

ALPHA

Alpha Announces Exceptional 3rd Quarter Results: Positive Net Income and 1500% Revenue Surge

First time in company history with a positive net income of \$500k

Vancouver, British Columbia May 31, 2023 – Alpha Metaverse Technologies Inc. (CSE: [ALPA](#)) (OTC Pink: [APETF](#)) (FSE: [9HNO](#)) (“Alpha” or the “Company”) a technology company that focuses on metaverse, gaming and generative artificial intelligence (“AI”), is thrilled to announce its third quarter financial results. All financial information contained in this news release is unaudited and reported in CAD.

Alpha has achieved remarkable financial performance, surpassing \$830,000 in revenues for the three months ended March 31, 2023, and reaching \$1.1 million for the nine months ended March 31, 2023. A significant contributor to the Company’s financial success is the successful acquisition of a large retail metaverse contract with a multinational brand.

In addition, the Company has expanded its offerings into additional verticals, including generative AI and its gaming-as-a-service (“GaaS”) “Mana” platform (“Mana”). Mana is a powerful gaming platform which has the capability to enable customers to enhance user engagement and monetization.

Brian Wilneff, CEO of Alpha, commented, “I am incredibly proud to announce that this quarter has been a landmark achievement for our company. We have not only achieved record-breaking revenues and net income, derived primarily from our 3D content production, but we have also successfully introduced new business verticals and launched our Center of Excellence for AI. Our expansion into GaaS and the launch of Mana have opened up exciting new opportunities for growth and innovation. These strategic moves showcase our commitment to diversification and staying ahead of market trends. I would like to express my gratitude to our exceptional team whose relentless efforts have made all of this possible. Together we are working to reshape the industry landscape and set new benchmarks for success. This outstanding quarter marks a pivotal moment in our journey as we continue to strive to create a prosperous future for our company and deliver value to our customers and stakeholders.”

Key financial metrics for the three months ended March 31, 2023:

	For the Three Months Ended March 31,	
	2023	2022
Revenues	\$ 839,104	\$ 51,513
Gross Profits	\$ 479,521	\$ 24,313
Gross Margin %	57%	47%
Operating Expenses	\$ (297,864)	\$ (1,703,049)
Net Income (Loss)	\$ 499,768	\$ (1,608,920)
EBITDA (Non-IFRS financial measure)*	\$ 181,657	\$ (1,233,503)
Income (loss) per share, basic and diluted	\$ 0.01	\$ (0.02)
Weighted average shares outstanding	90,823,380	65,212,653

*Please refer to the Company’s definition of earnings before interest, taxes, depreciation and amortization (“EBITDA”) at the end of this press release.



Key highlights in the above:

- 1500% increase in revenues with total revenues of \$839,104;
- 1800% increase in gross profits;
- 21% increase in gross margin %;
- 83% reduction in operating costs;
- Positive net income of \$499,768;
- Positive EBITDA of \$181k after removing non-cash one-time items including the gains realized on debt settlements of \$307,023 among other adjustments (please refer to the Company's definition of EBITDA at the end of this press release); and
- Increase in EBITDA of over \$1.4M (please refer to the Company's definition of EBITDA at the end of this press release).

Key financial metrics for the nine months ended March 31, 2023:

	For the Nine Months Ended	
	March 31,	
	2023	2022
Revenues	\$ 1,114,636	\$ 107,592
Gross Profits	\$ 668,740	\$ 54,475
Gross Margin %	60%	51%
Operating Expenses	\$ (1,131,480)	\$ (6,255,939)
Net Income (Loss)	\$ (212,456)	\$ (6,142,519)
EBITDA (Non-IFRS financial measure)*	\$ (452,478)	\$ (3,354,973)
Income (loss) per share, basic and diluted	\$ (0.00)	\$ (0.10)
Weighted average shares outstanding	90,823,380	62,658,907

*Please refer to the Company's definition of EBITDA at the end of this press release.

Key highlights in the above:

- 930% increase in revenues with total revenues of over \$1.1M;
- 1100% increase in gross profits;
- 18% increase in gross margin %;
- 82% reduction in operating costs;
- Decrease in net loss of over \$6M; and
- Increase in EBITDA of 87% (please refer to the Company's definition of EBITDA at the end of this press release).



Operational highlights

- Establishment of a Center of Excellence for AI in 3D and content production, with a focus on developing cutting-edge AI technologies to improve the efficiency and quality of 3D modeling, optimization and automated content production.
- Secured a contract with a multinational, category-leading brand based on our expertise in content production within the metaverse to showcase its products and services in an immersive and interactive virtual environment.
- Achieved increases in revenues and reduction in costs and first ever positive net income.
- Successfully resolved certain outstanding debts, leading to a reduction of \$307,023 in current accounts payable.
- Negotiated a revised acquisition payment schedule with respect to the Company's acquisition of Shape Immersive Entertainment, deferring the payment schedule for the remaining \$400k payable and aligning this payment with positive cash flows from EBITDA or future financings. The remaining balance due by Alpha in respect of the acquisition of Shape as of the date of this press release is \$125k.
- Subsequent to the end of the third quarter, the Company introduced Mana, successfully landing its first licensing agreement for Mana with ClashTV.

