

**Alpha Esports Tech Inc.**

**Condensed Interim Consolidated Financial Statements**

**For the nine months ended March 31, 2021 and 2020**

**(Unaudited – Expressed in Canadian Dollars)**

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**Alpha Esports Tech Inc.**  
**Condensed Interim Consolidated Statements of Financial Position**  
**(Expressed in Canadian Dollars)**

As at	Notes	March 31, 2021	June 30, 2020
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash		\$ 3,339,064	\$ 8,974
Receivables		840	840
GST receivable		91,517	32,125
Promissory notes receivable	6	18,246	37,829
Prepaid expenses		946,618	17,857
		4,396,618	97,625
<b>Non-current Assets</b>			
Equipment	11	2,110	2,554
Intangible assets	9	1,913,856	721,544
Goodwill	8	402,561	402,561
		2,318,527	1,126,659
<b>TOTAL ASSETS</b>		6,714,812	1,224,284
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Accounts payable and accrued liabilities	7	751,546	799,589
Due to shareholder		15,719	17,035
<b>TOTAL LIABILITIES</b>		767,265	816,624
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	5	10,502,629	2,986,893
Share subscriptions	5	-	250
Reserves	5	754,182	8,100
Accumulated other comprehensive income		(35,735)	(7,383)
Deficit		(5,273,529)	(2,580,200)
<b>TOTAL SHAREHOLDERS' EQUITY</b>		5,947,547	407,660
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		\$ 6,714,812	\$ 1,224,284

Nature of operations – Note 1

Going concern – Note 2

Commitment – Note 14

Approved on behalf of the Board of Directors:

“Matthew Schmidt”, Director

“Timothy Laidler”, Director

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

**Alpha Esports Tech Inc.**  
**Condensed Interim Consolidated Statements of Comprehensive Loss**  
**(Expressed in Canadian Dollars)**

	For the three months ended		For the nine months ended	
	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
<b>REVENUES</b>	\$ 11,107	\$ -	\$ 14,576	\$ -
<b>EXPENSES</b>				
Advertising and marketing	50,148	84,528	246,234	161,000
Consulting	350,720	124,023	795,625	246,743
Depreciation (Notes 9 and 11)	157,724	-	313,430	-
Management fees (Note 7)	91,500	57,879	276,075	158,141
Office and miscellaneous	38,304	10,694	163,022	34,272
Professional fees	24,806	21,536	134,247	201,643
Rent	15,000	-	50,000	32,182
Share-based payments (Note 5 and 7)	78,751	-	686,786	-
Tournament prizes	11,334	4,067	21,802	4,067
Transfer agent and filing fees	12,691	-	12,836	263
Travel	-	3,794	-	80,235
<b>TOTAL OPERATING EXPENSES</b>	<b>(830,978)</b>	<b>(306,521)</b>	<b>(2,700,057)</b>	<b>(918,546)</b>
	<b>(819,871)</b>	<b>(306,521)</b>	<b>(2,685,481)</b>	<b>(918,546)</b>
Foreign exchange loss	(4,797)	(1,076)	(8,265)	(8,184)
Interest income (Note 6)	-	-	417	-
Write-down of loan receivables	-	(360,000)	-	(360,000)
Write-down of mobile arena asset	-	(526,720)	-	(526,720)
	<b>(4,797)</b>	<b>(887,796)</b>	<b>(7,848)</b>	<b>(894,904)</b>
<b>NET LOSS FOR THE PERIOD</b>	<b>(824,668)</b>	<b>(1,194,317)</b>	<b>(2,693,329)</b>	<b>(1,813,450)</b>
Cumulative translation adjustment	3,943	-	(28,352)	-
<b>COMPREHENSIVE LOSS FOR THE PERIOD</b>	<b>\$ (820,725)</b>	<b>\$ (1,194,317)</b>	<b>\$ (2,721,681)</b>	<b>\$ (1,813,450)</b>
<b>Loss per share, basic and diluted</b>	<b>\$ (0.01)</b>	<b>(0.04)</b>	<b>(0.06)</b>	<b>\$ (0.06)</b>
<b>Weighted average number of common shares outstanding – Basic and diluted</b>	<b>60,106,498</b>	<b>31,183,868</b>	<b>45,610,953</b>	<b>30,881,565</b>

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

**Alpha Esports Tech Inc.**  
**Condensed Interim Consolidated Statements of Changes in Shareholders' Equity**  
**(Expressed in Canadian Dollars)**

