

**NEW WAVE HOLDINGS CORP.**

**CONSOLIDATED FINANCIAL STATEMENTS**

**For the Years Ended March 31, 2021 and 2020**

**(Expressed in Canadian Dollars)**

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## INDEPENDENT AUDITORS' REPORT

### TO THE SHAREHOLDERS OF NEW WAVE HOLDINGS CORP.

#### *Opinion*

We have audited the consolidated financial statements of New Wave Holdings Corp. (the "Company"), which comprise:

- ◆ the consolidated statements of financial position as at March 31, 2021 and 2020;
- ◆ the consolidated statements of comprehensive loss for the years then ended;
- ◆ the consolidated statements of changes in shareholders' equity for the years then ended;
- ◆ the consolidated statements of cash flows for the years then ended; and
- ◆ the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at March 31, 2021 and 2020, and its consolidated financial performance and its consolidated 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 *Auditors' 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 in the consolidated financial statements, which indicates that the Company incurred a net loss of \$17,164,758 during the year ended March 31, 2021 and, as of that date, had an accumulated deficit of \$23,632,745. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists 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 comprises of 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 identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audits, and remain alert for indications that the other information appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditors' report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditors' report. 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.

## *Auditors' 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 auditors' 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 auditors' 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 auditors' 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 auditors' report is Kevin Kwan.

*Smythe LLP*

Chartered Professional Accountants

Vancouver, British Columbia  
October 26, 2021

**New Wave Holdings Corp.**  
Consolidated Statements of Financial Position  
As at March 31, 2021 and 2020  
(Expressed in Canadian dollars)

	Note	2021	2020
		\$	\$
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash		53,822	541,256
Short-term investments		10,000	10,000
Other receivables		173,148	100,234
Prepaid expenses		67,452	91,738
Investments	5	3,231,202	3,629,340
<b>TOTAL CURRENT ASSETS</b>		<b>3,535,624</b>	<b>4,372,568</b>
<b>Non-Current Assets</b>			
Equipment	6	1,779	3,115
Right of use asset	10	7,511	37,557
<b>TOTAL ASSETS</b>		<b>3,544,914</b>	<b>4,413,240</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>Current Liabilities</b>			
Accounts payable and accrued liabilities	9	656,045	1,011,434
Lease liability – Current	10	8,737	31,293
Share subscription proceeds to be returned		10,010	10,010
Deferred revenue		23,546	155,766
Convertible debentures - current	7	69,608	-
<b>TOTAL CURRENT LIABILITIES</b>		<b>767,946</b>	<b>1,208,503</b>
<b>Non-Current Liabilities</b>			
Convertible debentures – long term	7	-	495,412
Lease liability – Non-current	10	-	8,737
<b>TOTAL LIABILITIES</b>		<b>767,946</b>	<b>1,712,652</b>
<b>Shareholders' equity</b>			
Share capital	8	24,452,126	8,095,493
Reserves	8	1,943,124	957,380
Equity portion of convertible debentures	7	14,463	115,702
Deficit		(23,632,745)	(6,467,987)
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>2,776,968</b>	<b>2,700,588</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>3,544,914</b>	<b>4,413,240</b>

Approved on behalf of the Board of Directors:

“Geoff Balderson”

Director

“Robert Kang”

Director

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

**New Wave Holdings Corp.**  
Consolidated Statements of Comprehensive Loss  
For the years ended March 31, 2021 and 2020  
(Expressed in Canadian dollars)

	Note	2021	2020
		\$	\$
<b>Net Investment gain (loss)</b>			
Unrealized (loss) gain on investments	5	(10,380,751)	648,982
Write-off on investments	5	(2,836,250)	-
Write-off of loan receivable	5	(350,000)	-
		<b>(13,567,001)</b>	<b>648,982</b>
<b>EXPENSES</b>			
Accretion interest	7, 10	<b>98,005</b>	18,053
Consulting	9	<b>1,271,600</b>	947,979
Depreciation		<b>31,382</b>	23,870
Foreign Exchange		<b>1,793</b>	(9,848)
Investor Relations and Marketing		<b>865,696</b>	934,480
Office		<b>182,576</b>	100,016
Professional		<b>349,463</b>	651,323
Regulatory		<b>46,049</b>	18,997
Share-based compensation	8, 9	<b>634,516</b>	1,378,379
Travel		-	59,899
Wages	9	<b>215,397</b>	286,203
Website		<b>33,500</b>	-
		<b>(3,729,977)</b>	<b>(4,409,351)</b>
<b>Net loss from operations before other items</b>		<b>(17,296,978)</b>	<b>(3,760,369)</b>
<b>Other items:</b>			
Advisory revenue		<b>132,220</b>	86,115
Listing expense	4	-	(2,175,213)
<b>Net loss and comprehensive loss for the year</b>		<b>(17,164,758)</b>	<b>(5,849,467)</b>
<b>Basic and diluted loss per share</b>		<b>(4.06)</b>	<b>(5.69)</b>
<b>Weighted average number of common shares outstanding</b>			
<b>-basic and diluted</b>		<b>4,224,537</b>	<b>1,028,887</b>

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

**New Wave Holdings Corp.**  
Consolidated Statements of Changes in Shareholders' Equity  
For the years ended March 31, 2021 and 2020  
(Expressed in Canadian Dollars)

