



PROSMART ENTERPRISES INC.

CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2019

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Prosmart Enterprises Inc.

Opinion

We have audited the accompanying consolidated financial statements of Prosmart Enterprises Inc. (the "Company"), which comprise the consolidated statements of financial position as at September 30, 2019 and 2018 and the consolidated statements of loss and comprehensive loss, cash flows and changes in shareholders' equity (deficiency) for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at September 30, 2019 and 2018, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

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

Material Uncertainty Related to Going Concern

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

Other Information

Management is responsible for the other information. The other information obtained at the date of this auditor's report includes Management's Discussion and Analysis.

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

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



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

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

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

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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

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

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

“DAVIDSON & COMPANY LLP”

Vancouver, Canada

Chartered Professional Accountants

September 14, 2020

PROSMART ENTERPRISES INC.
Consolidated Statements of Financial Position
As at September 30, 2019 and September 30, 2018
Expressed in Canadian dollars

	Note	September 30, 2019	September 30, 2018
ASSETS			
Current assets			
Cash and cash equivalents	3	\$ 14,164	\$ 132,101
Receivables		2,231	134,557
Prepaid expenses and deposits		5,276	105,877
		21,671	372,535
Software and platform development	5	2	2
Equipment	6	-	17,299
		\$ 21,673	\$ 389,836
SHAREHOLDERS' DEFICENCY AND LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities		\$ 1,344,818	\$ 1,453,401
Short-term loans payable	8	24,023	151,096
Convertible debt	9	693,333	-
		2,062,174	1,604,497
Share capital	10	22,719,952	22,626,270
Reserves	10	458,056	1,135,336
Obligation to issue shares	10	-	43,555
Deficit		(25,249,039)	(25,024,327)
Other comprehensive income		30,530	4,505
Shareholders' deficiency		(2,040,501)	(1,214,661)
		\$ 21,673	\$ 389,836

Nature of operations and going concern (Note 1)

Commitments (Note 19)

Subsequent event (Note 20)

Approved and authorized by the Board of Directors on September 14, 2020.

"Cale Thomas"

Director

"Roger He"

Director

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

PROSMART ENTERPRISES INC.
Consolidated Statements of Loss and Comprehensive Loss
For the years ended September 30, 2019 and 2018
Expressed in Canadian dollars

	Note	Year Ended	
		September 30, 2019	September 30, 2018
REVENUES	11	\$ 213,598	\$ 248,283
Cost of good sold		(20,123)	(12,785)
Gross Margin		193,475	235,498
EXPENSES			
Amortization of software and platform development costs	5	-	521,420
Amortization of equipment	6	4,595	7,509
Filing and other fees		-	55,295
General and administrative	12,13	601,711	1,671,525
Investor relations		79,431	594,114
Management and consulting fees	13	129,106	744,594
Professional fees		80,223	274,851
Software and platform development		39,886	2,037,205
Loss before other items		(741,477)	(5,671,015)
OTHER ITEMS			
Financing income, net		(180,810)	3,425
Foreign exchange gain (loss)		2,179	(12,265)
Gain on write-off of debts	10	39,262	21,545
Impairment of goodwill	7	-	(6,514,504)
Impairment of software and platform development	5	-	(890,015)
Loss on disposal of equipment	6	(13,279)	-
Share-based payments	10,13	(37,268)	(511,409)
Loss before taxes		(931,393)	(13,574,238)
Deferred income tax recovery	18	-	55,000
Net loss		(931,393)	(13,519,238)
Other comprehensive income			
Foreign currency translation adjustment		26,025	4,505
Loss and comprehensive loss for the year		\$ (905,368)	\$ (13,514,733)
Loss per share			
- basic and diluted		\$ (0.03)	\$ (0.50)
Weighted average number of shares outstanding			
- basic and diluted		32,113,571	26,845,691

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

PROSMART ENTERPRISES INC.
Consolidated Statements of Cash Flows
For the years ended September 30, 2019 and 2018
Expressed in Canadian dollars

	Year Ended	
	September 30, 2019	September 30, 2018
Operating activities		
Loss for the year	\$ (931,393)	\$ (13,519,238)
Items not involving cash:		
Amortization of software and platform development costs	-	521,420
Amortization of equipment	4,595	7,509
Impairment of goodwill	-	6,514,504
Impairment of intangible asset	-	890,015
Deferred income tax recovery	-	(55,000)
Gain on settlement of debt	(39,262)	(21,545)
Interest accrued on short-term loan, net of recoveries	(73)	1,096
Interest and accretion expense on convertible debentures	179,752	-
Loss on disposal of equipment	13,279	-
Share-based payments	37,268	511,409
	(735,834)	(5,149,830)
Net changes in non-cash working capital items		
Receivables	132,326	(50,623)
Prepaid expenses and deposits	100,601	(83,309)
Accounts payable and accrued liabilities	16,520	1,031,620
Net cash and cash equivalents used in operating activities	(486,387)	(4,252,142)
Financing activities		
Proceeds received from private placements	-	2,438,365
Refund of proceeds received from private placements	(50,000)	-
Share issuance costs	-	(152,454)
Exercise of options	-	38,220
Proceeds received from issuance of convertible debentures	370,000	-
Loans received	23,000	150,000
Loans repaid	-	(52,326)
Net cash and cash equivalents provided by financing activities	343,000	2,421,805
Investing activities		
Purchases of equipment	-	(20,776)
Cost of disposal of equipment	(575)	-
Net cash from acquisition of subsidiary	-	1,218
Net cash and cash equivalents used in investing activities	(575)	(19,558)
Effect of foreign exchange on cash and cash equivalents	26,025	4,505
Net increase (decrease) in cash and cash equivalents	(117,937)	(1,845,390)
Cash and cash equivalents, beginning of year	132,101	1,977,491
Cash and cash equivalents, end of year	\$ 14,164	\$ 132,101

Supplemental disclosure with respect to cash flows (Note 15)

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

PROSMART ENTERPRISES INC.
Consolidated Statements of Changes in Shareholders' Equity (Deficiency)
For the years ended September 30, 2019 and 2018
Expressed in Canadian dollars

