

NEW WAVE HOLDINGS CORP.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended December 31, 2020

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

**NOTICE OF NO AUDITOR REVIEW OF THE
CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

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

The accompanying unaudited condensed interim consolidated financial statements of the Company for the nine months ended December 31, 2020 have been prepared by and are the responsibility of the Company's management, and have not been reviewed by the Company's auditors.

New Wave Holdings Corp.
Condensed Interim Consolidated Statements of Financial Position
(Expressed in Canadian dollars)
(Unaudited – Prepared by Management)

	December 31,	March 31,
	2020	2020
	\$	\$
ASSETS		
Current Assets		
Cash	552,600	541,256
Short-term investments	10,000	10,000
Other receivables	233,020	100,234
Prepaid expenses (Note 15)	235,902	91,738
Inventory	917,902	-
TOTAL CURRENT ASSETS	1,949,424	743,228
Equipment	130,279	3,115
Intangible asset	124,786	-
Investments (Note 5)	2,549,340	3,629,340
Right of use asset (Note 11)	15,023	37,557
Goodwill	2,963,194	-
TOTAL ASSETS	7,732,046	4,413,240
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities		
Accounts payable and accrued liabilities (Note 10)	921,168	1,011,434
Lease liability – Current (Note 11)	8,355	31,293
Loans payable (Note 8)	878,070	-
Share subscription proceeds to be returned	10,010	10,010
Deferred revenue	56,148	155,766
TOTAL CURRENT LIABILITIES	1,873,751	1,208,503
Convertible debentures (Note 7)	93,642	495,412
Lease liability – Non-current (Note 11)	8,737	8,737
TOTAL LIABILITIES	1,976,130	1,712,652
Shareholders' equity		
Share capital (Note 9)	24,403,154	8,095,493
Commitment to issue shares	167,667	-
Reserves	1,462,237	957,380
Equity portion of convertible debentures (Note 7)	19,284	115,702
Deficit	(20,296,426)	(6,467,987)
TOTAL SHAREHOLDERS' EQUITY	5,755,916	2,700,588
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	7,732,046	4,413,240

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

New Wave Holdings Corp.

Condensed Interim Consolidated Statements of Comprehensive Loss

(Expressed in Canadian dollars)

(Unaudited – Prepared by Management)

	For the three months ended December 31,		For the nine months ended December 31,	
	2020	2019	2020	2019
	\$	\$	\$	\$
REVENUES				
Sales	10,876	-	10,876	-
Cost of Goods Sold	(8,383)	-	(8,383)	-
Gross profit	2,493	-	2,493	-
Other income	33,327	28,371	99,618	52,027
Gross profit and other income	35,820	28,371	102,111	52,027
EXPENSES				
Accretion interest	4,789	-	93,690	-
Consulting (Note 10)	317,907	275,151	1,230,081	659,754
Depreciation	7,845	334	23,536	1,002
Foreign Exchange	976	149	2,011	2,698
Investor Relations and Marketing	359,298	497,674	864,066	860,641
Office	27,549	45,470	108,996	104,086
Professional	58,650	169,620	412,651	288,385
Regulatory	10,011	6,498	67,885	10,453
Share-based payments (Notes 9 and 10)	161,539	1,664,740	511,597	1,711,275
Travel	10,876	35,834	10,876	56,230
Wages (Note 10)	85,342	44,338	107,537	223,741
Website	-	-	33,500	-
	1,044,782	2,739,808	3,466,426	3,918,265
Net loss from operations before other items	(1,008,962)	(2,711,437)	(3,364,315)	(3,866,238)
Other items:				
Impairment of investment in associate (Note 6)	(2,615,500)	-	(2,615,500)	-
Impairment of loan receivable (Note 6)	(350,000)	-	(350,000)	-
Unrealized (loss) gain on investment (Note 6)	-	-	(7,178,183)	658,425
Share of loss from investment in associate (Note 6)	-	-	(320,441)	-
Public listing expense	-	(1,442,483)	-	(1,442,483)
	(2,965,500)	(1,442,483)	(10,464,124)	(784,058)
Net loss and comprehensive loss for the period	(3,974,462)	(4,153,920)	(13,828,439)	(4,650,296)
Basic and diluted loss per share	(0.04)	(0.16)	(0.19)	(0.17)
Weighted average number of common shares outstanding				
-basic and diluted	91,711,342	26,758,476	73,087,774	26,758,476

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New Wave Holdings Corp.
Condensed Interim Consolidated Statements of Changes in Shareholders' Equity
(Expressed in Canadian Dollars)
(Unaudited – Prepared by Management)

	Share Capital		Commitment to issue shares	Reserves	Equity portion of Convertible Debentures		Deficit	TOTAL
	Number of shares	Share capital						
		\$	\$	\$	\$	\$	\$	\$
Balance as at March 31, 2019	10,108,333	1,524,687	-	66,562	-	(618,520)	972,729	
Private placements	6,174,555	2,429,050	-	-	-	-	2,429,050	
Finder's fees – cash	-	(110,650)	-	-	-	-	(110,650)	
Finder's fees - warrants	-	(31,070)	-	31,070	-	-	-	
Share issuance costs	-	(16,245)	-	-	-	-	(16,245)	
Share-based payment	-	-	-	605,920	-	-	605,920	
Cancellation of pre-RTO New Wave shares	(15,972,335)	-	-	-	-	-	-	
Establishment of post-RTO New Wave shares	23,958,502	2,411,179	-	-	-	-	2,411,179	
Shares issued for services - RTO	1,628,289	732,730	-	-	-	-	732,730	
Shares issued for services	940,278	372,625	-	-	-	-	372,625	
Net loss for the period	-	-	-	-	-	(4,650,296)	(4,650,296)	
Balance as at December 31, 2019	26,837,622	7,312,306	-	703,552	-	(5,268,816)	2,747,042	
Balance as at March 31, 2020	30,035,308	8,095,493	-	957,380	115,702	(6,467,987)	2,700,588	
Private placement	10,064,000	1,006,400	-	-	-	-	1,006,400	
Private placement	6,188,627	2,042,247	-	-	-	-	2,042,247	
Finder's fees – cash	-	(225,877)	-	-	-	-	(225,877)	
Finder's fees – warrants	-	(153,596)	-	153,596	-	-	-	
Pursuant exercise of warrants	515,555	38,400	-	-	-	-	38,400	
Shares returned to treasury	(2,518,518)	(680,000)	-	-	-	-	(680,000)	
Pursuant to purchase agreement	24,500,000	9,065,000	-	153,707	-	-	9,218,707	
Conversion of convertible debt	5,555,555	572,741	-	-	(96,418)	-	476,323	
Shares issued for services	1,791,664	314,042	-	-	-	-	314,042	
Pursuant to purchase agreement	12,791,667	895,417	-	-	-	-	895,417	
Debt settlement	714,285	50,000	-	-	-	-	50,000	
Pursuant to share purchase agreement	28,190,725	3,382,887	-	-	-	-	3,382,887	
Share subscriptions received	-	-	167,667	-	-	-	167,667	
Share-based payments	-	-	-	187,554	-	-	197,554	
Net loss for the period	-	-	-	-	-	(13,828,439)	(13,828,439)	
Balance as at December 31, 2020	117,828,868	24,403,154	167,667	1,462,237	19,284	(20,296,426)	5,755,916	