	<b>Share Capital</b>					
	<b>Number of shares</b>	<b>Share capital</b>	<b>Reserves</b>	<b>Equity portion of Convertible Debentures</b>	<b>Deficit</b>	<b>Total</b>
		\$	\$	\$	\$	\$
<b>Balance as at March 31, 2019</b>	<b>505,417</b>	<b>1,524,687</b>	<b>66,562</b>	<b>-</b>	<b>(618,520)</b>	<b>972,729</b>
Private placements	308,728	2,438,010	-	-	-	2,438,010
Finder's fees – cash	-	(130,850)	-	-	-	(130,850)
Finder's fees - warrants	-	(31,074)	31,074	-	-	-
Equity component of convertible debentures	-	-	-	115,702	-	115,702
Share-based compensation	-	-	902,566	-	-	902,566
Cancellation of pre-RTO New Wave shares	(798,617)	-	-	-	-	-
Establishment of post-RTO New Wave shares	1,197,925	2,411,178	(42,822)	-	-	2,368,356
Shares issued for services – RTO	81,414	732,730	-	-	-	732,730
Shares issued for services	80,972	470,812	-	-	-	470,812
Shares issued for acquisition of EMG	125,926	680,000	-	-	-	680,000
Net loss for the year	-	-	-	-	(5,849,467)	(5,849,467)
<b>Balance as at March 31, 2020</b>	<b>1,501,765</b>	<b>8,095,493</b>	<b>957,380</b>	<b>115,702</b>	<b>(6,467,987)</b>	<b>2,700,588</b>
Private placement	812,631	2,615,443	433,204	-	-	3,048,647
Finder's fees – cash	-	(294,180)	-	-	-	(294,180)
Finder's fees – warrants	-	(153,596)	153,596	-	-	-
Pursuant to exercise of warrants	46,230	93,192	-	-	-	93,192
Transfer of fair value on warrants exercised	-	67,236	(67,236)	-	-	-
Pursuant to exercise of stock options	10,000	10,000	-	-	-	10,000
Transfer of fair value on stock options exercised	-	8,000	(8,000)	-	-	-
Shares returned to treasury	(125,926)	(428,148)	-	-	-	(428,148)
Conversion of convertible debt	291,667	605,340	-	(101,239)	-	504,101
Restricted share units issued	89,583	314,042	-	-	-	314,042
Debt settlement	84,176	176,000	-	-	-	176,000
Shares issued for investment acquisition	3,274,119	13,343,304	153,707	-	-	13,497,011
Share-based payments	-	-	218,420	-	-	218,420
Vested RSU	-	-	102,053	-	-	102,053
Net loss for the year	-	-	-	-	(17,164,758)	(17,164,758)
<b>Balance as at March 31, 2021</b>	<b>5,984,245</b>	<b>24,452,126</b>	<b>1,943,124</b>	<b>14,463</b>	<b>(23,632,745)</b>	<b>2,776,968</b>

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



**New Wave Holdings Corp.**  
Consolidated Statements of Cash Flows  
For the years ended March 31, 2021 and 2020  
(Expressed in Canadian Dollars)

	2021	2020
	\$	\$
<b>Operating activities</b>		
Net loss for the year	(17,164,758)	(5,849,467)
Adjustment for non-cash items		
Listing expense	-	2,175,213
Transaction costs	-	100,258
Depreciation	31,382	23,870
Share-based compensation	634,516	1,378,379
Equity compensation received	-	(198,511)
Accretion interest	87,711	11,114
Elimination of reserves upon RTO	-	(42,822)
Write-off of investments	2,836,250	-
Write-off of loan receivable	350,000	-
Changes in non-cash operating working capital items:		
Accounts payable and accrued liabilities	(179,390)	602,675
Other receivables	(72,914)	(100,234)
Deferred revenue	(132,220)	112,396
Prepaid expenses	24,286	(56,613)
Fair value change in investments	10,380,751	(648,982)
Purchase of investments	(150,000)	(955,000)
Repayment of investment	400,000	-
Loan receivable	(350,000)	-
<b>Net cash used in operating activities</b>	<b>(3,304,386)</b>	<b>(3,447,724)</b>
<b>Investing activities</b>		
Purchase of short-term investments	-	(10,000)
<b>Net cash provided used in investing activities</b>	<b>-</b>	<b>(10,000)</b>
<b>Financing activities</b>		
Private placement proceeds – Net	3,048,647	2,438,010
Finders’ fees paid with cash	(294,180)	(130,850)
Lease liability payments	(40,707)	(20,061)
Net cash acquired on RTO	-	968,696
Exercise of options	10,000	-
Exercise of warrants	93,192	-
Convertible debt proceeds net of transaction costs	-	479,742
<b>Net cash provided by financing activities</b>	<b>2,816,952</b>	<b>3,735,537</b>
<b>Change in cash during the year</b>	<b>(487,434)</b>	<b>277,813</b>
<b>Cash, beginning of year</b>	<b>541,256</b>	<b>263,443</b>
<b>Cash, end of year</b>	<b>53,822</b>	<b>541,256</b>

See Note 14 for additional cash flow disclosure.