	Number of Shares	Share Capital	Reserves	Obligation to Issue Shares	Deficit	Other Comprehensive Income	Total
Balance as at September 30, 2017	23,883,414	\$ 20,593,356	\$ 322,465	\$ -	\$ (11,540,337)	\$ -	\$ 9,375,484
Shares issued for private placement	6,966,755	2,438,365	-	-	-	-	2,438,365
Warrants issued for private placements	-	(657,213)	657,213	-	-	-	-
Share issuance costs, cash	-	(198,090)	-	-	-	-	(198,090)
Share issuance costs, warrants	-	(51,624)	51,624	-	-	-	-
Shares issued on acquisition of DLH	170,620	60,570	-	-	-	-	60,570
Shares issued on conversion of debt	84,885	30,559	-	-	-	-	30,559
Shares issued for private placement	100,000	-	-	-	-	-	-
Shares issued for options exercise	79,625	73,828	(35,608)	-	-	-	38,220
Shares issued for RSU exercise	437,500	309,050	(309,050)	-	-	-	-
Obligation to issue shares	-	-	-	43,555	-	-	43,555
Share-based payments	-	-	511,409	-	-	-	511,409
Expiry of stock options	-	-	(35,248)	-	35,248	-	-
Expiry of warrants	-	27,469	(27,469)	-	-	-	-
Foreign currency translation adjustment	-	-	-	-	-	4,505	4,505
Loss and comprehensive loss for the year	-	-	-	-	(13,519,238)	-	(13,519,238)
Balance as at September 30, 2018	31,722,799	\$ 22,626,270	\$ 1,135,336	\$ 43,555	\$ (25,024,327)	\$ 4,505	\$ (1,214,661)
Share issuance costs, warrant cancellation	-	14,286	(14,286)	-	-	-	-
Shares issued on conversion of debt	350,373	85,841	-	-	-	-	85,841
Shares issued to settle obligation to issue shares	177,777	43,555	-	(43,555)	-	-	-
Share-based payments	-	-	37,268	-	-	-	37,268
Shares returned to treasury	(142,857)	(50,000)	-	-	-	-	(50,000)
Expiry of stock options	-	-	(706,681)	-	706,681	-	-
Equity component of convertible debenture	-	-	6,419	-	-	-	6,419
Foreign currency translation adjustment	-	-	-	-	-	26,025	26,025
Loss and comprehensive loss for the year	-	-	-	-	(931,393)	-	(931,393)
Balance as at September 30, 2019	32,108,092	\$ 22,719,952	\$ 458,056	\$ -	\$ (25,249,039)	\$ 30,530	\$ (2,040,501)

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

PROSMART SPORTS ENTERPRISES INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the years ended September 30, 2019 and 2018
(Expressed in Canadian Dollars)

1. NATURE OF OPERATIONS AND GOING CONCERN

ProSmart Enterprises Inc. (the “Company”) was incorporated under the laws of the State of Nevada on October 29, 1999. On January 27, 2009, the Company was continued from the State of Nevada to the Province of British Columbia under the Business Corporation Act.

The Company’s registered and records office is #1500 - 1055 West Georgia Street Vancouver, BC V6E 4N7. Its principal business activity is the business of investing in technology companies, which involves a high degree of risk and there can be no assurance that current investment programs will result in profitable operations.

On March 6, 2018, the Company consolidated its issued and outstanding shares on a 4 to 1 basis. The exercise price and number of shares issuable by way of options, warrants and RSU’s of the Company will be proportionately adjusted to account for the share consolidation. All shares and per share amounts have been restated to reflect the share consolidation retrospectively.

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. The Company has incurred losses from inception and does not currently have the financial resources to sustain operations in the long-term. While the Company has been successful in obtaining its required funding in the past, there is no assurance that such future financing will be available on favourable terms. An inability to raise additional financing may impact the future assessment of the Company as a going concern. These material uncertainties may cast significant doubt about the ability of the Company to continue as a going concern.

On March 11, 2020, the World Health Organization categorized COVID-19 as a pandemic. The potential economic effects within the economy and in the global markets and measures being introduced at various levels of government to curtail the spread of the virus (such as travel restrictions, closures of non-essential municipal and private operations, imposition of quarantines and social distancing) could have a material impact on the Company’s future operations and ability to access future capital. The extent of the impact of this outbreak and related containment measures on the Company’s operations cannot be reliably estimated at this time.

The consolidated financial statements do not include adjustments to amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue operations. Continued operations of the Company are dependent on the Company’s ability to receive financial support, necessary financings, or generate profitable operations in the future.

2. BASIS OF PREPARATION

Statement of Compliance

These consolidated financial statements have been prepared using accounting policies consistent with IFRS as issued by the International Accounting Standards Board (“IASB”) and Interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”).

Basis of Presentation and Consolidation

The consolidated financial statements have been prepared on a historical cost basis except for certain financial assets measured at fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

These consolidated financial statements include the financial statements of the Company, ProSmart Sports Development Inc. (“PSD”), RosterBot Inc. (“RosterBot”), and DL Hockey Consulting Limited (“DL Hockey”), the entities controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of the subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. All significant intercompany transactions and balances have been eliminated.

PROSMART SPORTS ENTERPRISES INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the years ended September 30, 2019 and 2018
(Expressed in Canadian Dollars)

2. BASIS OF PREPARATION (cont'd...)

Business Combinations

Business combinations are accounted for using the acquisition method. The cost of the acquisition is measured at the aggregate of the fair values at the date of acquisition, of assets transferred, liabilities incurred or assumed, and equity instruments issued by the Company. The acquiree's identifiable assets and liabilities assumed are recognized at their fair value at the acquisition date. Acquisition-related costs are recognized in profit and loss as incurred. The excess of the consideration over the fair value of the net identifiable assets and liabilities acquired is recorded as goodwill. Any gain on a bargain purchase is recorded in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities. Any goodwill that arises is tested annually for impairment.