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

New Wave Holdings Corp.
Condensed Interim Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)
(Unaudited – Prepared by Management)

	For the nine months ended	
	2020	December 31, 2019
	\$	\$
Operating activities		
Net loss for the period	(13,828,439)	(4,650,296)
Adjustment for non-cash items		
Public listing expense	-	1,442,483
Shares issued for services	314,042	1,105,355
Depreciation	23,536	1,002
Share-based compensation	197,555	605,920
Accretion and interest	74,554	-
Share of loss of equity investment	320,441	-
Unrealized gain on investments	7,178,183	(658,425)
Impairment of investment and loan receivable in associate	2,965,500	-
Changes in non-cash operating working capital items:		
Accounts payable and accrued liabilities	(445,164)	(171,124)
Accounts receivables	57,555	(31,257)
Inventory	1,154	-
Deferred revenue	(99,618)	146,484
Prepaid expenses	(144,164)	(159,454)
Net cash used in operating activities	(3,384,865)	(2,369,312)
Investing activities		
Investment at fair value	-	(803,511)
Loan receivable	(350,000)	-
Purchase of long-term investments	400,000	-
Net cash provided by (used in) investing activities	50,000	(803,511)
Financing activities		
Shares issued for cash	3,087,047	2,429,050
Finders' fees paid with cash	(225,877)	(110,650)
Share issue cost	-	(16,245)
Loans payable	30,000	-
Commitment to issue shares	167,667	-
Lease liability payments	(22,938)	-
Cash acquired on WoW	310,310	-
Cash acquired on RTO	-	1,251,887
Net cash provided by (used in) financing activities	3,346,209	3,554,042
Change in cash during the period	11,344	381,219
Cash, beginning of period	551,256	263,443
Cash, end of period	562,600	664,662

See Note 14 for additional cash flow disclosure.

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

New Wave Holdings Corp.

Notes to the Condensed Interim Consolidated Financial Statements

December 31, 2020

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

1. NATURE AND CONTINUANCE OF OPERATIONS

New Wave Holdings Corp. (formerly Trueclaim Exploration Inc.) (“the Company”) was incorporated under the Business Corporation Act of British Columbia on May 17, 2006. The Company’s objective is to generate income and achieve long term capital appreciation through investments focused on the psychedelic and esports sectors. The head office, principal address and records office of the Company are located at 401 - 217 Queen Street West, Toronto, Ontario, M5V 0R2.

On October 24, 2019, the Company completed a “three cornered” amalgamation whereby its previous wholly owned subsidiary, 1205619 B.C. Ltd., amalgamated with New Wave Holdings (BC) Corp. pursuant to an amalgamation agreement dated June 7, 2019 and as amended effective September 26, 2019, among the Company, 1205619 B.C. Ltd., and New Wave Holdings (BC) Corp. For accounting purposes, this transaction has been treated as a reverse takeover. These financial statements are presented as a continuation of New Wave Holdings (BC) Corp., in which its assets and liabilities and operations are included in the consolidated financial statements at their historical carrying value. Additional information relating to this transaction can be found in Note 4. On October 28, 2019, the Company began trading on the Canadian Securities Exchange under the stock symbol NWES, which was later changed to SPOR on May 8, 2020.

On May 8, 2020, the Company completed a three old shares for one new share consolidation. All references to common shares, options, and warrants and per common share amounts have been retroactively restated to reflect this share consolidation.

These condensed interim consolidated financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. As at December 31 2020, the Company is not able to finance day to day activities through operations and has incurred a net loss of \$13,828,439 and has accumulated deficit of \$20,296,426. The continuing operations of the Company are dependent upon its ability to attain profitable operations and generate funds there from. This indicates the existence of a material uncertainty that may cast significant doubt about the Company’s ability to continue as a going concern. Management intends to finance operating costs with equity financings, loans from directors and companies controlled by directors and or private placement of common shares. If the Company is unable to continue as a going concern, the net realizable value of its assets may be materially less than the amounts on its statement of financial position.

Since December 31, 2019, the outbreak of the novel strain of coronavirus, specifically identified as “COVID-19”, has resulted in a widespread health crisis that has affected economies and financial markets around the world resulting in an economic downturn. This outbreak may also cause staff shortages, reduced customer demand, increased government regulations or interventions, all of which may negatively impact the business, financial condition or results of operations of the Company. The duration and impact of the COVID-19 outbreak is unknown at this time and it is not possible to reliably estimate the length and severity of these developments.

As a result of these circumstances and those caused by the COVID – 19 pandemic, management has taken actions to address its going concern by proactively reducing expenses, divesting assets and raising capital through equity financings.

New Wave Holdings Corp.

Notes to the Condensed Interim Consolidated Financial Statements

December 31, 2020

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

Statement of Compliance

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

The condensed interim consolidated financial statements were authorized for issue by the Board of Directors on March 1, 2021.

Basis of preparation

The condensed interim consolidated financial statements of the Company have been prepared on an accrual basis and are based on historical costs, modified where applicable, by the measurement at fair value of selected financial assets and financial liabilities. The financial statements are presented in Canadian dollars unless otherwise noted.

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, and revenue and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in material adjustments are as follows:

Valuation of share-based compensation and convertible features

The Company uses the Black-Scholes Option Pricing Model for valuation of share-based compensation and other equity based payments. Option pricing models require the input of subjective assumptions including expected price volatility, interest rate, and forfeiture rate. Changes in the input assumptions can materially affect the fair value estimate and the Company’s earnings and equity reserves.