	Share Capital		Share subscriptions	Reserves	Accumulated other comprehensive loss	Deficit	Total shareholders' equity
	Number	Amount					
		\$	\$	\$	\$	\$	\$
<b>Balance, June 30, 2019</b>	26,566,868	576,419	202,376	-	-	(257,623)	521,172
Private placements	4,617,000	1,119,875	(202,376)	-	-	-	917,499
Share issuance cost – cash	-	(61,666)	-	-	-	-	(61,666)
Share issuance cost – warrants	-	(8,100)	-	8,100	-	-	-
Subscription receipts	-	-	440,250	-	-	-	440,250
Loss for the period	-	-	-	-	-	(926,730)	(926,730)
<b>Balance, March 31, 2020</b>	<b>31,183,868</b>	<b>1,626,528</b>	<b>440,250</b>	<b>8,100</b>	<b>-</b>	<b>(1,184,353)</b>	<b>890,525</b>
Private placements	1,760,000	440,000	(440,000)	-	-	-	-
Share issuance cost – cash	-	(3,691)	-	-	-	-	(3,691)
Share exchange agreement	5,046,462	924,056	-	-	-	-	924,056
Cumulative translation adjustment	-	-	-	-	(7,383)	-	(7,383)
Loss for the period	-	-	-	-	-	(1,395,847)	(1,395,847)
<b>Balance, June 30, 2020</b>	<b>37,990,330</b>	<b>2,986,893</b>	<b>250</b>	<b>8,100</b>	<b>(7,383)</b>	<b>(2,580,200)</b>	<b>407,660</b>
Shares cancelled and returned to treasury	(1,250,000)	-	-	-	-	-	-
Shares issued pursuant to advisory services rendered	1,250,000	437,500	-	-	-	-	437,500
Shares issued pursuant to acquisition	5,300,000	1,388,023	-	-	-	-	1,388,023
Shares issued pursuant to private placement, net	16,816,168	5,749,509	-	-	-	-	5,749,509
Finders' warrants	-	(59,296)	-	59,296	-	-	-
Share-based payment pursuant to options granted	-	-	-	664,393	-	-	664,393
Share-based payment pursuant to RSRs granted	-	-	-	22,393	-	-	22,393
Subscriptions returned	-	-	(250)	-	-	-	(250)
Cumulative translation adjustment	-	-	-	-	(28,352)	-	(28,352)
Loss for the period	-	-	-	-	-	(2,693,329)	(2,693,329)
<b>Balance, March 31, 2021</b>	<b>60,106,498</b>	<b>10,502,629</b>	<b>-</b>	<b>754,182</b>	<b>(35,735)</b>	<b>(5,273,529)</b>	<b>5,947,547</b>

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

**Alpha Esports Tech Inc.**  
**Condensed Interim Consolidated Statements of Cash Flow**  
**(Expressed in Canadian Dollars)**

	For the nine months ended March 31, 2021	For the nine months ended March 31, 2020
<b>Cash (used in) provided by:</b>		
<b>OPERATING ACTIVITIES</b>		
Loss for the period	\$ (2,693,329)	\$ (1,813,450)
Adjustments to non-cash items:		
Depreciation	313,430	-
Foreign exchange	4,494	-
Interest income	(417)	-
Share-based payments	686,786	-
Shares issued pursuant to advisory services rendered	437,500	-
Write-down of loan receivables	-	360,000
Write-down of mobile arena asset	-	526,720
<b>Net changes in non-cash working capital items:</b>		
Amounts receivable	-	(5,674)
GST receivable	(59,392)	(13,600)
Prepaid expenses	(928,761)	(53,167)
Accounts payable and accrued liabilities	(48,489)	274,465
<b>Cash used in operating activities</b>	<b>(2,288,178)</b>	<b>(724,706)</b>
<b>INVESTING ACTIVITIES:</b>		
Promissory note receivable	-	(420,945)
Promissory note received	20,000	-
Mobile arena asset	-	(526,720)
Gaming platform	(151,241)	-
<b>Cash used in investing activities</b>	<b>(131,241)</b>	<b>(947,665)</b>
<b>FINANCING ACTIVITIES:</b>		
Proceeds from issuance of common shares, net	5,749,509	855,833
Subscriptions received in advance	-	440,250
<b>Cash provided by financing activities</b>	<b>5,749,509</b>	<b>1,296,083</b>
Net increase (decrease) in cash	3,330,090	(376,288)
Cash, beginning of period	8,974	390,046
<b>Cash, end of period</b>	<b>\$ 3,339,064</b>	<b>\$ 13,758</b>
Cash paid for interest	\$ -	\$ -
Cash paid for income taxes	\$ -	\$ -

Supplemental disclosure with respect to cash flows – Note 15

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

**Alpha Esports Tech Inc.**  
**Notes to the Condensed Interim Consolidated Financial Statements**  
**For the nine months ended March 31, 2021 and 2020**  
**(Expressed in Canadian Dollars)**

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**1. NATURE OF OPERATIONS**

Alpha Esports Tech Inc. (the “Company”) was incorporated under the laws of British Columbia on March 1, 2019. The Company’s registered office is 2200-885 West Georgia Street, Vancouver, British Columbia V6C 3E8.

On April 13, 2020, the Company completed the Share Exchange Agreement (‘Agreement’) with Esports Enterprises Inc. (“Esports”), a private company. Pursuant to the terms of the Agreement, the shareholders of Esports transferred all of their issued and outstanding shares to the Company in exchange for a pro-rated number of shares of the Company. Consequently, the transaction constitutes control of Esports by the Company, with Esports representing a wholly-owned subsidiary of the Company for accounting and reporting purposes.

