



ALPHA METAVERSE TECHNOLOGIES INC.

**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2022 and 2021**

*In Canadian Dollars, unless noted
(Unaudited)*

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 condensed consolidated interim financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed consolidated interim financial statements of Alpha Metaverse Technologies Inc. have been prepared by and are the responsibility of management. These condensed consolidated interim financial statements for the three months ended September 30, 2022, have not been reviewed or audited by the Company's independent auditors.

Alpha Metaverse Technologies Inc.
Condensed Consolidated Interim Statements of Financial Position

As at September 30, 2022 and June 30, 2022

In Canadian Dollars, unless noted (unaudited)

As at	Notes	September 30, 2022	June 30, 2022
ASSETS			
Current Assets			
Cash		\$ 724,332	\$ 1,207,860
Accounts receivable		99,402	72,751
GST receivable		184,072	178,028
		1,007,806	1,458,639
Non-current Assets			
Goodwill		2,425,425	2,425,425
TOTAL ASSETS		3,433,231	3,884,064
LIABILITIES			
Current Liabilities			
Accounts payable and accrued liabilities	7	609,436	723,524
Acquisition payable		500,000	500,000
		1,109,436	1,223,524
Non-current Liabilities			
Government loan	4	61,719	60,000
TOTAL LIABILITIES		1,171,155	1,283,524
EQUITY			
Share capital	5	15,886,678	15,886,678
Reserves	5	3,504,756	3,504,756
Accumulated other comprehensive income		(37,858)	(37,858)
Deficit		(17,091,500)	(16,753,036)
TOTAL EQUITY		2,262,076	2,600,540
TOTAL LIABILITIES AND EQUITY		\$ 3,433,231	\$ 3,884,064

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

Nature of operations (Note 1) and Going concern (Note 2)

Approved on behalf of the Board of Directors:

"Brian Wilneff", Director

"Jonathan Anastas", Director

Alpha Metaverse Technologies Inc.
Condensed Consolidated Interim Statements of Comprehensive Loss

For the Three Months Ended September 30, 2022 and 2021

In Canadian Dollars, unless noted (unaudited)

For the Three Months Ended September 30,	2022	2021
REVENUES (Note 6)	\$ 108,574	\$ 3,645
Cost of Sales	(31,007)	-
GROSS MARGIN	77,567	3,645
EXPENSES		
Advertising and marketing	3,381	523,169
Payroll and consulting	246,962	342,229
Depreciation	-	164,586
Management fees (Note 7)	77,066	63,196
Office and miscellaneous	33,179	62,401
Professional fees	27,518	13,938
Share-based payments	-	1,008,541
Tournament prizes	4,513	22,218
Transfer agent and filing fees	21,066	15,893
OPERATING EXPENSES	(413,685)	(2,216,171)
TOTAL OPERATING INCOME	(336,118)	(2,212,526)
Foreign exchange loss	(2,346)	(3,905)
NET LOSS	(338,464)	(2,216,431)
Cumulative translation adjustment	-	9,349
COMPREHENSIVE LOSS	\$ (338,464)	\$ (2,207,082)
Loss per share, basic and diluted	\$ (0.00)	\$ (0.04)
Weighted average number of common shares outstanding – Basic and diluted	90,823,380	60,338,346

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

Alpha Metaverse Technologies Inc.
Condensed Consolidated Interim Statements of Changes in Equity

For the Three Months Ended September 30, 2022 and 2021

In Canadian Dollars, unless noted (unaudited)

	Common Shares (#)	Share Capital \$	Reserves \$	Accumulated OCI \$	Deficit \$	Total Equity \$
Balance, June 30, 2021	60,306,498	40,615,685	1,935,684	(41,651)	(7,919,742)	4,589,976
Shares issued pursuant to RSRs	295,000	271,400	(271,400)	-	-	-
Share-based payment pursuant to options granted	-	-	58,250	-	-	58,250
Share-based payment pursuant to RSRs granted	-	-	950,291	-	-	950,291
Cumulative translation adjustment	-	-	-	9,349	-	9,349
Loss for the period	-	-	-	-	(2,216,431)	(2,216,431)
Balance, September 30, 2021	60,601,498	10,887,085	2,672,825	(32,302)	(10,136,173)	3,391,435
Balance, June 30, 2022	90,823,380	15,886,678	3,504,856	(37,858)	(16,753,036)	2,600,540
Loss for the period	-	-	-	-	(338,464)	(300,316)
Balance, September 30, 2022	90,823,380	15,886,678	3,504,856	(37,858)	(17,091,500)	2,262,076