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

**New Wave Holdings Corp.**  
Notes to the Consolidated Financial Statements  
For the years ended March 31, 2021 and 2020  
(Expressed in Canadian Dollars)

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## 1. NATURE AND CONTINUANCE OF OPERATIONS

New Wave Holdings Corp. (“the Company”) was incorporated under the Business Corporation Act of British Columbia on May 17, 2006. The Company operates as an investment issuer and its objective is to generate income and achieve long term capital appreciation through investments focused on the psychedelic, natural wellness, and e-sports 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 completion of the “three-cornered” amalgamation the Company received approval to change its business from an E-sports company to an investment issuer engaged in investing in privately and publicly traded companies. The Company determined it has met the definition of investment entity under IFRS 10 *Consolidated financial statements* as of October 24, 2019. As such, the Company commenced accounting for its investments at fair value through profit or loss (“FVTPL”) in accordance with IAS 39 Financial Instruments: recognition and measurement (“IAS 39”).

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 June 18, 2021, the Company completed a 20 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 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 March 31, 2021, the Company is not able to finance day to day activities through operations and has incurred a loss of \$17,164,758 for the year ended March 31, 2021. 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.

## 2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

### Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board. The Company has determined that it meets the definition of an investment entity in accordance with IFRS 10, Consolidated Financial Statements (“IFRS 10”), and accordingly all investments have been recorded as investments at fair value through profit or loss. The principal accounting policies applied in the preparation of these financial statements are set out below.

These consolidated financial statements were reviewed and authorized for issue by the Board of Directors on October 25, 2021.

### Basis of preparation

The 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.

## 3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently in the consolidated financial statements, unless otherwise indicated.

### Basis of consolidation

These consolidated financial statements include the accounts of the Company and its subsidiaries. The results of the subsidiaries will continue to be included in the consolidated financial statements of the Company until the date that the Company’s control over the respective subsidiaries cease. 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.

Inter-company balances and transactions, including unrealized income and expenses arising from inter-company transactions, are eliminated on consolidation.

Entity	Incorporation	Status	Functional Currency
New Wave Holdings (BC) Corp.	B.C., Canada	Active	CDN Dollar
Thunderbolt Creative Digital Gaming Inc.	California, USA	Active	CDN Dollar

### Significant estimates and assumptions

The preparation of the consolidated financial statements in accordance with IFRS requires the Company to make estimates and assumptions concerning the future. The Company’s management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised.

**New Wave Holdings Corp.**  
Notes to the Consolidated Financial Statements  
For the years ended March 31, 2021 and 2020  
(Expressed in Canadian Dollars)

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**3. SIGNIFICANT ACCOUNTING POLICIES – (continued)**

**Significant estimates and assumptions (continued)**

**Significant estimates**

Estimates and assumptions where there is significant risk of material adjustments to the statement of financial position in future accounting periods include the recoverability and measurement are as follows:

Valuation of share-based compensation

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.

Convertible debt

The convertible debentures are separated into their liability and equity components on the statements of financial position. The liability component is initially recognized at fair value, calculated at the present value of the liability based upon non-convertible debt issued by comparable issuers and accounted for at amortized cost using the effective interest rate method. The effective interest rate used is the estimated rate for non-convertible debt with similar terms at the time of issue.

Valuation of investments

Investment transactions are recorded on a trade date basis. The cost of investments represents the amount paid for each investment and is determined on an average cost basis excluding transaction costs. The Company classifies its investments as fair value through profit or loss, with unrealized gains and losses recognized in profit or loss. The fair value of the Company's investments as at the financial reporting date are determined as follows: Common shares in quoted companies – All securities listed on a recognized public stock exchange are generally valued at their last bid price. Options and warrants – The options and warrants are valued at fair value using the Black-Scholes pricing model which considers factors such as market value of the underlying security, strike price, volatility and expected life. Investments in private companies and other investments – When the fair values of financial assets and financial liabilities recorded on the consolidated statements of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques. The inputs to these models are derived from observable market data where possible, but where observable market data is not available, judgment is required to establish fair value.

**Significant judgments**

The preparation of the consolidated financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments in applying the Company's financial statements are as follows:

Going concern

The assessment of the Company's ability to continue as a going concern and to raise sufficient funds to pay its ongoing operating expenditures and meet its liabilities for the ensuing year involves significant judgment based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances.

Assessment of acquisition as a business combination or asset acquisition

Management has had to apply judgment relating to acquisitions with respect to whether the acquisition was a business combination or an asset acquisition. Management applied a three-element process to determine whether a business or an asset was purchased, considering inputs, processes, and outputs of each acquisition to reach a conclusion.

### 3. SIGNIFICANT ACCOUNTING POLICIES – (continued)

#### Significant estimates and assumptions (continued)

#### Significant judgments (continued)

##### Income taxes

Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Company recognizes liabilities and contingencies for anticipated tax audit issues based on the Company's current understanding of the tax law. For matters where it is probable that an adjustment will be made, the Company records its best estimate of the tax liability including the related interest and penalties in the current tax provision. Management believes they have adequately provided for the probable outcome of these matters; however, the final outcome may result in a materially different outcome than the amount included in the tax liabilities.

In addition, the Company recognizes deferred tax assets relating to tax losses carried forward to the extent that it is probable that taxable profit will be available against which a deductible temporary difference can be utilized. This is deemed to be the case when there are sufficient taxable temporary differences relating to the same taxation authority and the same taxable entity which are expected to reverse in the same year as the expected reversal of the deductible temporary difference, or in years into which a tax loss arising from the deferred tax asset can be carried back or forward. However, utilization of the tax losses also depends on the ability of the taxable entity to satisfy certain tests at the time the losses are recouped.

##### Investment entity

Management has applied judgment in determining whether the Company meets the criteria required under IFRS 10, in order to be classified as an investment entity.