Valuation of intangible assets including goodwill

Goodwill and intangible assets are tested for impairment at each reporting date. Management first reviews qualitative factors in determining if an impairment needs to be recorded. Quantitative factors are then used to calculate the amount of impairment, if needed. Goodwill and intangibles resulted from a business acquisition. Intangibles were valued based on estimated discounted cash flows.

Valuation of investment in equity instrument

The Company values its equity instruments in private companies at fair value at each reporting date. The determination of fair value is based on estimates made by management on the expected earnings before income, taxes, and amortization multiplied by a reasonable factor for the appropriate industry applicable to the private company.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further periods if the review affects both current and future periods.

New Wave Holdings Corp.

Notes to the Condensed Interim Consolidated Financial Statements

December 31, 2020

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

3. SIGNIFICANT ACCOUNTING POLICIES

The preparation of financial data is based on accounting principles and practices consistent with those used in the preparation of the audited financial statements as at March 31, 2020. The accompanying unaudited condensed interim financial statements should be read in conjunction with the Company's audited financial statements for the year ended March 31, 2020.

The Company adopted the following significant accounting policy.

Inventories

Inventory consist primarily of raw materials, including packaging materials, and finished goods. Inventory is measured at lower of cost, determined on a weighted average basis, and net realizable value. Costs of raw materials include the purchased cost and the costs of finished goods includes costs of materials, labour and packing. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale. If the Company determines that the estimated net realizable value of its inventory is less than the carrying value of such inventory, it records a charge to cost of sales.

Revenue Recognition

The Company follows IFRS 15, Revenue from Contracts with Customers ("IFRS 15"), to recognize its revenue. IFRS 15 establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, the Company's accounting policy for revenue recognition is as follows: i) identify the contract with the customer, ii) identify the performance obligation(s) in the contract; iii) determine the transaction price; iv) allocate the transaction price to the performance obligation(s) and v) recognize revenue when performance obligation(s) are satisfied.

The Company generates revenue from the sale of its products to wholesalers and retail sales. Most of the Company's revenues have a single performance obligation as the promise to transfer the individual goods. The Company recognizes revenue from the sale of products upon shipment and when all significant contractual obligations have been satisfied and collection is reasonably assured. These criteria are generally met at the time the product leaves the Company's premises and at that point, control has passed to the customer. Revenue is measured based on the price specified in the Company's invoice provided to the customer. The Company does not have any multiple-element revenue arrangements. Revenue is presented net of discount.

Cost of Goods Sold

Cost of sales includes the expenses incurred to acquire and produce inventory for sale, including product costs, packaging costs and labour costs. In addition, cost of sales consists of provisions for reserves related to obsolete inventory, or lower of cost and net realizable value adjustments as required.

Business combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value, and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable new assets. Acquisition costs incurred are expensed.

New Wave Holdings Corp.

Notes to the Condensed Interim Consolidated Financial Statements

December 31, 2020

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

3. SIGNIFICANT ACCOUNTING POLICIES – (cont'd)

Goodwill

Goodwill is deemed to have an indefinite life and is not amortized but is subject to, at a minimum, annual impairment tests. The Company assesses the impairment of goodwill on an annual basis or whenever events or changes in circumstances indicate that the fair value is less than its carrying value. Impairment is tested at the cost center level by comparing the fair value of a cost center with its carrying amount including goodwill. If the carrying amount of the cost center exceeds its fair value, goodwill of the cost center is considered impaired and the second step of the test is performed to determine the amount of impairment loss, if any

Intangible asset

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and method for an intangible asset with a finite useful life are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the Consolidated Statement of Loss and Comprehensive Loss.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

The Company's intangible assets consist of corporate, marketing, product and website development.

Accounting standard issued but not yet applied

Other accounting standards and amendments to existing accounting standards that have been issued and have future effective dates are not applicable or are not expected to have a significant impact on the Company's condensed interim consolidated financial statements.

New Wave Holdings Corp.

Notes to the Condensed Interim Consolidated Financial Statements

December 31, 2020

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

4. REVERSE TAKEOVER

On October 24, 2019, the Company completed a “three cornered” amalgamation whereby its previous wholly owned subsidiary, 1205619 B.C. Ltd., amalgamated with the company New Wave Holdings (BC) Corp. pursuant to an amalgamation agreement dated June 7, 2019 and as amended effective September 26, 2019, among the Company, 1205619 B.C. Ltd., and New Wave Holdings (BC) Corp.

New Wave Holdings (BC) Corp. is considered to have acquired the Company, with the Transaction being accounted for as a reverse takeover of the Company by New Wave Holdings (BC) Corp. in accordance with the guidance provided in IFRS2, Share-based Payments and IFRS 3, Business Combinations. Accordingly, the financial statements represent a continuation of New Wave Holdings (BC) Corp., with the exception that all figures as to the number of common shares, as well as loss per share in these consolidated financial statements reflect the legal capital of the Company at the exchange ratio in the acquisition.

The acquisition constitutes an asset acquisition as the Company does not meet the definition of a business, as defined in IFRS 3, Business Combinations.

As a result of this asset acquisition, a listing expense of \$1,442,483 has been recorded. This reflects the difference between the estimated fair value of New Wave Holdings (BC) Corp. shares deemed to have been issued to the Company’s shareholders less the fair value of the assets of the Company acquired.

Purchase price	\$
Fair value of shares issued	2,411,179
Finders shares issued on RTO	732,730
Total Transaction Cost	3,143,909
Allocation of Purchase Price	
Cash	1,251,887
Amounts receivable	28,293
Accounts payable	(311,484)
Net assets acquired	968,696
Listing expense	2,175,213

5. INVESTMENTS

The Company has the following investments as at December 31, 2020 and March 31, 2020:

	Number of Shares/Units Held	Fair Value at March 31, 2020	Investment	Fair market value Adjustments	Fair Value at September 30, 2020
Equities of private esports companies:					
Even Matchup Gaming Inc.	200	1,500,000	(1,080,000)	-	420,000
Playline Ltd.	51,653	250,829	-	-	250,829
Tiidal Gaming Group Inc.	2,250,000	1,125,000	-	-	1,125,000
Avatar One E-Sports Capital Corp.	7,500,000	150,000	-	-	150,000
Talon Esports Ltd.	681,818	405,000	-	-	405,000
Stock options held:					
Talon Esports Ltd.	681,818	198,511	-	-	198,511
Balance	-	3,629,340	(1,080,000)	-	2,549,340

New Wave Holdings Corp.