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

Alpha Metaverse Technologies Inc.
Condensed Consolidated Interim Statements of Cash Flow

For the Three Months Ended September 30, 2022 and 2021

In Canadian Dollars, unless noted (unaudited)

For the Three Months Ended September 30,	2022	2021
OPERATING ACTIVITIES		
Net loss for the period	\$ (338,464)	\$ (2,216,431)
Items not affecting cash		
Depreciation	-	164,586
Foreign exchange	2,347	(1,688)
Share-based payments	-	1,008,541
Shares issued for services	-	150,595
Change in non-cash working capital items:		
Accounts receivable	(24,932)	-
GST receivable	(6,044)	(20,535)
Prepaid expenses	-	337,366
Accounts payable and accrued liabilities	(116,435)	130,243
Cash used in operating activities	(483,528)	(447,323)
INVESTING ACTIVITIES		
Acquisition	-	(72,414)
Cash used in investing activities	-	(72,414)
Net change in cash	(483,528)	(519,737)
Cash, beginning of period	1,207,860	1,716,642
Cash, end of period	724,332	1,196,905

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

No cash interest paid during the three months ended September 30, 2022 and 2021.

Alpha Metaverse Technologies Inc.

Notes to the Condensed Consolidated Interim Financial Statements

For the Three Months Ended September 30, 2022 and 2021

In Canadian Dollars, unless noted (unaudited)

1. NATURE OF OPERATIONS

Alpha Metaverse Technologies Inc. (the "Company" or "Alpha") 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".

The Company focuses on using technology and providing services to improve the future of esports and creating a gaming ecosystem for users.

These condensed consolidated interim financial statements (the "financial statements") were approved by the Board of Directors on November 29, 2022.

2. GOING CONCERN

These 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. As of September 30, 2022, the Company had not yet achieved profitable operations and had a deficit of \$17,091,500 (June 30, 2022 - \$16,753,036) and a working capital deficit of \$101,630 (June 30, 2022 – working capital surplus of \$235,115). 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 consolidated financial statements and such adjustments could be material. Furthermore, these conditions indicate the existence of a material uncertainty that raises substantial doubt as to the Company's ability to continue as a going concern.

The COVID-19 pandemic continues to impact the global economic recovery. The current situation is dynamic and the ultimate duration and magnitude of the impact on the economy and the financial effect on the Company is not known at this time. Estimates and judgements made by management in the preparation of these financial statements are subject to a higher degree of measurement uncertainty during this volatile period.

3. BASIS OF PRESENTATION

a) Basis of preparation

In these financial statements, unless otherwise indicated, all amounts are expressed in Canadian dollars, which is the Company's functional and presentation currency.

These financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34 Interim Financial Reporting using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). These financial statements are condensed as they do not include all of the information required by IFRS for annual financial statements and therefore should be read in conjunction with the Company's audited financial statements for the year ended June 30, 2022.

Alpha Metaverse Technologies Inc.
Notes to the Condensed Consolidated Interim Financial Statements
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b) Basis of consolidation

These consolidated financial statements include the operations of the Company and its subsidiaries, as follows:

Subsidiary	Country	Ownership Percentage
Esports Enterprises Inc.	USA – Delaware	100%
GamerzArena LLC	USA – Delaware	100%
Shape Immersive Entertainment Inc.	Canada – British Columbia	100%

Consolidation of an investee begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. All significant intercompany transactions and balances have been eliminated.

c) Foreign currencies

The Company's functional and presentation currency is the Canadian dollar.

Monetary assets and liabilities are translated into Canadian dollars using the exchange rate in effect at the date of the statement of financial position.