##### **Cash**

Cash is comprised of cash deposits in the bank and highly liquid investments with original maturities of three months or less that is readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

##### **Equipment**

Equipment is stated at cost less accumulated depreciation. The cost of an item of equipment consists of the purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for its intended use. Equipment is depreciated over the estimated useful lives of the respective assets at the following rates:

Equipment	straight-line over 5 years
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Useful lives and methods of depreciation are reviewed at each reporting period, and adjusted prospectively if appropriate. An impairment review is performed, either individually or at the cash-generating unit level, when there are indicators that the carrying amount of the asset may exceed its recoverable amount. To the extent that this occurs, the asset is written down to its estimated net realizable value.

### **3. SIGNIFICANT ACCOUNTING POLICIES – (continued)**

#### **Impairment of Non-Financial Assets**

At each reporting date, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is an indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the assets belong.

The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value less costs to sell 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 (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized in profit or loss for the period.

#### **Leases**

At inception, the Company assesses whether a contract contains an embedded lease. A contract contains a lease when the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. The Company, as lessee, is required to recognize a right-of-use asset ("ROU asset"), representing its right to use the underlying asset, and a lease liability, representing its obligation to make lease payments. The Company may elect to not apply IFRS 16 Leases to leases with a term of less than 12 months or to low value assets, which is made on an asset-by-asset basis.

The Company recognizes a ROU asset and a lease liability at the commencement of the lease. The ROU asset is initially measured on the initial amount of the lease liability, plus initial direct cost, less any incentives received. It is subsequently measured at cost less accumulated depreciation, impairment losses and adjusted for certain re-measurements of the lease liability. The ROU asset is depreciated from the commencement date over the shorter of the lease term or the useful life of the underlying asset. The ROU asset is subject to testing for impairment if there is an indicator of impairment.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by the interest rate implicit in the lease, or if that rate cannot be readily determined, the incremental borrowing rate. The incremental borrowing rate is the rate which the operation would have to pay to borrow over a similar term and with similar security, the funds necessary to obtain an asset of similar value to the ROU asset in a similar economic environment.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payments made.

Variable lease payments that do not depend on an index or a rate not included in the initial measurement of the ROU asset and lease liability are recognized as an expense in the consolidated statements of comprehensive loss in the period in which they are incurred.

The ROU assets are presented within "Right-of-use assets" and the lease liabilities are presented in "Lease liability" on the consolidated statements of financial position.

### **3. SIGNIFICANT ACCOUNTING POLICIES – (continued)**

#### **Foreign currency translation**

The functional currency of each entity is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Canadian dollars which is the parent company's functional and presentational currency. The functional currency of Thunderbolt Creative Digital Gaming Inc. is the Canadian Dollar.

#### Transactions and balances:

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the period-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items or on settlement of monetary items are recognized in profit or loss in the statement of comprehensive loss in the period in which they arise, except where deferred in equity as a qualifying cash flow or net investment hedge. Exchange differences arising on the translation of non-monetary items are recognized in other comprehensive income in the statement of comprehensive loss to the extent that gains and losses arising on those non-monetary items are also recognized in other comprehensive loss. Where the non-monetary gain or loss is recognized in profit or loss, the exchange component is also recognized in profit or loss.

#### Foreign operations:

The financial results and position of foreign operations whose functional currency is different from the Company's presentation currency are translated as follows:

- assets and liabilities are translated at period-end exchange rates prevailing at that reporting date; and
- income and expenses are translated at average exchange rates for the period.

Exchange differences arising on translation of foreign operations are recorded to the Company's foreign currency translation reserve. These differences are recognized in the profit or loss in the period in which the operation is disposed of.

#### **Revenue Recognition**

Security transactions are recorded on a trade basis. Realized gains and losses on the disposal of investments and unrealized gains and losses in the value of investments are reflected in the consolidated statements of comprehensive loss.

The Company recognizes advisory revenue in accordance with IFRS 15 – Revenue from contracts with customers. This standard contains a single model with two approaches to recognizing revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognized.

The Company recognizes advisory revenue when a contractual arrangement is in place, the fee is fixed and determinable, the services have been provided or the products have been delivered to the customer, and collectability is reasonably assured. Payments received in advance are recorded as deferred revenue and brought into revenue as earned.

### 3. SIGNIFICANT ACCOUNTING POLICIES – (continued)

#### **Income taxes**

##### Current income tax:

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date, in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

##### Deferred tax:

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

#### **Share capital**

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares and share purchase warrants are classified as equity instruments.

Incremental costs directly attributable to the issue of new shares, warrants or options are recognized as a deduction from equity, net of tax.

##### *Valuation of equity units issued in private placements*

The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the more easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component.

The fair value of common shares issued in private placements was determined to be the more easily measurable component and are valued at their fair value, as determined by the closing quoted bid price on the announcement date. The balance, if any, is allocated to attached warrants. Any fair value attributed to warrants is recorded to warrants reserves.



### **3. SIGNIFICANT ACCOUNTING POLICIES – (continued)**

#### **Share based compensation**

The share option plan allows Company employees and consultants to acquire shares of the Company. The fair value of options granted is recognized as an employee or consultant expense with a corresponding increase in equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee.

The fair value is measured at grant date, and each tranche is recognized using the graded vesting method over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes option pricing model taking into account the terms and conditions upon which the options were granted. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest.