Notes to the Condensed Interim Consolidated Financial Statements

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(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

5. INVESTMENTS – (cont'd)

- i. On March 27, 2019, the Company purchased 180 common shares (18%) of Even Matchup Gaming Inc. (“EMG”) for \$250,000 along with an irrevocable option to acquire an additional 31% interest, with additional terms to purchase from the Even Matchup Gaming Inc.’s existing shareholders, upwards to a maximum of 49% of all common shares. Even Matchup Gaming Inc. is a private company and its shares cannot be reliably valued using any market-derived indicators. The fair value of the investment into Even Matchup Gaming Inc. is currently reflected as the initial cash purchase price of its common shares, the additional amounts paid, and the fair value has been adjusted based on the per share value of the additional amounts paid.

On February 10, 2020, the Company acquired the remaining issued and outstanding shares of EMG for \$1,230,000 comprising \$550,000 cash and 2,518,518 common shares of the Company. The cash consideration is payable in tranches, with \$350,000 paid on February 7, 2020 and the remainder to be paid in installments over the six months following February 7, 2020. A portion of the 2,518,518 common shares issued is subject to a contractual lock up and will be released to the vendors of EMG in installments over twelve months following the closing of the acquisition.

Immediately after the completed acquisition, the Company took steps to unwind the acquisition due to various operational issues encountered with EMG. On April 16, 2020, the Company and EMG reached a settlement agreement outlined below, that have been completed:

- 1- The Company would retain 200 common shares (20%) of EMG.
 - 2- The Company will return 800 common shares (80%) to EMG shareholders. (returned)
 - 3- EMG would return to the Company 2,518,518 common shares for cancellation (received and cancelled).
 - 4- The Company would pay the remaining balance of the committed \$550,000 totaling \$50,000 and also pay \$150,000 to a founding shareholder of EMG. The \$200,000 is included in accounts payable as at March 31, 2020 owing to these parties.
 - 5- The Company will repay \$260,000 in cash loans received from EMG which is included within accounts payable and accrued liabilities.
- ii. On March 22, 2019, the Company purchased 51,653 common shares (less than 1%) of Playline Ltd. for \$250,829. Playline Ltd. is a private company and its shares cannot be reliably valued using any market-derived indicators. The fair value of the investment into Playline Ltd. is currently reflected as the initial cash purchase price of its common shares.
- iii. On March 26, 2019, the Company purchased 2,000,000 common shares (approximately 4%) of Tiidal Gaming Group Inc. for \$400,000. Tiidal Gaming Group Inc. is a private company and its shares cannot be reliably valued using any market-derived indicators. The fair value of the common share investment into Tiidal Gaming Group Inc. is currently reflected at its current fair market value based on its recent financing of \$0.50 per common share.

On March 11, 2019, the Company entered into an advisory agreement with Tiidal Gaming Group Inc. to provide strategic advisory services. The Company received 250,000 stock options with an exercise price of \$0.20 for a term of five years. The options received have an estimated fair market value of \$46,018 using the Black-Scholes pricing model with the following weighted average assumptions: expected dividend yield – 0%, share price of \$0.20, expected volatility – 155% (average based on comparable companies), risk-free interest rate – 1.66%, exercise price of \$0.20 and an expected average life of 5 years. The fair value of the options investment into Tiidal Gaming Group Inc. is currently reflected at its current fair market value in light of the recent \$0.50 per common share closed private placement, and revised remaining term of the options. During the year ended March 31, 2020, the Company exercised 250,000 stock options for an additional \$50,000 investment into Tiidal Gaming Inc.

New Wave Holdings Corp.

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(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

5. INVESTMENTS – (cont'd)

- iv. On August 2, 2019, the Company subscribed for 7,500,000 units of Avatar One E-Sports Capital Corp. (“Avatar”) at \$0.02 each for a total subscription price of \$150,000. Each unit consists of one common share of Avatar and one common share purchase warrant of Avatar, with each such warrant entitling the holder to acquire one additional Avatar common share at a price of \$0.02 for five years. The fair value of the investment into Avatar is currently reflected as the initial cash purchase price of its common shares and attached warrants.
- v. On December 3, 2019, the Company purchased 681,818 common shares of Talon Esports Ltd. at a price of \$0.59 (USD \$0.44) per share for an aggregate investment of \$405,000 (USD \$300,000) which represents approximately 6.5% of Talon Esports Ltd. Concurrently, the Company entered into an advisory agreement with Talon Esports Ltd., to provide strategic advisory services. The Company received 681,818 stock options with an exercise price of USD \$0.44 expiring May 13, 2021. The options received have an estimated fair market value of \$198,511 using the Black-Scholes pricing model with the following weighted average assumptions: expected dividend yield – 0%, share price of \$0.44, expected volatility – 155% (average based on comparable companies), risk-free interest rate – 1.66%, exercise price of \$0.44 and an expected average life of 1.5 years.

6. ACQUISITIONS**ANAHIT THERAPEUTICS LTD.**

On May 4, 2020, the Company invested in Anahit Therapeutics Ltd. (“Anahit”), a subsidiary of Anahit International Corp., through the purchase of 50% of the outstanding Class A shares of Anahit and 100% of the Class B shares of Anahit, through the issuance of 24,500,000 common shares of the Company fair valued at \$9,065,000, and 500,000 share purchase warrants of the Company exercisable at \$0.10 per share for three years fair valued at \$153,707 utilizing the Black-Scholes option pricing model with the following assumptions – Share price on grant date of \$0.37; Risk-free interest rate of 0.28%; Dividend yield of Nil; Expected volatility of 103%; Expected life of 1 year and forfeiture rate of 0%. Expected volatility was determined based on comparison to similar companies as the Company does not have enough history. In addition to the shares and warrants, the Company provided \$350,000 to Anahit through an unsecured non-interest-bearing loan with a maturity date of 12 months for business development of Anahit and has committed to raise additional capital for Anahit six months from the closing of the investment. In the event the Company does not meet this six-month deadline, the Company will issue an option to Anahit to purchase 7,000,000 shares at a price of \$0.025 per share. Since the Company owns 50% of Anahit, and the Company has significant influence but no control, the Company will account for its investment under the equity method.

On September 23, 2020, pursuant to the terms of the August 26, 2020, share exchange agreement with the Class A shareholder of Anahit, the Company acquired an additional 25% of Anahit. As a result of this transaction, the Company ownership increased from 50% to 75%. As consideration, the Company issued 12,791,667 common shares of the Company with a fair value of \$895,417. As a result of the additional acquisition of Anahit, the Company remeasured its previously held equity interest to its fair value of \$1,790,833. The difference between the carrying amount of the previously held equity interest has recognized as a loss of \$7,178,173 on investment in associate.