On May 14, 2021, the Company’s shares began trading on the Canadian Securities Exchange (“CSE”) under the symbol, “ALPA”.

During the period ended March 31, 2021, the Company split its shares on the basis of one old common share for two new common shares. All common shares, warrants, and options in these consolidated financial statements are retroactively presented on a post-stock split basis, including the exercise prices of all share purchase warrants.

These condensed interim consolidated financial statements were approved by the Board of Directors on May 31, 2021.

**2. GOING CONCERN**

These condensed interim consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations as they come due. On March 31, 2021, the Company had not yet achieved profitable operations and had a deficit of \$5,273,529 (June 30, 2020 - \$2,580,200) and a working capital of \$3,629,020 (June 30, 2020 – working capital deficiency - \$718,999). In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but is not limited to, twelve months from the end of the reporting period. The Company expects to incur further losses in the development of its business. If for any reason, the Company is unable to continue as a going concern, this could result in adjustments to the amounts and classifications of assets and liabilities in the Company’s condensed interim consolidated financial statements and such adjustments could be material.

On March 11, 2020, the World Health Organization declared COVID-19 a global pandemic. It has adversely affected global workforces, economies, and financial markets, triggering an economic downturn. It is not possible at this time for the Company to predict the duration or magnitude of the adverse results of the outbreak nor its effects on the Company’s business or operations.

**Alpha Esports Tech Inc.**  
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**3. BASIS OF PRESENTATION**

These condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard (“IAS”) 34 “Interim Financial Reporting”. They do not include all of the information required for full annual financial statements and should be read in conjunction with the Company’s audited annual consolidated financial statements for the fiscal year ended June 30, 2020, which have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and Interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”).

These condensed interim consolidated financial statements have been prepared on a historical cost basis. In addition, these condensed interim consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

**3.1. Significant judgments, estimates and assumptions**

The preparation of the Company’s condensed interim consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continually evaluated and are based on management’s experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results could differ from these estimates.

**Critical Accounting Judgments**

*Going concern*

The assumption that the Company will be able to continue as a going concern is subject to critical judgments by management with respect to assumptions surrounding the short and long-term operating budget, expected profitability, investing and financing activities and management’s strategic planning. Should those judgments prove to be inaccurate, management’s continued use of the going concern assumption could be inappropriate.

*Business combinations*

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

The Company measures all assets acquired and liabilities assumed at their acquisition-date fair values. The excess of the aggregate of the consideration transferred over the net assets of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed, is recognized as goodwill as of the acquisition date.

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**3. BASIS OF PRESENTATION (continued)**

**3.1 Significant judgments, estimates and assumptions (continued)**

*Functional currency*

Determination of an entity's functional currency involves judgment taking into account the transactions, events, and conditions relevant to each individual entity. Determination of functional currency involves evaluating evidence about the primary economic environment in which each entity operates and is re-evaluated when facts and circumstances indicate that conditions have changed.

*Collectability of receivables*

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

*Gaming Platform – Research versus development*

In determining whether to capitalize the costs related to the development of the gaming platform, Management is required to make judgments about whether the development work qualifies as an asset; determining whether there is an identifiable asset which is expected to produce future benefits and being able to determine the cost of the asset reliably.

**Critical Accounting Estimates**

*Income Taxes*

The determination of income tax is inherently complex and requires making certain estimates and assumptions about future events. While income tax filings are subject to audits and reassessments, the Company has adequately provided for all income tax obligations. However, changes in facts and circumstances as a result of income tax audits, reassessments, jurisprudence and any new legislation may result in an increase or decrease in our provision for income taxes.

*Valuation of equity consideration granted*

The valuation of share consideration granted involves management judgment in determining the valuation of the share consideration granted. Judgment is exercised in assessing the fair value of the shares granted.

The fair value of equity instruments are subject to the limitations of the Black-Scholes option pricing model, as well as other pricing models that incorporate market data and involves uncertainty in estimates used by management in the assumptions. Because option pricing models require inputs of highly subjective assumptions, including the volatility of share prices, changes in subjective input assumptions can materially affect the fair value estimate.



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**3. BASIS OF PRESENTATION (continued)**

**3.1 Significant judgments, estimates and assumptions (continued)**

*Estimated useful lives – tangible and intangible assets*

Amortization of tangible assets is dependent upon estimates of useful lives based on management's judgment. Determination must be made by management whether the gaming platform has an indefinite life or if not, management determines its lifespan. In management's view, the gaming platform will have a finite life.

*Impairment considerations and amortization of tangible assets, intangible assets, and goodwill*

Goodwill impairment testing requires management to make critical estimates within the impairment testing model. On an annual basis, the Company tests whether goodwill is impaired.

Determining whether any charge to impairment against the Company's tangible and finite lived intangible assets requires management to estimate the recoverable amount, which is defined as the higher of fair value less the cost of disposal or value in use. Many factors used in assessing recoverable amounts are outside of the control of management and it is reasonably likely that assumptions and estimates will change from period to period. Impairment is reviewed on an annual basis or as events and conditions change.