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 the fair value of the share-based payment. Otherwise, share-based payments are measured at the fair value of goods or services received.

#### **Loss per share**

Basic loss per share is calculated by dividing the loss attributable to common shareholders by the weighted average number of common shares outstanding in the period. The loss attributable to common shareholders equals the reported loss attributable to owners of the Company. Diluted loss per share is calculated using the treasury stock method. Under the treasury stock method, the weighted average number of common shares outstanding for the calculation of diluted loss per share assumes that the proceeds to be received on the exercise of dilutive share options and warrants are used to repurchase common shares at the average market price during the period.

#### **Financial instruments**

##### *Financial Assets*

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (“FVTPL”), the transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss. Financial assets are considered in the entirety when determining whether their cash flows are solely payment of principal and interest.

Subsequent measurement of financial assets depends on their classification. The classification depends on the Company’s business model for managing the financial assets and contractual terms of the cash flows. These are the measurement categories under which the Company classifies its financial assets:

- **Amortized cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. A gain or loss on a debt investment that is subsequently measured at amortized cost is recognized in profit or loss when the asset is derecognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.
- **Fair value through OCI (“FVOCI”):** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets’ cash flows represent solely payments of principal and interest, are measured at FVOCI. Financial assets classified at FVOCI are subsequently measured at fair value with unrealized gains or losses recognized in other comprehensive income (loss). When the financial instrument is sold, the cumulative gain or loss remains in accumulated other comprehensive income or loss and is not reclassified to profit or loss.
- **FVTPL:** Assets that do not meet the criteria for amortized cost or FVOCI are measured at FVTPL. A gain or loss on an investment that is subsequently measured at FVTPL is recognized in profit or loss.

### **3. SIGNIFICANT ACCOUNTING POLICIES – (continued)**

#### **Financial instruments (continued)**

##### *Financial Assets (continued)*

The Company's cash is measured at amortized cost, short-term investments and investments are measured at FVTPL.

##### *Impairment of Financial Assets at Amortized Cost*

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses of the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in the statements of income (loss), as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

##### *Financial Liabilities*

The Company classifies its financial liabilities into the following categories: financial liabilities at FVTPL and amortized cost.

A financial liability is classified as FVTPL if it is classified as held-for-trading or is designated as such on initial recognition. Directly attributable transaction costs are recognized in profit or loss as incurred. The fair value changes to financial liabilities at FVTPL are presented as follows: the amount of change in fair value that is attributable to changes in the credit risk of the liability is presented in OCI; and the remaining amount of the change in the fair value is presented in profit or loss. The Company does not designate any financial liabilities at FVTPL.

Other non-derivative financial liabilities are initially measured at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortized cost using the effective interest rate method. The Company classifies its accounts payable and accrued liabilities, lease liability and convertible debentures as financial liabilities held at amortized cost.

#### **Convertible Debenture**

The Company classifies convertible debentures into debt and equity components based on the residual method. The liability component is calculated as the present value of the principal and interest, discounted at a rate approximating the estimated interest rate that was estimated to have been applicable to a non-convertible debenture at the time the debenture was issued. This portion of the convertible debenture is accreted over its term to the full principal value using the effective interest rate method. The equity element of the convertible debenture comprises the value of the conversion option, being the difference between the face value of the convertible debt and the liability component. Upon maturity, the equity component is reclassified to reserves.

#### **Investment in associates and subsidiaries**

The Company meets the criteria required to be considered an "investment entity" under IFRS 10 and as such, in the cases where the Company has control or significant influence over a company in its investment portfolio, the Company values such investments as financial assets at FVTPL.

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#### 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 \$2,175,213 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.

In connection with the closing of the three-cornered amalgamation, the Company issued 81,414 (1,628,280 pre-consolidated) common shares with a fair value of \$732,730 for finders fees’ to directors of the Company.

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

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**5. INVESTMENTS**

The Company has the following investments as at March 31, 2021 and 2020:

	Number of Shares/Units Held	Fair Value at March 31, 2020	Adjustment /Investment	Fair market value Adjustments	Impairment of investments	Fair Value at March 31, 2021
		\$	\$	\$	\$	\$
<b>Equities of private esports companies:</b>						
Even Matchup Gaming Inc.	200	1,500,000	(828,148)	(451,852)	-	<b>220,000</b>
Playline Ltd.	51,653	250,829	-	-	-	<b>250,829</b>
Tiidal Gaming Group Inc.	2,250,000	1,125,000	-	-	-	<b>1,125,000</b>
Real Luck Group Ltd.	547,298	150,000	-	-	-	<b>150,000</b>
Talon Esports Ltd.	681,818	405,000	-	580,373	-	<b>985,373</b>
<b>Stock options held:</b>						
Talon Esports Ltd.	681,818	198,511	-	(198,511)	-	-
<b>Other investments</b>						
Anahit Therapeutics Ltd.	9,750,000	-	10,114,124	(7,427,874)	(2,686,250)	-
Way of Will Inc.	5,000,000	-	3,382,887	(2,882,887)	-	<b>500,000</b>
N2 Logics Inc.	10,000,000	-	150,000	-	(150,000)	-
<b>Balance</b>	-	3,629,340	12,818,863	(10,380,751)	(2,836,250)	<b>3,231,202</b>

	Number of Shares/Units Held	Fair Value at March 31, 2019	Investment	Fair market value Adjustments	Fair Value at March 31, 2020
		\$	\$	\$	\$
<b>Equities of private esports companies:</b>					
Even Matchup Gaming Inc.	1,000	250,000	1,230,000	20,000	1,500,000
Playline Ltd.	51,653	250,829	-	-	250,829
Tiidal Gaming Group Inc.	2,250,000	446,018	50,000	628,982	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
<b>Stock options held:</b>					
Talon Esports Ltd.	681,818	-	198,511	-	198,511
<b>Balance</b>		946,847	2,033,511	648,982	3,629,340

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**5. INVESTMENTS – (continued)**

- 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.