On November 13, 2020, the Company gave notice to Anahit that the six month period to come to mutually agreeable terms with respect to the financing commitment as defined in the May 4, 2020 agreement has expired and the Company has hereby given Anahit the option to purchase back 7,000,000 shares at a price of \$0.025 per share. As a result of this option, it is anticipated that the Company’s investment of Anahit will be reduced to 40%.

As at September 30, 2020, the Company has accounted for its investment in Anahit under the equity method and have recognized its share of the loss from Anahit.

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6. ACQUISITIONS – (cont'd)**ANAHIT THERAPEUTICS LTD** – (cont'd)

As at December 31, 2020, the Company recorded an impairment of \$2,615,500 on the remaining balance of its investment in Anahit as the former operators of Anahit has cut-off communications with the Company. The Company also impaired the \$350,000 loan receivable to Anahit.

The following table is a reconciliation of the investment in Anahit.

	December 31, 2020
	\$
Balance, beginning of period	-
Investment	10,114,124
Re-measurement on the initial investment	(7,178,183)
Share of loss of equity investment	(320,441)
Impairment of investment	(2,615,500)
Balance, end of period	-

The following table summarizes Anahit's revenue, expenses and net losses.

	December 31, 2020
	\$
Revenue	14,379
Cost of goods sold	(6,383)
Expenses	(621,731)
Net loss	(613,735)

The Company has recorded \$320,441 for the period from May 20, 2020 to December 31, 2020 as share of loss from investment in associates.

ACQUISITION OF WAY OF WILL INC.

On December 18, 2020, the Company entered into a share exchange agreement with Way of Will Inc. ("WoW") and the shareholders of WoW to acquire all of the issued and outstanding shares of Class A and Class B shares of WoW, through the issuance of 28,190,725 common shares of the Company fair valued at \$3,382,887. The shares were issued on December 23, 2020.

The transaction was accounted for pursuant to IFRS 3, Business Combinations, as the operations of WoW meet the definition of a business. As the transaction was accounted for as a business combination, transaction costs were expensed and the goodwill resulting from the allocation of the purchase price to the total fair value of net assets will represent the sales and growth potential of WoW.

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6. ACQUISITIONS – (cont'd)***ACQUISITION OF WAY OF WILL INC. – (cont'd)***

Due to the timing of this acquisition, the purchase price allocation for the acquisition is provisional. The fair value assigned to the consideration paid, intangible assets and net assets acquired is based on management's best estimate using the information currently available and may be revised by the Company as additional information is received and finalized.

Cash	\$	310,310
GST receivable		136,742
Accounts receivable		53,599
Inventory		919,058
Equipment		128,166
Intangible		124,786
Goodwill		2,963,194
		4,635,855
Accounts payable and accrued liabilities		(404,898)
Loans payable		(848,070)
		4,635,855
Net assets acquired	\$	3,382,887
		4,635,855
Consideration given		(1,252,968)
Common shares	\$	3,382,887
		4,635,855

7. CONVERTIBLE DEBENTURES

	Liability component	Equity component	Total
	\$	\$	\$
Balance,	-	-	-
Issued	550,965	115,702	666,667
Discount on convertible debentures	(66,667)	-	(66,667)
	484,298	115,702	600,000
Accretion	6,925	-	6,925
Amortization of discount	4,189	-	4,189
Balance, March 31, 2020	495,412	115,702	611,114
Accretion	20,866	-	20,866
Amortization of discount	53,687	-	53,687
Conversion of debenture	(476,323)	(96,418)	(572,741)
Balance, December 31, 2020	93,642	19,284	112,926

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7. CONVERTIBLE DEBENTURES – (cont'd)

On February 14, 2020, the Company closed its first tranche of a convertible debt financing through the issuance of secured convertible debentures in the aggregate principal amount of \$555,555 for gross proceeds of \$500,000 reflecting a 10% discount of the principal amount. The convertible debentures are convertible into common shares at a conversion price of \$0.10 per share and will mature two years from the date of issuance. If the convertible debenture remains outstanding on the one year anniversary of the maturity date, the principal amount will increase by 10%. The convertible debentures will not bear interest until the maturity date, after which if the principal amount remains unpaid, the convertible debentures will bear an interest rate of 22% per annum. Concurrent to the issuance of the convertible debentures, the Company issued 1,857,852 share purchase warrants exercisable at \$0.45 per share expiring two years from the date of issuance. During the month of June, 2020, these convertible debentures were converted into common share of the Company, accordingly, the Company issued 5,555,555 common shares on June 15, 2020 and recognized a premium on conversion of \$17,186.

On February 24, 2020, the Company closed its second and final tranche of a convertible debt financing through the issuance of secured convertible debentures in the aggregate principal amount of \$111,111 for gross proceeds of \$100,000 reflecting a 10% discount of the principal amount. This issuance has the same terms as the first tranche closing on February 14, 2020. Concurrent to the second tranche closing, the Company issued 370,371 share purchase warrants exercisable at \$0.15 per share expiring two years from the date of issuance. \$27,778 of these convertible debentures were issued to a director of the Company. On January 5, 2021, \$27,778 were converted into 277,777 common shares of the Company.

8. LOANS PAYABLE

Loans payable consist of the following:

- a) During the year ended December 31, 2020, the Company applied for a \$40,000 loan in relation to the Canada Emergency Business Account (“CEBA”) program funded by the Government. There is a \$10,000 forgivable portion of the loan if the balance is paid by December 31, 2022. The CEBA loan is non-interest bearing, subject to restriction on disbursements for non-deferrable expenditures of the Company, and are repayable at any time without penalty, but amounts repaid cannot be readvanced.
- b) As at December 31, 2020, the Company has \$838,070 owed to the former director of WoW and companies controlled by the former director of WoW. These amounts are unsecured, non-interest bearing and payable on demand.

New Wave Holdings Corp.

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9. SHARE CAPITAL

Authorized share capital

Unlimited number of common shares without par value, special rights or restrictions attached. On May 8, 2020, the Company consolidated its common shares on a three old shares for one new share basis.

Issued share capital for the nine months ended December 31, 2020

On May 12, 2020, the Company issued 24,500,000 common shares pursuant to the May 5, 2020 agreement with Anahit, fair valued at \$9,065,000.