EBITDA:

Please note that EBITDA is not a standardized financial measure under international financial reporting standards ("IFRS"), is not a measure of financial performance under IFRS and, therefore, may not be comparable to similar financial measures presented by other companies.

The Company calculates EBITDA as follows: Net income (loss), plus (minus) the add-backs or reversals of the following: unrealized foreign exchange (gains) losses, interest (income) expense, tax (recovery) expense, depreciation expense, share-based payments, gain on debt settlements/ extinguishments, and certain one-time non-operating expenses, as determined by management, reconciled as follows:

	For the Three Months Ended		For the Nine Months Ended	
	March 31,		March 31,	
	2023	2022	2023	2022
Net Income	\$ 499,768	\$ (1,608,920)	\$ (212,456)	\$ (6,142,519)
Depreciation	-	186,876	-	532,379
Share-based payments	-	264,241	-	2,178,887
Foreign exchange	(11,948)	2,671	10,262	13,542
Gain on debt extinguishments	(307,023)	(72,487)	(307,023)	(72,487)
Interest expense	860	-	4,299	-
Bad debt	-	-	62,702	-
EBITDA (Non-IFRS)	\$ 181,657	\$ (1,233,503)	\$ (442,216)	\$ (3,486,405)

Management believes this measure provides useful information to investors as it is a commonly used measure in the capital markets and as management believes that it is a close proxy for repeatable cash generated by operations. While management believes EBITDA is a useful measure, it has limitations as an analytical tool, and it should not be considered in isolation or as a substitute for analysis of other IFRS financial measures. Some of the limitations of EBITDA are that it does not reflect the dilution that results from share-based compensation, does not reflect the cost to replace amortized property and equipment and right-of-use assets and does not reflect income tax payments.



About Alpha:

Alpha Metaverse Technologies Inc. (CSE: [ALPA](#)) (OTC: [APETF](#)) (FRA: [9HN0](#)) is a publicly traded company, holding a portfolio of assets in metaverse, gaming and generative AI. Operational units include: Shape Immersive, a full service metaverse studio building the future of web3 gaming and virtual retail experiences for Fortune 500 companies and beyond through 3D, NFT, XR and game production; MANA, a custom-built SaaS solution and innovation lab that empowers partner companies to level up their community engagement by launching their own gaming platforms; GamerzArena, a gaming platform that provides an esports ecosystem for all gamers. The platform provides video game contests for top titles where gamers can compete for cash and prizes. Alpha clients and partners include RTFKT, Olympics, Star Atlas, Red Bull, Intel, TED and more.

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Forward-looking statement:

Certain statements contained in this press release constitute forward-looking information. These statements relate to future events or future performance. The use of any of the words “could”, “intend”, “expect”, “believe”, “will”, “projected”, “estimated” and similar expressions and statements relating to matters that are not historical facts are intended to identify forward-looking information and are based on Alpha’s current beliefs or assumptions as to the outcome and timing of such future events. In particular, this press release contains forward-looking information relating to, among other things, the capabilities of Mana to enable customers to enhance user engagement and monetization; the ability of the Company reshape the industry landscape and set new benchmarks for success; the focus of the Center of Excellence for AI in 3D and content production on developing cutting-edge AI technologies to improve the efficiency and quality of 3D modeling, optimization and automated content production; and management of the Company’s goal a prosperous future for our company and deliver value to our customers and stakeholders..

Various assumptions or factors are typically applied in drawing conclusions or making the forecasts or projections set out in forward-looking information, including, in respect of the forward-looking information included in this press release, the assumption that: customers will be able to utilize Mana to enhance user engagement and monetization; that the Company will be able to continue to develop and grow in such a way as to allow it to reshape the industry landscape and to set new benchmarks for its success; that the Company’s Center of Excellence for AI will be successful in developing technologies to improve the efficiency and quality of 3D modeling, optimization and automated content production; and that management will be able to operate the Company so as to deliver value to customers and stakeholders. Although forward-looking information is based on the reasonable assumptions of the Company’s management, there can be no assurance that any forward-looking information will prove to be accurate. Forward-looking information involves known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking information. Such factors include the risk that the Mana platform will not operate as intended or will not yield the expected benefits to users; the Company will not continue to develop and grow as anticipated or at all, including as a result of the Company failing to achieve similar financial or operational results in the future; the market for the Company’s products and services will experience downturns and that the growth and development of these markets may not proceed as expected, as a result of industry specific trends and events, global economic trends and events or otherwise;; that management of the Company may fail to deliver value to customers and stakeholders; that the Center of Excellence for AI will be unsuccessful in developing the desired technologies; and the other risks set forth in Alpha’s other continuous disclosure documents, filed on Alpha’s profile on SEDAR at www.sedar.com. The forward-looking information contained in this release is made as of the date hereof, and Alpha is not obligated to update or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as required by applicable securities laws.



Because of the risks, uncertainties and assumptions contained herein, investors should not place undue reliance on forward-looking information. The foregoing statements expressly qualify any forward-looking information contained herein.

The CSE has not reviewed, approved, or disapproved the content of this press release.