Use of Estimates and Judgments

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

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the end of the reporting period, that could result in a material adjustment to the carrying amounts of assets and liabilities in the event that actual results differ from assumptions made, relate to:

Critical accounting estimates

- i. Share-based payments are subject to estimation of the value of the award at the date of grant using pricing models such as the Black-Scholes option valuation model. The option valuation model requires the input of highly subjective assumptions including the expected stock price volatility. Because the Company's stock options have characteristics significantly different from those of traded options and because the subjective input assumptions can materially affect the calculated fair value, such value is subject to measurement uncertainty.
- ii. The determination of the equity component of the convertible debentures requires estimates of imputed interest rates and discount factors to estimate a fair value of the liability as well as the interest and equity components of the instrument.
- iii. 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.

Critical accounting judgments

- i. The acquisition of DL Hockey required judgments and estimates to be made at the date of acquisition in relation to determining asset and liability fair values and the allocation of the purchase consideration over the fair value of the assets and liabilities. Management is required to make certain judgments regarding future events, future operating costs and capital expenditures. Changes to the provisional measurements of assets and liabilities acquired may be retrospectively adjusted when new information is obtained until the final measurements are determined within one year of the acquisition date.
- ii. The determination that the Company will continue as a going concern for the next year.
- iii. The application of the Company's accounting policy for software in development and web platform expenditures requires judgment in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after the expenditure is capitalized, information becomes available suggesting that the recovery of the expenditure is unlikely, the amount capitalized is written off in the statement of comprehensive loss in the period the new information becomes available.

3. SIGNIFICANT ACCOUNTING POLICIES

Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held with financial institutions that are cashable and where principal is guaranteed, and other highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. As at September 30, 2019 and 2018, the Company held \$12,829 and \$42,829 respectively as cash equivalents.

Software and platform development expenditures

Software and platform development expenditures consist of costs incurred to develop the Company's software and platform to earn revenue with respect to the Company's business operations. Development costs are capitalized in accordance with IAS 38, *Intangible Assets*, and accordingly are recognized when the Company can demonstrate (i) the technical feasibility of the asset, (ii) the intention to complete and use or sell the asset, (iii) the ability to use or sell the asset, (iv) how the intangible asset will generate probable future economic benefits, (v) the availability of adequate technical, financial and other resources to complete the platform development and to use or sell the asset, and (vi) ability to reliably measure the expenditure attributable to the asset during its development. Costs that do not meet these criteria are considered research costs and are expensed as incurred.

Intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses, if any. Software and platform development costs are intangible assets with a finite useful life, and accordingly are amortized over the assets' estimated useful life commencing when the asset was available for use, being when it is in the condition necessary for it to be capable of operating in the manner intended by management.

Software development costs are amortized on a straight-line basis over 5 years, while platform development costs are amortized on a straight-line basis over 3 years.

When a project is deemed to no longer have commercially viable prospects to the Company, development expenditures in respect of that project are deemed to be impaired. As a result, those development costs, in excess of estimated recoveries, are written off to the statement of comprehensive loss.

Equipment

Equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Amortization of the assets' cost less residual value is recognized over the estimated useful life of assets, based on the following annual rates, except in the year of acquisition, when half the annual rate is applied:

Computer equipment	50% declining balance
Furniture and office equipment	20% declining balance

The estimated useful lives, residual values and amortization methods are reviewed at the end of each reporting period, with the effect of any changes in estimates accounted for on a prospective basis. The determination of appropriate useful lives and residual values are based on management's judgment; therefore, the resulting amortization is subject to estimation uncertainty.

Items of equipment are derecognized upon disposal or when no future economic benefits are expected to arise from their continued use. Any gain or loss arising from disposal or retirement is determined as the difference between the consideration received and the carrying amount of the asset and is recognized in the statement of loss and comprehensive loss.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

Share-based payments

The Company grants stock options to acquire common shares of the Company to directors, officers, employees and consultants. An individual is classified as an employee when the individual is an employee for legal or tax purposes, or provides services similar to those performed by an employee.

The fair value of stock options is measured on the date of grant, using the Black-Scholes option pricing model, and is recognized over the vesting period. Consideration paid for the shares on the exercise of stock options is credited to share capital.

In situations where equity instruments are issued to non-employees and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at fair value of the share-based payments. Otherwise, share-based payments are measured at the fair value of goods or services received.

If and when the stock options are exercised, the applicable amounts of reserves are transferred to share capital. When vested options are forfeited or not exercised at the expiry date the amount previously recognized in share-based payments is revised from reserves to deficit.

The Company also has a restricted share unit ("RSU") plan for certain officers, employees and consultants.

The RSUs granted are equity-settled share-based payments and are measured at the fair value of the Company's common shares as at the grant date using a volume weighted average share price in accordance with the terms of the RSU Plan. The fair value determined at the grant date is charged to income on a straight line basis over the vesting period, based on the estimate of the number of RSUs that will eventually vest and be converted to common shares, with a corresponding increase in reserves.

As necessary, the Company revises its estimate if subsequent information indicates that the number of RSUs expected to vest differs from previous estimates. On the vesting date, the Company revises the estimate to equal the number of equity instruments that ultimately vested. The impact of the revision of estimates, if any, is recognized in income or expense such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to reserves. Upon settlement of the equity-settled RSUs, if cash is elected, the cash payment shall be accounted for as a repurchase of equity.

Foreign exchange

The functional currency of the Company is the currency of the primary economic environment in which the Company operated. The consolidated financial statements are presented in Canadian dollars, which is the Company's functional currency, except for DL Hockey which has a functional currency in US dollars ("USD"). The functional currency determinations were conducted through an analysis of the consideration factors identified in IAS 21, *The Effects of Changes in Foreign Exchange Rates*.

The Company uses the Canadian dollar functional currency to record transactions in currencies other than the Canadian dollar at exchange rates prevailing on the dates of the transactions. At the end of each reporting period, monetary assets and liabilities denominated in foreign currencies are translated into Canadian dollars at the period end exchange rate while non-monetary assets and liabilities are translated at historical rates. Revenues and expenses are translated at the exchange rates approximating those in effect on the date of the transactions. Foreign currency gains or losses resulting in a functional currency other than the presentation currency are realized in other comprehensive income.