The recoverable value of goodwill and tangible and intangible assets is determined using discounted cash flow models, which incorporate assumptions about future events including future cash flows, growth rates and discount rates.

**3.2 Basis of Consolidation**

These condensed interim consolidated financial statements incorporate the financial statements of the Company and its controlled subsidiaries:

<b>Subsidiary</b>	<b>Country</b>	<b>Ownership %</b>
Esports Enterprises Inc.	USA - Delaware	100%
GamerzArena LLC	USA - Delaware	100%

Control exists when the parent company has the power, directly or indirectly, to govern the financial and operating policies of an entity to obtain benefits from its activities. The condensed interim consolidated financial statements include the accounts of the Company and its subsidiaries. All significant intercompany transactions and balances have been eliminated.

**3.3 Foreign Currency Translation**

The condensed interim consolidated financial statements are presented in Canadian dollars. Items included in the condensed interim consolidated financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates.

**Alpha Esports Tech Inc.**  
**Notes to the Condensed Interim Consolidated Financial Statements**  
**For the nine months ended March 31, 2021 and 2020**  
**(Expressed in Canadian Dollars)**

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**3. BASIS OF PRESENTATION (continued)**

**3.3 Foreign Currency Translation (continued)**

The functional currency of the parent company is the Canadian dollar. The functional currency of the subsidiaries is the US dollar.

**4. SIGNIFICANT ACCOUNTING POLICIES**

These condensed interim consolidated financial statements have been prepared on the basis of accounting policies and methods of computation consistent with those applied in the Company's amended audited annual consolidated financial statement for the fiscal year ended June 30, 2020.

During the period ended March 31, 2021, the Company adopted the following policy under share-based payments:

**4.1 Restricted Share Rights**

On the grant date, the fair values of equity settled restricted share rights ("RSRs") granted are recognized as an expense, with the corresponding increase in reserves in equity. Upon exercise of the RSR, the related reserves associated with the RSR exercised is reclassified into share capital. The fair value of each RSR granted is calculated on the date of the grant using the closing market share price on the date prior to the grant.

**5. SHARE CAPITAL**

**5.1 Authorized Share Capital**

Unlimited number of Class "A" Common voting shares without par value  
Unlimited number of Class "B" Common non-voting shares without par value

**5.2 Shares Issued**

Shares issued and outstanding as March 31, 2021 are 60,106,498 (June 30, 2020 – 37,990,330) Class A common shares.

During the period ended March 31, 2021, the Company split its shares on the basis of two common shares for each outstanding common share. All common shares, warrants, and options in these condensed interim consolidated financial statements are stated post-split.

During the nine months ended March 31, 2021, the Company had the following common share transactions:

- i) On August 19, 2020, cancelled 1,250,000 bonus shares in accordance with the terms of a service agreement previously entered. The bonus shares were assigned a \$nil value during the year ended June 30, 2020 as they were not expected to vest;

**Alpha Esports Tech Inc.**  
**Notes to the Condensed Interim Consolidated Financial Statements**  
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**5. SHARE CAPITAL (continued)**

**5.2 Shares Issued (continued)**

- ii) On December 11, 2020, acquired the assets of Paradise City Gaming Inc. for an aggregate of 4,500,000 common shares of the Company subject to the escrow terms as outlined in the purchase agreement (Note 9). The Company issued 800,000 Class A common shares of the Company in lieu of cash finders fees. The shares were measured at an estimated fair value of \$1,388,023;
- iii) On December 22, 2020, the Company issued 16,816,168 units at \$0.35 per unit for total gross proceeds of \$5,885,658 pursuant to a private placement. Each unit is comprised of one Class A common share and one-half common share purchase warrant exercisable at \$0.50 per Class A common share for a period of 24 months from the date of issuance. The Company paid \$136,150 in finders' fees and issued 389,000 brokers' warrants in connection with the financing. The brokers' warrants have a fair value of \$59,296. Each broker warrant is exercisable at \$0.50 for a period of 24 months. The fair value of the broker warrants was determined using the Black-Scholes pricing model using the following assumptions: exercise price \$0.50, average volatility 100%, expected life 2 years, risk free rate 0.23%);

During the nine months ended March 31, 2021, the Company issued the following shares pursuant to consulting services rendered:

Number of Shares	Fair value	Issuance Date
250,000	\$0.35	November 30, 2020
1,000,000	\$0.35	December 1, 2020
<b>1,250,000</b>		

During the year ended June 30, 2020, the following share transactions occurred:

On July 18, 2019, the Company issued 275,000 Class A common shares at \$0.125 per common share for total proceeds of \$34,375 pursuant to a private placement of which subscriptions had been received;