On February 10, 2020, the Company acquired the remaining issued and outstanding shares of EMG for \$1,230,000 comprising \$550,000 cash and 125,926 (2,518,518 pre-consolidated) 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 125,926 (2,518,518 pre-consolidated) 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 125,926 (2,518,518 pre-consolidated) common shares for cancellation (received and cancelled with a fair value of \$428,148).
- 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 (paid).
- 5- The Company will repay \$260,000 in cash loans received from EMG which is included within accounts payable and accrued liabilities (paid).

The fair value of the investment into Even Matchup Gaming Inc. is currently reflected as the current fair market value of EMG’s common shares held by the Company.

- 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 current fair market value 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.

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**5. INVESTMENTS – (continued)**

- 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. In December 2020, the Company’s 7,500,000 units of Avatar were exchanged into 547,298 common shares in Real Luck Group Ltd. (“Real Luck”) as a result of Real Luck acquiring all of the outstanding common shares of Avatar. The fair value of the 547,298 common shares of Real Luck is currently reflected as the current fair market value of its common shares.
- 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. Subsequent to the year ended March 31, 2021, the options expired unexercised and the Company adjusted the fair value of the stock options to \$Nil. The fair value of the investment into Talon Esports Ltd. is currently reflected as the current fair market value of its common shares.
- vi. 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 1,225,000 (24,500,000 pre-consolidated) common shares of the Company fair valued at \$9,065,000, and 25,000 (500,000 pre-consolidated) share purchase warrants of the Company exercisable at \$2.00 (\$0.10 pre-consolidated) 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 \$7.40 (\$0.37 pre-consolidated); 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 of Anahit at a price of \$0.025 per share.

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’s ownership increased from 50% to 75%. As consideration, the Company issued 639,583 (12,791,667 pre-consolidated) 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 interest to its fair value of \$1,872,481. The difference between the carrying amount of the previously held equity interest was recognized as a loss of \$7,427,874 on investment in associate.

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**5. INVESTMENTS – (continued)**

vi. (continued)

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 had expired and the Company had hereby given Anahit the option to purchase back 7,000,000 shares at a price of \$0.025 per share.

During the year ended March 31, 2021, 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 from Anahit.

vii. 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 1,409,536 (28,190,725 pre-consolidated) common shares of the Company fair valued at \$3,382,887. At March 31, 2021, the investment was adjusted to \$500,000 based on the current market value of the common shares of WoW.

viii. On January 5, 2021, the Company subscribed for 10,000,000 common shares of N2 Logics Inc. a private company BC company for cash proceeds of \$150,000. During the year ended March 31, 2021, the Company determined that the investment was impaired and the investment balance was reduced to \$Nil.

**6. EQUIPMENT**

	<b>Computer Cost</b>	<b>Computer Equipment</b>	<b>Accumulated depreciation</b>	<b>Computer Equipment</b>	<b>Carrying amounts</b>	<b>Computer Equipment</b>
	\$			\$		\$
Balance, March 31, 2019		4,451	Balance, March 31, 2019	-	Balance, March 31, 2019	4,451
Additions	-		Depreciation	1,336		(1,336)
Balance, March 31, 2020		4,451	Balance, March 31, 2020	1,336	Balance, March 31, 2020	3,115
Additions	-		Depreciation	1,336		(1,336)
<b>Balance, March 31, 2021</b>		<b>4,451</b>	<b>Balance, March 31, 2021</b>	<b>2,672</b>	<b>Balance, March 31, 2021</b>	<b>1,779</b>

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**7. CONVERTIBLE DEBENTURES**

	Liability component	Equity component	Total
	\$	\$	\$
Balance, March 31, 2019	-	-	-
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	18,668	-	18,668
Amortization of discount	56,853	-	56,853
Conversion of debenture	(501,325)	(101,239)	(602,564)
<b>Balance, March 31, 2021</b>	<b>69,608</b>	<b>14,463</b>	<b>84,071</b>

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 \$2.00 (\$0.10 pre-consolidated) 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 92,893 (1,857,852 pre-consolidated) share purchase warrants exercisable at \$9.00 (\$0.45 pre-consolidated) per share expiring two years from the date of issuance. On June 1, 2020, \$505,555 of convertible debentures were converted into common share of the Company; accordingly, the Company issued 277,778 (5,555,555 pre-consolidated) common shares on June 15, 2020 and recognized a premium on conversion of \$17,186 (see Note 8).

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 18,519 (370,371 pre-consolidated) share purchase warrants exercisable at \$3.00 (\$0.15 pre-consolidated) 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 13,889 (277,777 pre-consolidated) common shares of the Company and a premium on conversion of \$4,821 was recognized.



## **8. SHARE CAPITAL**

### **Authorized share capital**

Unlimited number of common shares without par value, special rights or restrictions attached. On June 18, 2021, the Company completed another 20 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.