Non-monetary assets and liabilities that are measured at historical cost are translated into Canadian dollars using the exchange rate in effect at the date of the initial transaction and are not subsequently restated. Non-monetary assets and liabilities that are measured at fair value or a revalued amount are translated into Canadian dollars by using the exchange rate in effect at the date the value is determined, and the related translation differences are recognized in net income or other comprehensive loss consistent with where the gain or loss on the underlying non-monetary asset or liability has been recognized.

d) Significant accounting judgements and estimates

The timely preparation of these consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and expenses, and disclosures. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively. As at September 30, 2022, management has identified the following material estimates:

i) Share-based payments

Management determines fair value for share-based payments using market-based valuation techniques. The fair value of the market-based and performance-based share awards are determined at the date of grant using valuation techniques. Assumptions are made and judgment used in applying valuation techniques. These assumptions and judgments include estimating the future volatility of the stock price, expected dividend yield, future employee turnover rates and future employee stock option exercise behaviors and corporate performance. Similar calculations are made to value warrants. Such judgments and assumptions are inherently uncertain. Changes in these assumptions affect the fair value estimates.

ii) Impairment considerations

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.

In the preparation of these consolidated financial statements, management has made judgments, aside from those that involve estimates, in the process of applying the accounting policies. The following critical judgments can have an effect on the amounts recognized in the consolidated financial statements:

Alpha Metaverse Technologies Inc.

Notes to the Condensed Consolidated Interim Financial Statements

For the Three Months Ended September 30, 2022 and 2021

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i) Revenue recognition – performance obligations

Performance obligations promised in a contract are identified based on the goods and services that will be transferred to the customer that are both capable of being distinct, (i.e., the customer can benefit from the goods or services either on its own or together with other resources that are readily available), and are distinct in the context of the contract (i.e., it is separately identifiable from other goods or services in the contract). To the extent a contract includes multiple promises, we must apply judgment to determine whether those promises are separate and distinct performance obligations. If these criteria are not met, the promises are accounted for as a combined performance obligation.

4. GOVERNMENT LOAN

Prior to its acquisition by the Company, Shape entered into an agreement with Western Economic Diversification Canada to receive a term loan of \$60,000 under the Regional Relief and Recovery Fund program (the “Government Loan”). The Government Loan was used to pay for operating costs during a period where the Company’s revenues were temporarily reduced due to economic impacts of the COVID-19 virus. Under the terms of the agreement, provided that 67% (\$40,000) of the Government Loan is repaid on or before December 31, 2023, the remaining 33% (\$20,000) will be forgiven. The outstanding amount of the Government Loan that is not repaid by December 31, 2023 becomes immediately repayable in 24 consecutive monthly instalments beginning January 1, 2024.

For the three months ended September 30, 2022, the Government Loan accrued \$1,719 in interest.

5. SHARE CAPITAL

a) Authorized and Issued Share Capital

The authorized capital of the Company consists of an unlimited number of voting Class A common shares (without par value) and an unlimited number of non-voting Class B common shares (without par value).

During the three months ended September 30, 2022 and 2021, the Company issued no common shares.

b) Share Purchase Warrants

As at September 30, 2022 and June 30, 2022, the Company had 20,707,230 warrants outstanding with a weighted average exercise price of \$0.44, and remaining life of 0.92 years.

Expiry Date	Exercise Price (\$)	Number of Warrants
December 22, 2022	0.50	8,408,090
December 22, 2022	0.50	389,000
March 7, 2024	0.40	11,020,500
March 7, 2024	0.25	889,640
	0.44	20,707,230

c) Performance Warrants

On September 1, 2020, the Company granted an aggregate of 7,000,000 performance warrants to certain consultants as consideration for the performance of ongoing services. Each performance warrant is exercisable at a price of \$0.05 for one common share until September 1, 2023, and would vest and become exercisable when the Company completed 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.