On July 19, 2019, the Company issued 4,342,000 units at \$0.25 per unit for total proceeds of \$1,085,500 pursuant to a private placement of which \$168,001 of subscriptions had been received. Each unit is comprised of one Class A common share and one-half common share purchase warrant exercisable at \$1.00 for a period of 24 months from the date of issuance. Finders' fees and other share issuance costs totaling \$61,666 were paid in cash. The Company also issued 151,760 broker warrants as finders fees, valued at \$8,100. Each broker warrant entitles the holder to purchase one Class A common share at a price of \$1.00 for a period of 24 months from the date of issuance. The fair value of the broker warrants was determined using the Black-Scholes pricing model using the following assumptions: average volatility 100%, expected life 2 years, risk free rate 1.43%);

On April 13, 2020, the Company issued 5,046,462 Class A common shares as part of the Agreement to acquire Esports (Note 8); and

**Alpha Esports Tech Inc.**  
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**5. SHARE CAPITAL (continued)**

**5.2 Shares Issued (continued)**

On May 20, 2020, the Company issued 1,760,000 units at \$0.25 per unit for total proceeds of \$440,000 pursuant to a private placement. Each unit is comprised of one Class A common share and one-half common share purchase warrant exercisable at \$1.00 for a period of 24 months from the date of issuance. Share issuance cost totaled \$3,691.

**5.3 Warrants**

A summary of the changes in the Company's share purchase warrants is as follows:

	Number of Warrants	Weighted Average Exercise Price
<b>Balance, June 30, 2019</b>	-	\$ -
Issued	3,202,760	1.00
<b>Balance, June 30, 2020</b>	<b>3,202,760</b>	<b>\$ 1.00</b>
Issued	8,797,090	0.50
<b>Balance, March 31, 2021</b>	<b>11,999,850</b>	<b>\$ 0.63</b>

As of March 31, 2021, the following warrants were outstanding:

Number of Warrants	Exercise Price	Expiry Date
2,171,000	\$1.00	July 19, 2021
151,760	\$1.00	July 19, 2021
880,000	\$1.00	May 20, 2022
8,408,090	\$0.50	December 22, 2022
389,000	\$0.50	December 22, 2022
<b>11,999,850</b>		

As of March 31, 2021, the weighted-average remaining life of the outstanding warrants was 1.41 years.

On September 1, 2020, the Corporation issued an aggregate of 7,000,000 performance warrants to certain consultants as consideration for the performance of ongoing services. Each of the 7,000,000 performance warrants are exercisable to acquire one common share of the Company at a price of \$0.05 for a period of three years from the date of issuance, and will vest and become exercisable when the Company completes an acquisition of an accretive business or asset having a value of \$2,500,000 or greater either in a single or in a series of separate transactions in respect of which the vending party is identified and introduced to the Company by the holder of such performance warrants;

Management has applied vesting probability of 0% to the vesting of performance warrants and as a result no expense has been recorded to date.

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**Notes to the Condensed Interim Consolidated Financial Statements**  
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**(Expressed in Canadian Dollars)**

**5. SHARE CAPITAL (continued)**

**5.3 Warrants (continued)**

At March 31, 2021, the following performance warrants were outstanding:

	<b>Performance warrants</b>	<b>Exercise Price</b>
<b>June 30, 2020 and 2019</b>	-	\$ -
Granted	7,000,000	0.05
<b>Outstanding, March 31, 2021</b>	<b>7,000,000</b>	<b>\$ 0.05</b>
Vested	-	-
<b>Exercisable, March 31, 2021</b>	<b>-</b>	<b>\$ -</b>

<b>Expiry date</b>	<b>Performance warrants outstanding</b>	<b>Performance warrants exercisable</b>	<b>Exercise Price</b>
September 1, 2023	7,000,000	-	0.05
	<b>7,000,000</b>	<b>-</b>	<b>\$ 0.05</b>

At March 31, 2021, the weighted-average remaining life of the outstanding performance warrants was 2.42 years.

**5.4 Options**

During the period ended March 31, 2021, the Company amended its stock option plan. The amended plan states that the Company may issue up to 20% of the issued and outstanding common shares as incentive stock options, bonus shares, deferred share units, stock appreciation rights, performance share units and restricted share units to its employees, officers, directors and consultants. The stock option plan limits the number of incentive stock options which may be granted to any one individual to not more than 5% of the total issuance and outstanding common shares. The exercise price of any options granted is determined by the Board of Directors in its sole discretion as of the date of the grant, but cannot be less than the discounted market price on the date of grant. Vesting terms are also determined by the Board of Directors.

A summary of the changes in the Company's stock options is as follows:

	<b>Options</b>	<b>Weighted Average Exercise Price</b>
<b>June 30, 2020 and 2019</b>	-	\$ -
Granted	3,250,000	0.35
<b>March 31, 2021</b>	<b>3,250,000</b>	<b>\$ 0.35</b>

**Alpha Esports Tech Inc.**  
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**5. EQUITY (continued)**

**5.4 Options (continued)**

The Company's stock options as at March 31, 2021 are as follows:

<b>Expiry date</b>	<b>Options outstanding</b>	<b>Options exercisable</b>	<b>Exercise Price</b>
<b>Options</b>			
December 1, 2023	2,500,000	2,500,000	\$ 0.35
November 22, 2023	750,000	187,500	0.35
	<b>3,250,000</b>	<b>2,687,500</b>	<b>\$ 0.35</b>

At March 31, 2021, the weighted-average remaining life of the outstanding options was 2.67 years.