On May 12, 2020, pursuant to the exercise of share purchase warrants, the Company issued 333,333 common shares at \$0.06 per share for total proceeds of \$20,000.

On May 19, 2020, the Company closed a private placement of 10,064,000 common shares at a price of \$0.10 per share for gross proceeds of \$1,064,000. The Company paid cash finders fees of \$40,250 and issued 402,500 brokers warrants at \$0.10 per share until May 12, 2021. The Company recorded a fair value of the brokers warrants of \$112,294 utilizing the Black-Scholes option pricing model with the following assumptions – Share price on grant date of \$0.37; Risk-free interest rate of 0.28%; Dividend yield of Nil; Expected volatility of 103%; Expected life of 1 year and forfeiture rate of 0%. Expected volatility was determined based on comparison to similar companies as the Company does not have enough history.

On June 1, 2020, 500,000 common shares were issued on conversion of \$50,000 in convertible debentures, and on June 15, 2020, a further 5,055,555 common shares were issued on conversion of \$505,555 convertible debentures and recognized a premium on conversion of \$17,186.

On June 2, 2020, pursuant to the exercise of share purchase warrants, the Company issued 15,555 common shares at \$0.54 per share for total proceeds of \$8,400.

On June 17, 2020, the Company closed a private placement of 6,188,627 Units at a price of \$0.33 per Unit for gross proceeds of \$2,042,247. Each Unit comprises one common share and one share purchase warrant exercisable for two years at a price of \$0.45 per common shares. The Company paid an aggregate cash finders fee of \$97,002 and issued 391,346 broker warrants with the same terms as the Units. The Company recorded a fair value of the agent's warrants of \$41,302 utilizing the Black-Scholes option pricing model with the following assumptions – Share price on grant date of \$0.26; Risk-free interest rate of 0.3%; Dividend yield of Nil; Expected volatility of 103%; Expected life of 2 years and forfeiture rate of 0%. Expected volatility was determined based on comparison to similar companies as the Company does not have enough history. The Company also paid the Agent an administration and advisory fees of \$18,000 and paid expenses related to the offering, including legal fees and disbursements totalling \$70,625.

On June 18, 2020, pursuant to the exercise of share purchase warrants, the Company issued 166,667 common shares at \$0.06 per share for total proceeds of \$10,000.

On June 22, 2020, the Company returned to treasury 2,518,518 common shares pursuant to the April 16, 2020, settlement agreement with EMG. See Note 6.

On September 23, 2020, the Company issued 12,791,667 common shares pursuant to the terms of the August 26, 2020 agreement with Anahit fair valued at \$895,417.

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9. SHARE CAPITAL – (cont'd)**Issued share capital for the nine months ended December 31, 2020 – (cont'd)**

On September 30, 2020, the Company issued 714,285 common shares pursuant to a debt settlement agreement with a former director and officer of the Company.

On December 23, 2020, the Company issued 28,180,725 common shares fair valued at \$0.12 per share for a total value of \$3,381,687 pursuant to the December 18, 2020 share exchange agreement with WoW.

During the nine months ended December 31, 2020, the Company issued, in aggregate, 1,791,664 common shares to certain directors, officers and consultants of the Company recognizing \$314,042 in share-based compensation expense.

Issued share capital for the period ended March 31, 2020

On April 17, 2019, the Company closed a private placement through the issuance of 2,280,000 Units of the Company at a price of \$0.30 per Unit for gross proceeds of \$684,000. Each Unit comprises one common share and one share purchase warrant exercisable for two years at a price of \$0.60 per share. Concurrent with this private placement, on April 17, 2019, the Company issued 16,667 Units to an officer of the Company at a deemed price of \$0.30 per Unit in exchange for services. These units carry the same terms as the private placement. The Company paid cash finders fees of \$33,200 in connection with the private placement.

On May 29, 2019, the Company closed a private placement through the issuance of 3,877,889 Units of the Company at a price of \$0.45 per Unit for gross proceeds of \$1,745,050. Each Unit comprises one common share and one share purchase warrant exercisable for two years at a price of \$0.90 per share. The Company paid cash finder's fees of \$97,650 in connection with this private placement.

On October 24, 2019, as a result of the reverse take-over, the Company exchanged 16,282,889 common shares to the shareholders of New Wave Holdings (BC) Corp., consolidated its share capital on a basis of one to one and half shares resulting in 7,986,167 post-consolidated shares, and issued 1,628,289 common shares to certain consultants of the reverse take-over transaction resulting in aggregate shares issued of 25,897,345. The 1,628,289 common shares issued as finders fees on the reverse takeover had a fair value of \$732,780. In accordance with CSE requirements, 13,572,460 common shares were placed into escrow and the shares are released evenly over a 3 year period from the date of the transaction. As at March 31, 2020, 12,215,214 shares were held in escrow.

On October 24, 2019 and October 31, 2019, the Company issued, in aggregate 2,583,333 restricted share units to certain officers, directors and consultants of the Company. The restricted share units are released in equal quarters with the first release on the date of grant, and then every four months. The release of these shares are measured at fair market value on the date of release, and is included in share-based compensation expense. As at March 31, 2020, 1,316,667 of these restricted share units were issued to related parties.

During the year ended March 31, 2020, the Company issued, in aggregate, 1,619,444 common shares to certain directors, officers and consultants of the Company recognizing \$470,812 in share-based compensation expense.

On February 10, 2020, the Company issued 2,518,518 common shares in connection with the acquisition of EMG (See Note 6i).

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9. SHARE CAPITAL – (cont'd)**Share Purchase Warrants**

The continuity of the Company's outstanding warrants is as follows:

	For the nine months ended December 31, 2020		For the year ended March 31, 2020	
	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
	#	\$	#	\$
Balance, opening	22,163,844	0.53	5,667,000	0.54
Issued to former New Wave Holdings (BC) Corp. shareholders	-	-	7,028,666	0.79
Exercised	(515,555)	0.07	-	-
Issued	7,482,473	0.40	9,468,178	0.52
Balance, ending	29,130,762	0.57	22,163,844	0.53

As at December 31, 2020, the weighted average remaining contractual life of share purchase warrants outstanding was 1.20 years and the weighted average exercise price was \$0.57.