Loss per share

Basic loss per share is computed by dividing loss available to common shareholders by the weighted average number of shares outstanding during the reporting period. Diluted loss per share is computed similar to basic loss per share except that the weighted average shares outstanding are increased to include additional shares for the assumed exercise of stock options, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options and warrants were exercised and that the proceeds from such exercises were used to acquire common stock at the average market price during the reporting periods.

3. SIGNIFICANT ACCOUNTING POLICIES (*cont'd...*)

Income taxes

Income tax expense comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity. Current tax expense is the expected tax payable on taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recorded using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Temporary differences are not provided for the initial recognition of assets or liabilities that affect neither accounting or taxable loss, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, it does not provide for the excess.

Impairment of tangible and intangible assets

At the end of each reporting period, the Company's assets are reviewed to determine whether there is any indication that those assets may be impaired. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss for the period. For an asset that does not generate largely independent cash flows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Financial Instruments

Recognition

The Company recognizes a financial asset or financial liability on the consolidated statement of financial position when it becomes party to the contractual provisions of the financial instrument. Financial assets are initially measured at fair value.

Classification and measurement

The Company determines the classification of its financial instruments at initial recognition. Financial assets and financial liabilities are classified according to the following measurement categories:

- i) those to be measured subsequently at fair value, either through profit or loss ("FVTPL") or through other comprehensive income ("FVTOCI"); and,
- ii) those to be measured subsequently at amortized cost.

The classification and measurement of financial assets after initial recognition at fair value depends on the business model for managing the financial asset and the contractual terms of the cash flows. Financial assets that are held within a business model whose objective is to collect the contractual cash flows are generally measured at amortized cost at each subsequent reporting period. All other financial assets are measured at their fair values at each subsequent reporting period, with any changes recorded through profit or loss or through other comprehensive income.

3. SIGNIFICANT ACCOUNTING POLICIES (*cont'd...*)

Financial Instruments (*cont'd...*)

After initial recognition at fair value, financial instruments are classified and measured at either:

- i) amortized cost;
- ii) FVTPL, if the Company has made an irrevocable election at the time of recognition, or when required (for items such as instruments held for trading or derivatives); or
- iii) FVTOCI, when the change in fair value is attributable to changes in the Company's credit risk.

The Company reclassifies financial assets when and only when its business model for managing those assets changes. Financial liabilities are not reclassified.

Transaction costs that are directly attributable to the acquisition or issuance of a financial asset or financial liability classified as subsequently measured at amortized cost are included in the fair value of the instrument on initial recognition. Transaction costs for financial assets and financial liabilities classified at fair value through profit or loss are expensed in profit or loss.

Derecognition

Financial assets are derecognized either when the Company has transferred substantially all the risks and rewards of ownership of the financial asset, or when cash flows expire.

Financial liabilities are derecognized when, and only when, the Company's obligations are discharged, cancelled or they expire.

Impairment

The Company assesses all information available, including on a forward-looking basis the expected credit losses associated with any financial assets carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. To assess whether there is a significant increase in credit risk, the Company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition based on all information available, and reasonable and supportive forward-looking information.

Financial Instruments Fair Value Disclosures

The Company provides disclosures that enable users to evaluate (a) the significance of financial instruments for the entity's financial position and performance; and (b) the nature and extent of risks arising from financial instruments to which the entity is exposed during the period and at the date of the statement of financial position, and how the entity manages these risks.

The Company provides information about its financial instruments measured at fair value at one of three levels according to the relative reliability of the inputs used to estimate the fair value:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

Non-financial assets

The Company's equipment, software and platform development and goodwill are reviewed for indicators of potential impairment at least annually. Such indicators may include an adverse change in business climate, technology, or regulations that impact the industry. The determination of whether such indicators exist requires significant judgment.

If indication of impairment exists, the asset's recoverable amount is estimated to determine the extent of an impairment loss, if any. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit ("CGU") to which the asset belongs. A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Each film and television property is considered to be a CGU.

The recoverable amount of an asset or CGU is the greater of fair value less costs to sell and value in use. The determination of the recoverable amount in the impairment assessment requires estimates based on present value or other valuation techniques or a combination thereof, requiring management to make subjective judgments and assumptions. When calculating an asset's value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the cash flows have not been adjusted.

An impairment loss is recognized when the carrying amount of an asset, or CGU, exceeds its recoverable amount. Impairment losses are recognized in profit or loss for the period. An impairment loss recognized in respect of a CGU is allocated first to reduce the carrying amount of any goodwill allocated to the CGU, if any, and then to reduce the carrying amount of the other assets in the unit on a pro-rata basis.

An impairment loss is reversed if there is an indication that there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized. The reversal of an impairment loss is recognized immediately in profit or loss.

Revenue recognition

Revenue is earned primarily from the provision of coaching services and the production of online coaching content for third parties. Revenue from the coaching services is recognized as the service is provided and when the revenue to be received is reliably measurable.

Revenue from the production of online coaching content for third parties is recognized when the following criteria are met: there is a written arrangement with a customer detailing the amount of total contract revenue so that the revenue can be measured reliably, the receipt of payment is probable, and costs incurred and to be incurred can be measured reliably.

The estimate of revenue depends on management's judgment and assumptions regarding expected total costs and revenue and recoverability of expenses. Management also uses judgment in assessing the assurance of collectability.

Cash payments received or receivable are recorded as deferred revenue until all conditions of revenue recognition have been met.

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3. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

Goodwill

Goodwill arising on the acquisition of an entity represents the excess of the cost of acquisition over the Company's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the entity recognized at the date of acquisition. Goodwill is allocated to the cash-generating unit to which it relates.

Goodwill is initially recognized as an asset at a cost and is subsequently measured at cost less any accumulated impairment losses. Goodwill is not subject to amortization, but is tested for impairment as part of the software development cash-generating unit.

Goodwill is evaluated for impairment annually or more often if events or circumstances indicate there may be impairment. Impairment is determined by assessing if the carrying value of a cash-generating unit, including the allocated goodwill, exceeds its recoverable amount.

New standard applied this year

IFRS 9 Financial Instruments

IFRS 9, Financial Instruments is part of the IASB's wider project to replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortized cost and fair value. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. The standard is effective for annual years beginning on or after January 1, 2018.

