VENTURES INC.

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended November 30, 2022

(Expressed in Canadian Dollars - Unaudited)

20. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (cont'd)

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 November 30, 2022 and 2021, 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 21.

As at November 30, 2022, the Company had a working capital deficiency of \$988,361 (May 31, 2022 – working capital of \$255,611).

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.

21. 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 period ended November 30, 2022.

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22. SUBSEQUENT EVENTS

Subsequent to the period end, the Company:

- a) closed its third and fourth tranches of a non-brokered private placement of an additional 4,992,961 units for an aggregate total of 16,141,119 units (the "Units") of the Company's securities at a price of \$0.14 per Unit for aggregate proceeds of \$2,259,757 (the "Private Placement").

Each Unit will be comprised of one common share of the Company (each a "Share") and one common share purchase warrant (each a "Unit Warrant" and, collectively, the "Unit Warrants"), with each Unit Warrant entitling the holder to subscribe for one Common Share (each a "Warrant Share" and, collectively, the "Warrant Shares") in the capital of the Company at an exercise price of \$0.20 per Warrant Share for a period of 24 months following the date of the closing of the Private Placement.

In connection with the third and fourth and final tranches of the Private Placement, the Company paid certain finders CAN\$29,677 in cash, and 211,983 Unit Warrants as finder's fees, resulting in total finder's consideration across the Private Placement of CAN\$113,432.80 in cash and 810,234 Unit Warrants.

All securities issued under the private placement are subject to a four-month and one day hold period, and completion of the financing is subject to a number of conditions, including, without limitation, receipt of all regulatory approvals, including approval of the Canadian Securities Exchange ("CSE"). The Company intends to use the proceeds from the private placement for the deployment of AMPD infrastructure, to increase headcount, and for general working capital purposes.

- b) signed a non-binding letter of intent ("the LOI") for the acquisition of a full-service studio with world-leading capabilities that range from virtual cinematography to animation services (the "Target").

Pursuant to the LOI, AMPD will acquire 100% of the equity of the Target. If completed, the acquisition is expected to bring a well-established, profitable industry leader who has consistently delivered several million dollars in annual revenue into the AMPD group expanding the AMPD group's offerings to the market with a range of complementary services. The acquisition will be funded through long-term low-cost debt and shares.

The acquisition is being supported by a major Canadian banking institution. Completion of the acquisition is subject to the completion of due diligence by the relevant parties, the execution of the definitive transaction agreements, and other customary closing conditions, including any regulatory approvals. There can be no assurance that a definitive agreement will be entered into or that the proposed acquisition will be consummated.