The fair value of options was determined using the following weighted average Black-Scholes Option Pricing Model assumptions:

	<b>March 31, 2020</b>	<b>June 30, 2020</b>
Share price	\$ 0.35	-
Exercise price	\$ 0.35	-
Expected life	3 years	-
Volatility	100%	-
Risk-free interest rate	0.30%	-

During the nine months ended March 31, 2021, the Company recognized \$664,393 in share-based payment expense in connection with the options granted.

**5.5 Restricted Share Rights**

During the nine months ended March 31, 2021, the Company granted the following RSRs subject to certain performance and time-based vesting conditions to directors, officers, and consultants:

	<b>RSRs</b>
<b>June 30, 2020 and 2019</b>	-
Granted	450,000
<b>Outstanding, March 31, 2021</b>	<b>450,000</b>
Vested	-
<b>Vested, March 31, 2021</b>	<b>-</b>

During the nine months ended March 31, 2021, the Company recognized \$22,393 in share-based payment expense in connection with the RSRs granted.

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**6. PROMISSORY NOTES RECEIVABLE**

Pursuant to a promissory note agreement, the Company loaned \$508,694 to a third party. The loan bears interest at 4% per annum and is due on demand. Total loan repayments during the nine months ended March 31, 2021 totaled \$20,000 (June 30, 2020 - \$474,478). At March 31, 2021, the balance of the loan is \$18,246 (June 30, 2020 - \$37,829) and the Company recognized accrued interest of \$417 (March 31, 2021 - \$nil).

**7. RELATED PARTY TRANSACTIONS AND BALANCES**

Key management are those personnel having the authority and responsibility for planning, directing, and controlling the Company and include both executive and non-executive directors, and entities controlled by such persons. The Company considers all directors and officers of the Company to be key management personnel.

The aggregate value of transactions relating to key management personal were as follows:

	March 31, 2021	March 31, 2020
Management/consulting fees - CEO	\$ 90,000	\$ -
Management/consulting fees - CEO - FV of shares issued	29,167	-
Management/consulting fees - former CEO	-	152,141
Management/consulting fees - CFO	54,000	6,000
Management/consulting fees - former Director	29,000	-
Share-based payments - RSRs	4,976	-
Share-based payments - Options	384,529	-
<b>Total</b>	<b>\$ 591,672</b>	<b>\$ 158,141</b>

As at March 31, 2021, \$75,600 (June 30, 2020 – \$209,282) was owing to key management personnel for fees and expenses incurred on behalf of the Company with these amounts all included in accounts payable. The amounts payable are non-interest bearing, unsecured, and have no specific terms of repayment.

On August 19, 2020, the Company cancelled 1,250,000 bonus shares from the former CEO in accordance with the terms of a service agreement previously entered.

During the nine months ended March 31, 2021, the Company granted 1,950,000 (June 30, 2020 – nil) stock options to officers and directors. The Company also granted 100,000 (June 30, 2020 – nil) RSRs to the Company’s CFO.

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**8. GOODWILL**

*Esports Enterprises Inc.*

On April 13, 2020, the Company acquired 100% of the shares of Esports for 5,046,462 Class A common shares of the Company with a fair value of \$924,056, escrowed as per the terms of the Agreement. The shares are subject to a 36 months leak-out beginning 6 months after the Company's shares are listed on a stock exchange and will be released in equal tranches every 6 months thereafter. The fair value of the shares issued as consideration has been adjusted for a discount for the leak-out provision. This transaction was accounted for as a business combination in accordance with IFRS 3 – Business Combinations, as such the Company used the acquisition method of accounting. The consideration paid in excess of the net assets of the acquired business was \$402,561 and is recognized in goodwill.

<b>Consideration</b>	
Common shares	\$ 924,056
Transaction costs	26,982
<b>Total consideration</b>	<b>951,038</b>
<b>Fair value of net assets acquired</b>	
Cash	1,318
Equipment	2,727
Gaming platform	627,000
Total assets	631,045
Accounts payable and accrued liabilities	(65,148)
Due from shareholder	(17,420)
<b>Net assets acquired</b>	<b>548,477</b>
<b>Goodwill</b>	<b>\$ 402,561</b>

Goodwill arose over the acquisition of Esports due to the benefit of expected revenue growth and future market developments. These benefits were not recognized separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets. None of the goodwill arising on these acquisitions are expected to be deductible for tax purposes. All acquisitions were dealt with at arm's length at the time of transaction.



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**9. INTANGIBLE ASSETS**

As of March 31, 2021, the Company holds the following intangible assets:

*Gaming Platform*

During the year ended June 30, 2020, the Company acquired the gaming platform as part of its acquisition of Esports (Note 8). The gaming platform provides a space for online gamers to watch and play alongside peers, while competing in tournaments to earn prizes. The gaming platform enables cross-platform competition while users are able to stream their live games for others to view around the world, giving casual gamers a look into the world of competitive esports.