Warrants outstanding as at December 31, 2020 are as follows:

Exercise price	Expiry date	Number of Warrants
\$ 0.60	February 8, 2021	2,398,000
\$ 0.60	February 15, 2021	1,634,333
\$ 0.60	February 22, 2021	1,134,667
\$ 0.60	April 17, 2021	2,407,333
\$ 0.90	May 29, 2021	4,094,889
\$ 0.54	May 23, 2023	7,245,955*
\$ 0.54	May 23, 2023	510,889*
\$ 0.45	February 14, 2022	1,851,852
\$ 0.45	February 24, 2022	370,371
\$ 0.10	May 12, 2023	500,000
\$ 0.10	May 12, 2021	402,500
\$ 0.45	June 17, 2022	391,346
\$ 0.45	June 17, 2022	6,188,627
	TOTAL	29,130,762

*These warrants were not affected by the 3-1 share consolidation; however, they have been presented as such for consistency with financial statement presentation. These 7,245,955 warrants represent 2 warrants which can be exchanged into 7,245,955 common shares of the Company at an exercise price of \$0.54.

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9. SHARE CAPITAL – (cont'd)**Share Purchase Warrants – (cont'd)**

Subsequent to December 31, 2020, 5,167,000 share purchase warrants expired unexercised and 389,778 share purchase warrants were exercised for total proceeds of \$52,867 of which \$41,667 was included in commitment to issued shares at December 31, 2020.

Brokers warrants issued during the year ended March 31, 2020

On April 17, 2019, and concurrent to the warrants issued with the Units of the same private placement closing on the same day, the Company issued 110,667 broker warrants as a finder's fee. The fair value of the 110,667 broker warrants was estimated at \$12,603, using the Black-Scholes Option Pricing Model with the following weighted average assumptions: expected dividend yield - 0%, share price of \$0.30, expected volatility - 103% (average based on comparable companies), risk-free interest rate – 1.67%, exercise price of \$0.60 and an expected average life of 2 years.

On May 29, 2019, and concurrent to the warrants issued with the Units of the same private placement closing on the same day, the Company issued 217,000 broker warrants as a finder's fee. The fair value of the 217,000 broker warrants was estimated at \$18,467, using the Black-Scholes Option Pricing Model with the following weighted average assumptions: expected dividend yield - 0%, share price of \$0.30, expected volatility - 102% (average based on comparable companies), risk-free interest rate – 1.54%, exercise price of \$0.90 and an expected average life of 2 years.

Concurrent to the issuance of the convertible debentures, the Company issued 1,857,852 share purchase warrants exercisable at \$0.45 per share expiring two years from the date of issuance (Note 8).

Stock Options

On May 14, 2020, 300,000 stock options were granted to a consultant of the Company. The options are exercisable at \$0.35 per share for three years from date of grant. These stock options vest 25% every four months commencing on the date of grant. The fair value of the options was estimated at \$30,649, using the Black-Scholes Option Pricing Model with the following weighted average assumptions: expected dividend yield - 0%, share price of \$0.37, expected volatility - 102% (average based on comparable companies), risk-free interest rate – 0.29%, exercise price of \$0.35 and an expected average life of 3 years.

On June 17, 2020, 600,000 stock options were granted to consultants of the Company. These options are exercisable at \$0.33 per share for three years from date of grant. These stock options vest at 1/3 every six months commencing on the date of grant. The fair value of the options was estimated at \$33,200, using the Black-Scholes Option Pricing Model with the following weighted average assumptions: expected dividend yield - 0%, share price of \$0.26, expected volatility - 102% (average based on comparable companies), risk-free interest rate – 0.32%, exercise price of \$0.33 and an expected average life of 3 years.

On November 6, 2020, the Company granted 1,900,000 stock options to directors, officers and consultants of the Company exercisable at \$0.05 per share expiring on November 6, 2025. These stock options vest at the date of grant. The fair value of the options was estimated at \$57,000, using the Black-Scholes Option Pricing Model with the following weighted average assumptions. Expected dividend yield – 0%, share price of \$0.05, expected volatility – 100% (average based on comparable companies), risk-free interest rate - \$0.45%, exercise price of \$0.05 and an expected average life of 5 years.

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9. SHARE CAPITAL – (cont'd)**Stock Options – (cont'd)**

	For the nine months ended December 31, 2020		For the year ended March 31, 2020	
	Number of Stock Options	Weighted Average Exercise Price	Number of Stock Options	Weighted Average Exercise Price
	#	\$	#	\$
Balance, opening	2,648,143	0.45	-	-
Issued to former New Wave Holdings (BC) Corp. shareholders	-	-	14,814	3.38
Granted	2,800,000	0.14	2,633,329	0.44
Balance, ending	5,448,143	0.29	2,648,143	0.45

As at December 31, 2020, the weighted average remaining contractual life of stock options outstanding was 3.94 years.

Options outstanding as at December 31, 2020 are as follows:

Exercise price	Expiry date	Number of options
\$ 3.38	March 31, 2021	14,814
\$ 0.35	May 14, 2023	300,000
\$ 0.33	June 17, 2023	600,000
\$ 0.45	October 24, 2024	2,466,664
\$ 0.33	November 8, 2024	66,666
\$ 0.33	February 10, 2025	66,666
\$ 0.18	February 24, 2025	33,333
\$ 0.05	November 6, 2025	1,900,000
		5,448,143

10. RELATED PARTY TRANSACTIONS

Related party transactions were in the normal course of operations and measured at the exchange amount, which is the amount established and agreed to by the related parties. Key management personnel are the persons responsible for planning, directing and controlling the activities of 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.

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10. RELATED PARTY TRANSACTIONS – (cont'd)Transactions with key management and directors

The Company incurred the following transactions for the period ended, with companies controlled by current and former directors and officers of the Company:

	December 31, 2020	December 31, 2019
	\$	\$
Consulting fees	176,000	306,718
Share-based compensation	185,667	406,422
Wages	32,260	223,741

Related parties balance

Included in accounts payable and accrued liabilities at December 31, 2020, are \$200 (March 31, 2020 - \$3,000) owed to an officer or director of the Company for unpaid consulting fees.

11. RIGHT OF USE ASSET

The Company entered into an office lease subject to fixed rent payments starting July 1, 2019 for a twenty-four month term. The lease commitments are based on the current lease term.