### **Issued share capital for the year ended March 31, 2021**

On May 12, 2020, the Company issued 1,225,000 (24,500,000 pre-consolidated) common shares pursuant to the May 5, 2020 agreement with Anahit, fair valued at \$9,065,000. The Company also issued 25,000 (500,000 pre-consolidated) warrants in connection with the acquisition with a fair value of \$153,707 (Note 5)

On May 12, 2020, pursuant to the exercise of share purchase warrants, the Company issued 16,667 (333,333 pre-consolidated) common shares at \$1.20 (\$0.06 pre-consolidated) per share for total proceeds of \$20,000.

On May 19, 2020, the Company closed a private placement of 503,200 (10,064,000 pre-consolidated) common shares at a price of \$2.00 (\$0.10 pre-consolidated) per share for gross proceeds of \$1,006,400. The Company paid cash finders fees of \$40,250 and issued 20,125 (402,500 pre-consolidated) brokers warrants at \$2.00 (\$0.10 pre-consolidated) 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 \$7.40 (\$0.37 pre-consolidated); 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, 25,000 (500,000 pre-consolidated) common shares were issued on conversion of \$50,000 in convertible debentures, and on June 15, 2020, a further 252,778 (5,055,555 pre-consolidated) 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 778 (15,555 pre-consolidated) common shares at \$10.80 (\$0.54 pre-consolidated) per share for total proceeds of \$8,400.

On June 17, 2020, the Company closed a private placement of 309,431 (6,188,627 pre-consolidated) Units at a price of \$6.60 (\$0.33 pre-consolidated) 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 \$9.00 (\$0.45 pre-consolidated) per common share. The fair value of the warrants issued were determined to be \$433,402 based on the residual method which was allocated to reserves. The Company paid an aggregate cash finders fee of \$97,002 and issued 19,567 (391,346 pre-consolidated) broker warrants with similar terms as the share purchase warrants attached to the Unit. 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 \$5.20 (\$0.26 pre-consolidated); 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 8,333 (166,667 pre-consolidated) common shares at \$1.20 (\$0.06 pre-consolidated) per share for total proceeds of \$10,000.

On June 22, 2020, the Company returned to treasury 125,926 (2,518,518 pre-consolidated) common shares pursuant to the April 16, 2020, settlement agreement with EMG. See Note 5.

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**8. SHARE CAPITAL** (continued)

**Issued share capital for the year ended March 31, 2021** (continued)

On September 23, 2020, the Company issued 639,583 (12,791,667 pre-consolidated) common shares pursuant to the terms of the August 26, 2020 agreement with Anahit fair valued at \$895,417. See Note 5.

On September 30, 2020, the Company issued 35,714 (714,285 pre-consolidated) common shares to settle \$50,000 of debt pursuant to a debt settlement agreement with a former director and officer of the Company.

On December 23, 2020, the Company issued 1,409,536 (28,190,720 pre-consolidated) common shares fair valued at \$2.40 (\$0.12 pre-consolidated) per share for a total value of \$3,382,887 pursuant to the December 18, 2020 share exchange agreement with WoW (See note 5).

On January 4, 2021, pursuant to the exercise of share purchase warrants, the Company issued 13,889 (277,778 pre-consolidated) common shares at \$3.00 (\$0.15 pre-consolidated) per share for total proceeds of \$41,667.

On January 5, 2021, 13,889 (277,777 pre-consolidated) common shares were issued on conversion of \$27,778 in convertible debentures and recognized a premium on conversion of \$4,821.

On January 6, 2021, the Company issued 48,462 (969,230 pre-consolidated) common shares pursuant to a debt settlement agreement for a total of \$126,000.

On February 11, 2021, pursuant to the exercise of share purchase warrants, the Company issued 5,600 (112,000 pre-consolidated) common shares at \$2.00 (\$0.10 pre-consolidated) per share for total proceeds of \$11,200.

On March 26, 2021, pursuant to the exercise of share purchase warrants, the Company issued 963 (19,250 pre-consolidated) common shares at \$2.00 (\$0.10 pre-consolidated) per share for total proceeds of \$1,925.

On March 26, 2021, pursuant to the exercise of share purchase options, the Company issued 10,000 (200,000 pre-consolidated) common shares at \$1.00 (\$0.05 pre-consolidated) per share for total proceeds of \$10,000. The Company transferred \$8,000 from reserves.

During the year ended March 31, 2021, the Company issued, in aggregate, 89,583 (1,791,664 pre-consolidated) common shares relating to restricted share units to certain directors, officers and consultants of the Company recognizing \$314,042 in share-based compensation expense.

**Issued share capital for the year ended March 31, 2020**

On April 17, 2019, the Company closed a private placement through the issuance of 114,000 (2,280,000 pre-consolidated) Units of the Company at a price of \$6.00 (\$0.30 pre-consolidated) 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 \$12.00 (\$0.60 pre-consolidated) per share. Concurrent with this private placement, on April 17, 2019, the Company issued 833 (16,667 pre-consolidated) Units to an officer of the Company at a deemed price of \$6.00 (\$0.30 pre-consolidated) 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 and issued 5,533 (110,667 pre-consolidated) broker warrants as a finder's fee with similar terms as the share purchase warrants attached to the above Unit. The fair value of the 5,533 (110,667 pre-consolidated) 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 \$6.00 (\$0.30 pre-consolidated), expected volatility - 103% (average based on comparable companies), risk-free interest rate - 1.67%, exercise price of \$0.60 pre-consolidated and an expected average life of 2 years.