<u>Financial Instrument</u>	<u>IAS 39</u>	<u>IFRS 9</u>
Cash and cash equivalents	Loans and receivables	Amortized cost
Receivables	Loans and receivables	Amortized cost
Accounts payable and accrued liabilities	Other financial liabilities	Amortized cost
Convertible debt	Other financial liabilities	Amortized cost
Short-term loans payable	Other financial liabilities	Amortized cost

IFRS 9 also introduces an expected credit loss impairment model to replace the incurred loss model under IAS 39 and is generally expected to result in earlier recognition of credit losses. The Company has assessed the new requirement and concluded the effect of the change was immaterial, as the Company has historically had very limited actual incurred losses on receivables and expects future losses to remain minimal.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 is a new standard to establish principles for reporting the nature, amount, timing, and uncertainty of revenue and cash flows arising from an entity's contracts with customers. It provides a single model in order to depict the transfer of promised goods or services to customers. IFRS 15 supersedes IAS 11, Construction Contracts, IAS 18, Revenue, IFRIC 13, Customer Loyalty Programs, IFRIC 15, Agreements for the Construction of Real Estate, IFRIC 18, Transfers of Assets from Customers, and SIC-31, Revenue – Barter Transactions involving Advertising Service. IFRS 15 is effective for annual years beginning on or after January 1, 2018.

The Company has elected to apply IFRS 15 on a prospective basis beginning October 1, 2018. The adoption of this standard did not have a material impact on the Company's consolidated financial statements.

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3. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

New standards not yet adopted

The following new standards, amendments to standards and interpretations have been issued but are not effective during the year ended September 30, 2019:

IFRS 16 Leases

IFRS 16 Leases replaces IAS 17 – Leases and requires lessees to account for leases on the statement of financial position by recognizing a right to use asset and lease liability. The standard is effective for annual reports beginning on or after January 1, 2019, with earlier adoption permitted.

On adoption of the new standard, the Company will recognize any future lease liabilities at the present value of the remaining lease payments, discounted by the Company's incremental borrowing rate as at that time. The corresponding right of use asset will initially be measured at the amount equal to the lease liability. As at the reporting date, the Company did not have any existing lease contracts and anticipates that there will be no impact on the financial statements.

There are no other IFRS or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Company.

4. CONSOLIDATION OF DL HOCKEY

DL Hockey Consulting Limited ("DL Hockey")

On May 31, 2018, the Company purchased 100% of the issued and outstanding common shares of DL Hockey through the execution of a share exchange agreement and issuance of 170,620 common shares of the Company at a fair value of \$0.355 per common share for an aggregate cost of \$60,570.

The total purchase price of \$60,570 was allocated to the fair value of the net assets of DL Hockey as follows:

Net assets acquired:	Fair value
Cash	\$ 1,218
Receivables	26,421
Goodwill	163,206
Accounts payable and accrued liabilities	<u>(130,275)</u>
Purchase price	<u>\$ 60,570</u>

Per management's assessment of the fair value of the assets transferred upon the acquisition of DL Hockey, the Company recognized \$163,206 of goodwill related to client lists and established relationships, as well as knowledge and expertise within the marketplace. This acquisition was accounted for as a business combination.

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5. SOFTWARE AND PLATFORM DEVELOPMENT

	Software in Development	Web Platform	Total
Balance at September 30, 2017	\$ 388,000	\$ 1,331,459	\$ 1,719,459
Impairment	(135,799)	(754,216)	(890,015)
Balance at September 30, 2018 and 2019	\$ 252,201	\$ 577,243	\$ 829,444
Accumulated amortization			
Balance at September 30, 2017	\$ 174,600	\$ 133,422	\$ 308,022
Amortization expense	77,600	443,820	521,420
Balance at September 30, 2018 and 2019	\$ 252,200	\$ 577,242	\$ 829,442
Carrying amount			
September 30, 2018	\$ 1	\$ 1	\$ 2
September 30, 2019	\$ 1	\$ 1	\$ 2

During the year ended September 20, 2018, the Company determined that the software in development and web platform were materially impaired and reduced the carrying value to a nominal amount, recording an impairment of \$135,799 and \$754,216 respectively, for a total of \$890,015.

6. EQUIPMENT

	Computer Equipment	Furniture and Office Equipment	Total
Cost			
Balance at September 30, 2017	\$ 4,837	\$ 627	\$ 5,464
Additions	18,993	1,783	20,776
Balance at September 30, 2018	23,830	2,410	26,240
Disposals	(23,830)	(2,410)	(26,240)
Balance at September 30, 2019	\$ -	\$ -	\$ -
Accumulated amortization			
Balance at September 30, 2017	\$ 1,360	\$ 72	\$ 1,432
Amortization expense	7,203	306	7,509
Balance at September 30, 2018	8,563	378	8,941
Amortization expense	4,392	203	4,595
Adjustment	(12,955)	(581)	(13,536)
Balance at September 30, 2019	\$ -	\$ -	\$ -
Carrying amount			
September 30, 2018	\$ 15,267	\$ 2,032	\$ 17,299
September 30, 2019	\$ -	\$ -	\$ -

During the year ended September 30, 2019, the Company disposed of its equipment at a cost of \$575 and recorded a loss on disposal of \$13,279 (2018 - \$nil)

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7. GOODWILL

	PSD	RosterBot	DL Hockey	Total
Balance as at September 30, 2017	\$ 6,296,298	\$ 55,000	\$ -	\$ 6,351,298
Acquired through business combination (Note 4)	-	-	163,206	163,206
Impairment	(6,296,298)	(55,000)	(163,206)	(6,514,504)
Balance as at September 30, 2019 and 2018	\$ -	\$ -	\$ -	\$ -

During the year ended September 30, 2019, the Company recognized an impairment to goodwill of \$nil (2018 - \$6,514,504).

In prior years, the amortization of software in development created a recovery of deferred tax. During the year ended September 30, 2018, the write down of goodwill associated with Rosterbot has been written down in conjunction with the decline of \$55,000 in the deferred tax liability.