Below is a summary of the activities related to right-of-use office lease asset for the nine months ended December 31, 2020 and for the year ended March 31, 2020:

	December 31,	March 31,
	2020	2020
	\$	\$
Right of Use Office lease		
Balance, opening	37,557	-
Right of use asset recognized on July 1, 2019	-	60,091
Depreciation	(22,534)	(22,534)
Balance, ending	15,023	37,557
	December 31,	March 31,
	2020	2020
	\$	\$
Lease liabilities		
Balance, opening	37,557	-
Lease liability addition	-	60,091
Lease payments	(20,465)	(20,061)
Balance, ending	17,092	40,030
Current portion	8,355	31,293
Long Term	8,737	8,737
Balance, ending	17,092	40,030

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12. FINANCIAL INSTRUMENTS AND CAPITAL MANAGEMENT

The following table summarizes the carrying value of financial assets and liabilities as at December 31, 2020 and March 31, 2020:

	December 31, 2020	March 31, 2020
	\$	\$
Fair value through profit or loss		
Investments at fair value (Note 6)	2,549,340	3,629,340
Amortized cost		
Cash	552,600	541,256
Accounts payable and accrued liabilities	921,168	1,011,434
Lease liability	17,092	40,030
Convertible debentures	93,642	495,412

Fair value measurement

As at December 31, 2020, financial instruments that are measured at fair value on the statement of financial position are represented by cash, loan receivable, investment in associates, investments at fair value, account payable and accrued liabilities, lease liability, and convertible debentures. The fair values of these financial instruments approximate the carrying value due to their short-term nature.

Financial assets and liabilities that are recognized on the statement of financial position at fair value can be classified in a hierarchy that is based on the significance of the inputs used in making the measurements.

The levels in the hierarchy are:

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

Level 2 - inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices); and

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

The Company's financial assets measured at fair values through profit or loss are as follows:

December 31, 2020	Level 1	Level 2	Level 3
	\$	\$	\$
Investments at fair value	-	-	2,549,340
March 31, 2020	Level 1	Level 2	Level 3
	\$	\$	\$
Investments at fair value	-	-	3,629,340

New Wave Holdings Corp.

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12. FINANCIAL INSTRUMENTS AND CAPITAL MANAGEMENT – (cont'd)**Financial risk management**

The Company is exposed in varying degrees to a variety of financial instrument related risks.

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its bank account. All of its cash is deposited in a bank account held with a major bank in Canada. As most of the Company's cash is held by one bank there is a concentration of credit risk. This risk is managed by using a major bank that is a high credit quality financial institution as determined by rating agencies. The maximum exposure to credit risk is the carrying amount of the Company's financial instruments.

Foreign exchange risk

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The Company is not exposed to significant foreign exchange risk.

Liquidity risk

Liquidity risk arises through the excess of financial obligations over available financial assets due at any point in time. The Company's objective in managing liquidity risk is to maintain sufficient readily available reserves in order to meet its liquidity requirements at any point in time.

The Company's main source of funding has been the issuance of equity securities for cash, primarily through private placements. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding.

Capital Management

Management's objective is to manage its capital to ensure that there are adequate capital resources to safeguard the Company's ability to continue as a going concern through the optimization of its capital structure. The capital structure consists of share capital and working capital. In order to achieve this objective, management makes adjustments to it in light of changes in economic conditions and risk characteristics of the underlying assets. To maintain or adjust capital structure, management may invest its excess cash in interest bearing accounts of Canadian chartered banks and/or raise additional funds externally as needed. The Company is not subject to externally imposed capital requirements. The Company's management of capital did not change during the nine months ended December 31, 2020.

Fair Value

The fair value of the Company's financial assets and liabilities approximate the carrying amount wither due to their short-term nature or because the interest rates applied to measure their carrying amount approximate current market rates.

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13. SEGMENTED INFORMATION

The Company operates in one business segment: Esports investment.

Geographic information with respect to the Company's assets is as follows:

	December 31, 2020	March 31, 2020
	\$	\$
Canada	7,723,815	4,361,686
United States	8,231	51,554
Total assets	7,732,046	4,413,240

Geographic information with respect to the Company's liabilities is as follows:

	December 31, 2020	March 31, 2020
	\$	\$
Canada	1,976,130	1,712,652
United States	-	-
Total liabilities	1,976,130	1,712,652

Geographic information with respect to the Company's net loss is as follows:

	December 31, 2020	December 31, 2019
	\$	\$
Canada	13,812,579	4,333,377
United States	15,860	316,919
New loss for the period	13,828,439	4,650,296

14. SUPPLEMENTAL CASH FLOW INFORMATION

Investing and financing activities that do not have a direct impact on current cash flows are excluded from the statements of cash flows. The following transactions have been excluded from the statements of cash flows:

For the nine months ended December 31, 2020:

Pursuant to a share exchange agreement with Anahit, the Company issued 24,500,000 common shares fair valued at \$9,065,000 and issued 500,000 share purchase warrants of the Company exercisable at \$0.10 per share for three years fair valued at \$153,707.

Pursuant to a settlement agreement with EMG, the Company returned to treasury 2,518,518 common shares fair valued at \$680,000.

New Wave Holdings Corp.

Notes to the Condensed Interim Consolidated Financial Statements

December 31, 2020

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

14. SUPPLEMENTAL CASH FLOW INFORMATION – (cont'd)

The Company issued 5,555,555 common shares to settle convertible debt totalling \$476,323 and transferred \$96,418 from equity component to share capital.

Pursuant to a share exchange agreement with Anahit, the Company issued 12,791,667 common shares fair valued at \$895,417.

Pursuant to a debt settlement agreement, the Company issued 714,285 common shares to settle debt of \$50,000 with a former director and officer of the Company.

Pursuant to the share exchange agreement with WoW, the Company issued 28,190,725 common shares fair valued at \$3,382,887.

15. SUBSEQUENT EVENTS

On September 29, 2020, the Company announced that it entered into a letter of intent with Joshua Neilly and Branislav Nikolic to form an Ireland-based joint venture digital marketing company. The Company will acquire a 50-per-cent interest in the operations of this co-venture, named N2 Logics Inc. N2 Logics is a private company that supports digital marketing and on-line growth as consideration the Company will purchase 10 million shares in N2 Logics by way of a private placement for a purchase price of \$150,000. This will give New Wave a 50-per-cent ownership interest in the joint venture with N2 Logics. As at December 31, 2020, the Company had paid \$75,000 of the purchase price of \$150,000. This amount is included in prepaid expenses and deposit. On January 5, 2021, the Company paid the remaining \$75,000.

On January 6, 2021, the Company issued 969,230 common shares to settled \$126,000 in debt. This debt is included in commitment to issue shares at December 31, 2020.