*Gaming Rights*

On December 8, 2020, the Company entered into an asset purchase agreement with Paradise City Games Inc. (“Paradise City”), pursuant to which the Corporation acquired substantially all of the assets formerly held by Paradise City in exchange for 4,500,000 common shares. In particular, the Corporation acquired certain intellectual property assets and contracts with different movie studios, providing it the right to utilize such intellectual property for developing mobile games, including intellectual property being developed for an upcoming animated film which is set to release in 2021. The Corporation issued an additional 800,000 Common Shares to certain finders as finders’ fees. The Paradise City asset acquisition was completed on December 11, 2020. The shares issued in connection with the acquisition and finders’ fees were valued at \$1,388,023. The fair value of the 4,500,000 common shares was determined using a discount for lack of marketability model (“DOLM”), which discounts time-released common shares at rates between 20%-38% and a share price of \$0.35 per share.

The Company accounted for the acquisition as an asset purchase arrangement. The asset purchase price was as follows:

<b>Consideration:</b>		
Common shares	\$	1,108,023
Finders’ fees		280,000
		<b>1,338,023</b>
<b>Allocated to:</b>		
Gaming rights		1,338,023
	\$	<b>1,338,023</b>

The gaming rights have an expected useful life of 3 years.

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**9. INTANGIBLE ASSETS (continued)**

As at March 31, 2021, the Company's intangible assets are as follows:

<b>Cost</b>	<b>Gaming platform</b>	<b>Gaming rights</b>	<b>Total</b>
<b>Balance, June 30, 2019</b>	\$ -	\$ -	\$ -
Acquisition date, April 13, 2020	627,000	-	627,000
Additions	105,320	-	105,320
Foreign currency translation	(10,776)	-	(10,776)
<b>Balance, June 30, 2020</b>	<b>721,544</b>	<b>-</b>	<b>721,544</b>
Additions	151,241	-	151,241
Acquisition – December 11, 2020	-	1,388,023	1,388,023
Foreign currency translation	(33,918)	-	(33,918)
<b>Balance, March 31, 2021</b>	<b>\$ 838,867</b>	<b>\$ 1,388,023</b>	<b>\$ 2,226,890</b>

<b>Amortization</b>	<b>Gaming platform</b>	<b>Gaming rights</b>	<b>Total</b>
<b>Balance, June 30, 2020 and 2019</b>	\$ -	\$ -	\$ -
Additions	81,696	231,338	313,034
<b>Balance, March 31, 2021</b>	<b>\$ 81,696</b>	<b>\$ 231,338</b>	<b>\$ 313,034</b>
<b>Net, June 30, 2020</b>	<b>\$ 721,544</b>	<b>\$ -</b>	<b>\$ 721,544</b>
<b>Net, March 31, 2021</b>	<b>\$ 757,171</b>	<b>\$ 1,156,685</b>	<b>\$ 1,913,856</b>

**10. MOBILE ARENA ASSET**

During the year ended June 30, 2020, the Company made deposits towards the construction of a recreational entertainment vehicle (the "Mobile Arena"). At June 30, 2020, the Mobile Arena was in the construction phase with full completion expected for late 2020. The Company paid USD \$400,000 (CAD \$526,720) towards the total expected cost of completion. During the year ended June 30, 2020, the Company recorded an impairment charge of \$526,720 against Mobile Arena asset as management decided not to continue with the project.

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**11. EQUIPMENT**

<b>Cost</b>	
<b>Balance, June 30, 2019</b>	<b>\$ -</b>
Acquisition date, April 13, 2020	2,727
<b>Balance, June 30, 2020 and March 31, 2021</b>	<b>\$ 2,727</b>
<b>Accumulated Depreciation</b>	
<b>Balance, June 30, 2019</b>	<b>\$ -</b>
Additions	115
<b>Balance, June 30, 2020</b>	<b>115</b>
Additions	396
<b>Balance, March 31, 2021</b>	<b>\$ 511</b>
Foreign currency translation, June 30, 2020	(58)
Foreign currency translation, March 31, 2021	(106)
<b>Net Book Value</b>	
June 30, 2020	\$ 2,554
March 31, 2021	\$ 2,110

**12. MANAGEMENT OF CAPITAL**

The Company defines the capital that it manages as its cash and share capital.

The Company's objective when managing capital is to maintain corporate and administrative functions necessary to support the Company's operations and corporate functions; and to seek out and acquire new projects of merit.

The Company manages its capital structure in a manner that provides sufficient funding for operational and capital expenditure activities. Funds are secured, when necessary, through debt funding or equity capital raised by means of private placements. There can be no assurances that the Company will be able to obtain debt or equity capital in the case of working capital deficits.

The Company does not pay dividends and has no long-term debt or bank credit facility. The Company is not subject to any externally imposed capital requirements.