8. SHORT-TERM LOANS PAYABLE

As at September 30, 2019, the Company issued a series of unsecured promissory notes accruing interest at 15% per annum. \$8,000 of which was held by related parties and \$15,000 was held by a third party. The notes are due three months after issuance being October 16, 2019 and August 28, 2019 respectively.

As at September 30, 2018, \$150,000 plus \$1,096 of interest was owed to two third-party debt holders through unsecured loans with accrued interest of 10% per annum. These loans were extinguished during fiscal 2019 by way of issuing a convertible debenture (Note 9) as described in the following table:

Balance as at September 30, 2017	\$ 52,326
- accrued interest	1,879
- repayment	(53,109)
- additions	150,000
Balance as at September 30, 2018	\$ 151,096
- accrued interest	1,620
- write off of interest	(1,693)
- assigned to convertible debt issuance (Note 9)	(150,000)
- additions	23,000
Balance as at September 30, 2019	\$ 24,023

9. CONVERTIBLE DEBT

On January 8, 2019, the Company issued \$520,000 convertible debentures. The convertible debentures are secured and include the following terms:

- The principal amount of the debenture totals \$693,333, which includes 33.33% added face value, but bear no interest;
- Repayable in full at the earlier of July 8, 2019 and the holder's chosen date to convert debentures into common shares of the Company at a value of \$0.15 per share, and;
- Secured by a general security interest over all the assets of the Company and its subsidiaries.

The liability component of the debentures was initially recorded at \$513,580, representing the fair value of the obligation. The equity component was allocated a value on initial recognition of \$6,420. The difference between the face value of the debentures and the present value of future cash flows net of allocated transaction costs is the equity component of the debentures. The fair value of the liability component was determined based on the present value of the expected futures cash flows from principal and interest.

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9. CONVERTIBLE DEBT (cont'd...)

During the year ended September 30, 2019, the Company recognized accretion expense of \$6,420 (2018 - \$nil) and interest expense of \$173,333 (2018 - \$nil), as described in the following table:

Balance as at September 30, 2018	\$ -
- issuance for cash	370,000
- issued for repayment of short-term loan	150,000
<hr/>	
Total proceeds received	520,000
- equity component	(6,420)
<hr/>	
Fair value of convertible debenture liability	513,580
- accretion expensed during the year	6,420
- interest expense during the year	173,333
<hr/>	
Balance as at September 30, 2019	\$ 693,333

During fiscal 2019, the Company received a notice of default from the convertible debtholders. Subsequent to September 30, 2019, the Company and the convertible debtholders have agreed to settle the amounts owing (Note 20).

10. SHARE CAPITAL AND RESERVES

a) Authorized share capital

Unlimited number of common shares without par value.

b) Issued share capital

During the year ended September 30, 2019, the Company;

- Agreed to refund a subscriber of the June 25, 2018 private placement \$50,000 of proceeds with the return of 142,857 common shares to treasury and the cancellation of 142,857 warrants at a fair value of \$14,286;
- Issued 177,777 shares at a fair value of \$43,555 which were obligated in fiscal 2018, and;
- Issued 350,373 common shares on conversion of \$124,733 of debt, resulting in a gain on settlement of debt of \$39,262.

During the year ended September 30, 2018, the Company:

- Announced a 4:1 share consolidation of its common shares, warrants, RSU's and outstanding options. All of the schedules within these consolidated financial statements have been adjusted to show the adjustment retrospectively;
- Completed a non-brokered private placement for the sale 6,966,755 units at \$0.35 per unit for total proceeds of \$2,438,365. Each unit consists of one common share and one transferable common share purchase warrant, with each warrant exercisable into one additional share at a price of \$0.45 for a period of two years. The warrants were valued using the residual fair value method at \$657,213. The Company recorded \$51,624 of share issuance costs. The Company also issued 100,000 shares for finders fees at a fair value of \$35,000 recognized as share issuance costs, incurred \$198,090 in other issuance costs and issued 256,050 broker warrants exercisable at \$0.45 per share for a two year period. The Company recorded \$51,624 of share issuance costs;
- Issued 84,885 common shares to settle \$54,159 of debt, resulting in a gain on settlement of debt of \$23,600;
- Agreed with a debt holder to issue share to extinguish \$43,555 of debt for the issuance of 177,777 common shares which were issued in fiscal 2019;
- Purchased 100% of the issued and outstanding common shares of DL Hockey through the execution of a share exchange agreement and issuance of 170,620 common shares of the Company at a fair value of \$0.355 per common share for an aggregate cost of \$60,570 (Note 4);
- Issued 79,625 shares upon the exercise of stock options for proceeds of \$38,220, and;
- Issued 437,500 upon the exercise of RSU's with a value of \$309,050.

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10. SHARE CAPITAL AND RESERVES (cont'd...)

c) Stock options

During fiscal 2018, the Company adopted a rolling stock option plan whereby the maximum number of shares reserved for issue under the plan shall not exceed 10% of the outstanding common shares of the Company, as at the date of the grant. The exercise price of each option granted under the plan may not be less than the Discounted Market Price (as defined in the policies of the Toronto Stock Exchange). Options may be granted for a maximum term of ten years from the date of the grant, are non-transferable and expire 90 days after termination of employment or holding office as a director or officer of the Company and, in the case of death, expire twelve months thereafter.

Share purchase stock option transactions for the year ended September 30, 2019 are summarized as follows:

	As at September 30, 2019		As at September 30, 2018	
	Number of Options	Weighted Ave. Exercise Price	Number of Options	Weighted Ave. Exercise Price
Outstanding, beginning of year	1,338,375	\$ 0.73	1,044,625	\$ 0.79
Granted	-	\$ -	443,375	\$ 0.53
Exercised	-	\$ -	(79,625)	\$ 0.48
Expired/Cancelled	(1,238,375)	\$ 0.52	(70,000)	\$ 0.64
Outstanding, end of year	<u>100,000</u>	<u>\$ 0.88</u>	<u>1,338,375</u>	<u>\$ 0.73</u>

As at September 30, 2019, the following stock options are outstanding and exercisable:

Number of options outstanding	Number of options exercisable	Exercise price	Remaining life (yrs)	Expiry
100,000	97,589	\$ 0.88	7.98	September 21, 2027

During the year ended September 30, 2019, the Company recognized stock-based compensation of \$37,268 (2018 - \$298,096) in relation to stock options. The weighted average fair value of options granted was \$nil (2018 - \$0.32) per share.