During the year ended June 30, 2022, 50% of the performance warrants (3,500,000 performance warrants) vested and became exercisable. As a result, the Company recognized the fair value of the performance warrants in share-based payments, which was measured at \$317,144 using the Black-Scholes pricing model based on the following

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assumptions: risk-free interest rate of 2.61%, expected stock price volatility of 100%, expected life of 1.33 years, and expected dividend yield of \$nil.

At September 30, 2022, the weighted-average remaining life of the outstanding performance warrants was 0.92 years.

During the three months ended September 30, 2022, the Company recognized \$nil in share-based payment expense related to the granting and vesting of performance warrants.

d) Options

As at September 30, 2022 and June 30, 2022, the Company had 20,707,230 stock options with a weighted-average outstanding life of 1.40 years as follows:

Expiry date	Options outstanding	Options exercisable		Exercise Price
November 22, 2023	750,000	750,000	\$	0.35
December 1, 2023	2,300,000	2,300,000		0.35
May 11, 2024	2,135,000	2,135,000		0.50
May 14, 2024	300,000	300,000		0.92
October 7, 2024	300,000	283,333		0.34
	5,785,000	5,768,333	\$	0.43

During the three months ended September 30, 2022, the Company recognized \$nil in share-based payment expense related to the granting and vesting of options.

e) Restricted Share Rights

As at September 30, 2022 and June 30, 2022, the Company had 1,975,000 RSRs outstanding.

During the three months ended September 30, 2022, the Company recognized \$nil in share-based payment expense related to the granting and vesting of RSRs.

6. REVENUE

During the periods ended September 30, 2022 and 2021, the Company recognized revenue from the following segmented revenue streams:

For the Three Months Ended September 30,	2022	2021
	\$	\$
Online gaming	-	14,576
Product development	107,516	-
Monthly subscriptions	1,058	-
Total	108,574	14,576

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.

Alpha Metaverse Technologies Inc.

Notes to the Condensed Consolidated Interim Financial Statements

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The aggregate value of transactions relating to key management personal during the periods ended September 30, 2022 and 2021 were as follows:

For the Three Months Ended September 30,	2022	2021
	\$	\$
Management fees ⁽¹⁾⁽²⁾⁽³⁾	77,066	63,196
Share-based payments	-	175,741
Total	77,066	238,937

Notes:

- 1) For the three-months ended September 30, 2022, the Company incurred \$48,595 of management fees in provision of CEO services from companies controlled by the CEO and former CEO of the Company.
- 2) For the three-months ended September 30, 2022, the Company incurred \$18,000 of management fees in provision of CFO services from a company controlled by the CFO and Director of the Company.
- 3) For the three-months ended September 30, 2022, the Company incurred \$10,471 of management fees in provision of director services from companies controlled by Directors of the Company.

As at September 30, 2022, a \$28,471 balance was owing to key management personnel for fees and expenses incurred on behalf of the Company with these amounts all included in accounts payable and accrued liabilities. The amounts payable are non-interest bearing, are unsecured, and have no specific terms of repayment.

8. 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.

9. RISK MANAGEMENT

a) 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.

i. 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.

ii. 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. Accounts receivable are nominal in nature and does not expose the Company to credit risk.

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iii. Liquidity Risk

Liquidity risk is the risk that the Company is not able to meet its financial obligations as they fall due. As at September 30, 2022, the Company's working capital deficit is \$101,630 (June 30, 2022 – working capital surplus of \$235,115) 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 September 30, 2022, the Company had cash of \$724,332 (June 30, 2022 - \$1,207,860).

iv. 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.

v. 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.

The Company is exposed to currency risk through the following monetary assets and liabilities denominated in foreign currencies, stated at the Canadian dollar equivalent:

	September 30, 2022	June 30, 2022
Cash - USD	100,000	57,000
Accounts receivable - USD	108,000	50,000
Accounts payable and accrued liabilities - USD	(110,000)	(138,000)

Based on the above net exposure and assuming that all other variables remain constant a 10% change in the value of the foreign currencies against the Canadian dollar would result in an \$32,000 increase or decrease in the Company's net loss (June 30, 2021 – \$3,100).

b) Fair Values

The carrying values of cash and accounts payable and accrued liabilities 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.

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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).