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## **13. RISK MANAGEMENT**

### **13.1 Financial Risk Management**

The Company may be exposed to risks of varying degrees of significance which could affect its ability to achieve its strategic objectives. The main objectives of the Company's risk management processes are to ensure that risks are properly identified and that the capital base is adequate in relation to those risks. The principal risks to which the Company is exposed are described below.

**a. Capital Risk**

The Company manages its capital to ensure that there are adequate capital resources for the Company to maintain operations. The capital structure of the Company consists of cash and share capital.

**b. Credit Risk**

Credit risk is the risk that a counterparty will be unable to pay any amounts owed to the Company. The Company's cash is held in large Canadian financial institutions and its GST receivable is due from the Government of Canada. The Company also has promissory notes receivable. There is a risk that this amount will not be collectible due to unforeseen material events.

**c. Liquidity Risk**

Liquidity risk is the risk that the Company is not able to meet its financial obligations as they fall due. As at March 31, 2021, the Company's working capital is \$3,629,020 (June 30, 2020, working capital deficiency - \$718,999) and it does not have any long-term liabilities. The Company may seek additional financing through debt or equity offerings, but there can be no assurance that such financing will be available on terms acceptable to the Company or at all. Any equity offering will result in dilution to the ownership interests of the Company's shareholders and may result in dilution to the value of such interests. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at March 31, 2021, the Company had cash of \$3,339,064 (June 30, 2020 - \$8,974), receivables of \$840 (June 30, 2020 - \$840) and total liabilities of \$751,546 (June 30, 2020 - \$799,589).

**d. Market Risk**

Market risk incorporates a range of risks. Movements in risk factors, such as market price risk and currency risk, affect the fair values of financial assets and liabilities. The Company is not exposed to these risks.

**e. Currency Risk**

The operating results and financial position of the Company are reported in Canadian dollars. As the Company is exploring opportunities in an international environment, some of the Company's financial instruments and transactions are denominated in currencies other than the Canadian dollar. The results of the Company's operations are subject to currency risk.

The Company has not entered into any agreements or purchased any foreign currency hedging instruments to hedge possible currency risks at this time. Management believes the foreign exchange risk derived from currency conversions is not significant, and therefore, does not hedge its foreign exchange risk.

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**13. RISK MANAGEMENT (continued)**

**13.1 Financial Risk Management (continued)**

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

		<b>March 31, 2021</b>	<b>June 30, 2020</b>
Cash	USD\$	21,705	580
Accounts payable and accrued liabilities	USD\$	(152,175)	(117,202)
Shareholder loan	USD\$	(12,500)	(12,500)

Based on the above net exposure and assuming that all other variables remain constant a 10% change in the value of the foreign currencies against the Canadian dollar would result in an increase or decrease of \$14,200 (June 30, 2020 – \$17,600).

**13.2 Fair Values**

The carrying values of cash, receivables, promissory notes receivable, accounts payable and accrued liabilities and due from shareholder approximate their fair values due to their short-term to maturity.

Assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

**Level 1** – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

**Level 2** – Quoted prices in markets that are not active, or inputs that are not observable, either directly or indirectly, for substantially the full term of the asset or liability.

**Level 3** – Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (supported by little or no market activity).

**14. COMMITMENT**

On December 13, 2019, the Company partnered with Vancouver Whitecaps FC to become the club's official online esports tournament platform. Whitecaps FC and the Company will host online and live tournaments to scout talent for eMLS.

As consideration for the rights granted to sponsor in this agreement, the Company agrees to make the following payments over next three fiscal years:

2021	\$	178,571
2022		250,000
2023		71,429
	\$	<u><b>500,000</b></u>

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**15. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS**

Significant non-cash transactions for the nine months ended March 31, 2021 included:

- \$250,000 is recorded as subscriptions receivables within receivables;
- \$59,926 in finders' warrants was recognized as share issuance costs;
- \$1,388,023 is recorded within intangible assets pursuant to 5,300,000 common shares issued for the acquisition and finders' fees associated with the Paradise City acquisition; and
- \$87,500 is recorded in consulting fees pursuant to 250,000 common shares issued for services rendered; \$29,167 is recorded in management fees and \$320,833 is recorded in prepaid expense pursuant to 1,000,000 common shares issued for services rendered.

Significant non-cash transactions for the nine months ended March 31, 2020 included:

- \$8,100 in finders' warrants was recognized as share issuance costs; and

**16. SUBSEQUENT EVENTS**

On May 14, 2021, the Company's shares began trading on the Canadian Securities Exchange ("CSE") under the symbol, "ALPA".

During May 2021, the Company granted options and RSRs to directors, officers and consultants, as follows:

	<b>Description</b>	<b>Number of equity incentives granted</b>	<b>Exercise price</b>	<b>Life</b>
May 11, 2021	Options granted	2,135,000	\$ 0.50	3 years
May 11, 2021	RSRs granted	410,000	N/A	N/A
May 14, 2021	Options granted	300,000	\$ 0.92	3 years
May 14, 2021	RSRs granted	1,700,000	N/A	N/A