Subsequent to September 30, 2019, an additional 25,000 stock options were cancelled.

The fair value of all compensatory options granted is estimated on grant date using the Black-Scholes option pricing model. The weighted average assumptions used in calculating the fair values are as follows:

Grant Date	Options Granted	Exercise Price	Annual Volatility Rate	Risk Free Interest Rate	Fair Value at Grant Date	Expected Life	Dividend rate
Sep 21, 2017	100,000	\$ 0.88	144%	2.12%	\$ 0.80	10	0%
Aug 8, 2018	345,875	\$ 0.45	132%	2.32%	\$ 0.25	10	0%
Aug 29, 2018	18,750	\$ 0.45	132%	2.32%	\$ 0.24	10	0%

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10. SHARE CAPITAL AND RESERVES (cont'd...)

c) Restricted share units ("RSU's")

The Company has a restricted share unit plan ("RSU Plan") which allows it to grant RSU's to officers, employees and consultants of the Company. The RSU Plan is administered by the Board of Directors, which sets the terms of incentive awards under the RSU Plan. The maximum number of common shares available for issue under the RSU Plan is 437,500. These grants vest in whole or in part upon the later of a predetermined trigger date or the completion of a performance condition as determined by the Board of Directors of the Company. Upon vesting, each RSU converts to one common share. RSU's which do not vest on or before a set expiry date will automatically be cancelled. The Company, in its sole discretion, may pay a cash amount equal to the equivalent market value of the shares on the vesting date.

On March 8, 2018 and March 14, 2018, the Company granted 125,000 and 150,000 RSU's respectively, vesting upon the completion of defined performance conditions being met. On April 20, 2018, 437,500 common shares were issued upon the exercise of RSU's. Upon exercise of the RSU's, the plan was terminated.

During the year ended September 30, 2019, the Company recognized share-based payments of \$nil (2018 - \$213,313) in relation to the RSU's granted.

d) Warrants

Share purchase warrants for the year ended September 30, 2019 are summarized as follows:

	As at September 30, 2019		As at September 30, 2018	
	Number of Warrants	Weighted Ave. Exercise Price	Number of Warrants	Weighted Ave. Exercise Price
Outstanding, beginning of year	9,826,660	\$ 0.75	3,090,623	\$ 1.49
Granted	-	\$ -	7,222,805	\$ 0.45
Expired/Cancelled	(2,746,712)	\$ 1.54	(486,768)	\$ 0.90
Outstanding, end of year	<u>7,079,948</u>	<u>\$ 0.45</u>	<u>9,826,660</u>	<u>\$ 0.75</u>

As at September 30, 2019, the following were outstanding:

Number of warrants outstanding	Exercise price	Remaining life (yrs)	Expiry
3,946,298	\$ 0.45	0.56	April 20, 2020
2,877,600	\$ 0.45	0.74	June 25, 2020
256,050	\$ 0.45	0.74	June 25, 2020
<u>7,079,948</u>		<u>0.64</u>	

Subsequent to September 30, 2019, all remaining warrants expired, unexercised.

During the year ended September 30, 2019, the Company recognized share issuance costs of \$nil (2018 - \$51,624) on finder's warrants. The fair value of all compensatory finder's warrants granted is estimated on grant date using the Black-Scholes option pricing model. The weighted average assumptions used in calculating the fair values are as follows:

Grant Date	Finder's Warrants Granted	Exercise Price	Annual Volatility Rate	Risk Free Interest Rate	Fair Value at Grant Date	Expected Life
June 25, 2018	256,050	\$ 0.45	137%	0.70%	\$ 0.20	2

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10. SHARE CAPITAL AND RESERVES (cont'd...)

- e) Escrowed shares and warrants

As at September 30, 2019, a total of nil (2018 - 637,071) common shares remaining in escrow.

11. REVENUE

Total revenue is derived from the following sources:

	Year Ended	
	September 30, 2019	September 30, 2018
Hockey school revenues	\$ 211,418	\$ 131,494
Content development services	2,180	109,289
Campaign revenue	-	7,500
Total revenue	\$ 213,598	\$ 248,283

12. GENERAL & ADMINISTRATIVE EXPENSES

General and administrative expenses consist of the following:

	Year Ended	
	September 30, 2019	September 30, 2018
Advertising/Marketing	\$ -	\$ 61,594
Insurance	18,398	23,567
Licenses	128	35,525
Office expenses and operations	198,835	86,627
Rent and utilities	42,440	149,025
Salaries and wages	316,169	1,035,771
Travel	25,741	279,416
Total	\$ 601,711	\$ 1,671,525

13. RELATED PARTY TRANSACTIONS

The remuneration of the key management personnel, comprised of the directors and officers is as follows:

- a) Paid or accrued salaries for the
- CEO of the Company in the amount of \$109,426 (2018 - \$160,00),
 - COO of the Company in the amount of \$64,991 (2018 - \$20,000) and;
 - Former COO of the Company in the amount of \$nil (2018 - \$133,750).
- b) Paid or accrued professional fees of:
- \$67,200 (2018 – \$108,000) to a company of which the CFO of the Company is an owner, and;
 - \$5,541 (2018 – \$47,267) to a law firm of which a former director is a partner;
- c) Paid or accrued share-based payments of \$26,492 (2018 - \$113,424) to directors and officers of the Company.

As at September 30, 2019, \$236,286 (2018 - \$152,319) is due to related parties and former related parties and included in accounts payable and accrued liabilities.

In addition, as at September 30, 2018, 177,777 common shares of the Company valued at \$43,555 was obligated to the COO

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14. SEGMENTED INFORMATION

The Company's operations comprise two reportable operating segments, one engaged in technology investment in Canada and the other in coaching services in China. Amounts disclosed in the financial statements for loss and loss per share represent both segments.

The following are the Company's operations and long-term assets between its Canada and China segments:

	<u>China</u>	<u>Canada</u>	<u>Total</u>
Net income/(loss)			
- for the year ended September 30, 2019	\$ 36,421	\$ (967,814)	\$ (931,393)
- for the year ended September 30, 2018	\$ (63,578)	\$ (13,455,660)	\$ (13,519,238)
Long-term assets			
- as at September 30, 2019	\$ -	\$ 2	\$ 2
- as at September 30, 2018	\$ -	\$ 17,301	\$ 17,301

15. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

Significant non-cash transactions for the year ended September 30, 2019 included:

- a) Issuing 350,373 common shares of the Company, valued at \$85,841, on the settlement of \$124,733 of accounts payable;
- b) Assigned \$150,000 from short-term loans to convertible debt;
- c) Share issuance costs of \$45,636 included in account payable, and;
- d) Issuing 177,777 common shares to settle obligation of \$43,555.

Significant non-cash transactions for the year ended September 30, 2018 included:

- a) Issued 100,000 common shares at a fair value of \$35,000 in relation to a non-brokered private placement;
- b) Issued 170,620 common shares of the Company valued at \$60,570 for the acquisition of DL Hockey;
- c) Issued 437,500 common shares upon the exercise of RSU's valued at \$309,050;
- e) Accrued an obligation to issue shares with a value of \$43,555;
- f) Share issuance costs of \$45,636 included in account payable;
- d) Issued 256,050 finder's warrants valued at \$51,624, and;
- e) Issued 84,885 common shares of the Company on the settlement of \$30,559 of accounts payable.

16. CAPITAL MANAGEMENT

The Company's primary objectives in capital management are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and to maintain sufficient funds to finance the exploration and development of its technology investment interests. Capital is comprised of the Company's shareholders' equity (deficiency). The Company manages its capital structure to maximize its financial flexibility, making adjustments to it in response to changes in economic conditions and the risk characteristics of the underlying assets and business opportunities. The Company does not presently utilize any quantitative measures to monitor its capital and is not subject to externally imposed capital requirements.

17. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The carrying value of cash and cash equivalents, receivables, accounts payable and accrued liabilities, short-term loans payable and convertible debt approximated their fair value because of the short-term nature of these instruments.

Fair value estimates of financial instruments are made at a specific point in time, based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgment, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair values.

Financial risk factors

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Credit risk

Credit risk is the risk of potential loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its liquid financial assets including cash. The Company limits exposure to credit risk on liquid financial assets through maintaining its cash with high-credit quality financial institutions. Receivables mainly consist of Goods and Service Tax receivable from the government of Canada.

Liquidity risk

The Company's approach to managing liquidity risk is to try and have sufficient liquidity to meet liabilities when due. As at September 30, 2019, the Company had a cash and cash equivalents balance of \$14,164 to settle current liabilities of \$2,176,345. All of the Company's accounts payable and accrued liabilities have contractual maturities of 30 days or due on demand and are subject to normal trade terms. To maintain liquidity, the Company is currently investigating alternative financing opportunities.

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. The Company does not have a practice of trading derivatives.

a) Interest rate risk

The Company's financial assets exposed to interest rate risk consist of cash and cash equivalents balances. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks. As at September 30, 2019, the Company did not have any investments in investment-grade short-term deposit certificates.

b) Foreign currency risk

The Company's foreign exchange risk arises from transactions denominated in other currencies. The Company has minimal financial assets outside of Canada and therefore considers this low risk.

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18. INCOME TAXES

A reconciliation of income taxes at statutory rates with the reported taxes is as follows:

	2019	2018
Loss for the year before taxes	\$ (931,393)	\$ (13,574,238)
Expected income tax (recovery)	\$ (251,000)	\$ (3,665,000)
Impact of future income tax rates applied versus current statutory rate and other	73,000	(603,000)
Permanent differences	132,000	2,522,000
Share issuance costs	(63,000)	(63,000)
Adjustment to prior years provision versus statutory tax return	-	(213,000)
Change in unrecognized deductible temporary differences	109,000	1,967,000
Income tax expenses (recovery)	\$ -	\$ (55,000)
Current income tax	\$ -	\$ -
Deferred tax recovery	\$ -	\$ 55,000

The Canadian income tax rate declined during the year due to changes in the law that reduced corporate income tax rates in Canada. The tax rate as at September 30, 2019 and 2018 is 27%.

The significant components of the Company's unrecorded deferred tax assets (liabilities) are as follows:

	2019	2018
Deferred tax assets (liabilities):		
Exploration and evaluation assets	\$ 383,000	\$ 383,000
Allowable capital losses	95,000	95,000
Property and equipment	142,000	137,000
Share issue costs	50,000	75,000
Non-capital losses available for future periods	3,881,000	3,752,000
	4,551,000	4,442,000
Unrecognized deferred tax assets	(4,551,000)	(4,442,000)
Net deferred tax liability	\$ -	\$ -

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18. INCOME TAXES (cont'd...)

The significant components of the Company's unrecognized deductible temporary differences and tax losses are as follows:

	2019	Expiry date range	2018
Allowable capital losses	\$ 352,000	No expiry date	\$ 352,000
Exploration and evaluation assets	1,395,000	No expiry date	1,395,000
Investment tax credit	9,000	2018 to 2037	9,000
Property and equipment	525,000	No expiry date	507,000
Share issue costs	184,000	2038 to 2041	277,000
Non-capital losses available for future periods	14,962,000	2029-2037	14,470,000

Tax attributes are subject to review, and potential adjustment, by tax authorities.

19. COMMITMENTS

The Company has entered into spokesperson agreements where it was agreed to pay the spokesperson a royalty on income and commissions on increasing user base. As at September 30, 2019, no royalties were paid or accrued for.

20. SUBSEQUENT EVENT

Subsequent to September 30, 2019, the Company is closing a Sales Purchase Agreement ("SPA") for sale of the Company's three subsidiaries (DL Hockey, Rosterbot Inc. and ProSmart Sports Development Inc.) and 10% of the issued and outstanding common shares of the Company in exchange for the purchaser assuming all \$693,333 of convertible debenture debt. The closing of the transaction is subject to the Company achieving shareholder approval.