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**8. SHARE CAPITAL – (continued)**

**Issued share capital for the year ended March 31, 2020 (continued)**

On May 29, 2019, the Company closed a private placement through the issuance of 193,894 (3,877,889 pre-consolidated) Units of the Company at a price of \$9.00 (\$0.45 pre-consolidated) 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 \$18.00 (\$0.90 pre-consolidated) per share. The Company paid cash finder's fees of \$97,650, and issued 10,850 (217,000 pre-consolidated) broker warrants as a finder's fee with similar terms as the share purchase warrants attached to the above Unit. The fair value of the 10,850 (217,000 pre-consolidated) 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 \$6.00 (\$0.30 pre-consolidated), expected volatility - 102% (average based on comparable companies), risk-free interest rate - 1.54%, exercise price of \$0.90 pre-consolidated and an expected average life of 2 years.

On October 24, 2019, as a result of the reverse take-over, the Company exchanged 814,144 (16,282,889 pre-consolidated) 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 399,308 (7,986,167 pre-consolidated) post-consolidated shares, and issued 81,414 (1,628,289 pre-consolidated) common shares to certain consultants of the reverse take-over transaction resulting in aggregate shares issued of 1,294,867 (25,897,345 pre-consolidated). The 81,414 (1,628,289 pre-consolidated) common shares issued as finders fees on the reverse takeover had a fair value of \$732,780. In accordance with CSE requirements, 678,623 (13,572,460 pre-consolidated) common shares were placed into escrow and the shares are released evenly over a 3-year period from the date of the transaction.

On October 24, 2019 and October 31, 2019, the Company issued, in aggregate 129,167 (2,583,333 pre-consolidated) 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 is measured at fair market value on the date of release, and is included in share-based compensation expense. As at March 31, 2020, 65,833 (1,316,667 pre-consolidated) of these restricted share units were issued to related parties.

During the year ended March 31, 2020, the Company issued, in aggregate, 80,972 (1,619,444 pre-consolidated) 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 125,926 (2,518,518 pre-consolidated) common shares in connection with the acquisition of EMG (See Note 5i).

**Escrow Shares**

As at March 31, 2021, 407,174 (8,143,476 pre-consolidated) (2020 – 610,761 (12,215,214 pre-consolidated)) shares were held in escrow, to be released evenly over a 3-year period from October 24, 2019.

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**8. SHARE CAPITAL – (continued)**

**Share Purchase Warrants**

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

	March 31, 2021		March 31, 2020	
	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
	#	\$	#	\$
<b>Balance, opening</b>	1,108,192	10.60	283,350	10.80
Issued to former New Wave Holdings (BC) Corp. shareholders	-	-	351,433	15.80
Expired	(258,350)	12.00	-	-
Exercised	(25,778)	1.40	-	-
Issued	374,124	8.00	473,409	10.40
<b>Balance, ending</b>	<b>1,198,188</b>	<b>11.40</b>	<b>1,108,192</b>	<b>10.60</b>

As at March 31, 2021, the weighted average remaining contractual life of share purchase warrants outstanding was 1.19 years and the weighted average exercise price was \$11.40.

Warrants outstanding as at March 31, 2021 are as follows:

Exercise price	Expiry date	Number of Warrants
\$ 12.00	April 17, 2021	120,367 *
\$ 18.00	May 29, 2021	204,744 *
\$ 10.80	May 23, 2023	362,298
\$ 10.80	May 23, 2023	25,544
\$ 9.00	February 14, 2022	92,593
\$ 9.00	February 24, 2022	18,519
\$ 2.00	May 12, 2023	25,000
\$ 2.00	May 12, 2021	20,125 *
\$ 9.00	June 17, 2022	19,567
\$ 9.00	June 17, 2022	309,431
	<b>TOTAL</b>	<b>1,198,188</b>

\*Subsequent to March 31, 2021, 345,236 share purchase warrants expired unexercised.

Subsequent to March 31, 2021, 1,595 share purchase warrants were exercised.

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**8. SHARE CAPITAL – (continued)**

**Stock Options**

On October 24, 2020, the Company adopted an equity incentive plan under which it is authorized to grant to officers, directors, employees and consultants enabling them to acquire up to 20% of the issued and outstanding common share of the Company. The options can be granted for a maximum of 10 years and vest as determined by the Board of Directors. The exercise price of each option granted may not be less than the fair market value of the common shares. The Option Plan is 10% a rolling plan pursuant to which the number of common shares which may be subject to issuance pursuant to options granted under the Option Plan is 10% and when combined with all other equity compensation securities outstanding shall not be greater than 20% of the common shares issued and outstanding at the date of grant.

On October 24, 2019, 123,333 (2,466,667 pre-consolidated) options were issued to directors, officers, and consultants of the Company. The options are exercisable at \$9.00 (\$0.45 pre-consolidated) per share for five years from date of grant. The fair value of the options was estimated at \$1,027,000, using the Black-Scholes Option Pricing Model with the following weighted average assumptions: expected dividend yield - 0%, share price of \$9.00 (\$0.45 pre-consolidated), expected volatility - 157% (average based on comparable companies), risk-free interest rate – 1.546%, exercise price of \$9.00 (\$0.45 pre-consolidated) and an expected average life of 5 years. 25% of the warrants vest immediately with three additional equal vesting across four-month increments.

On November 8, 2019, 3,333 (66,667 pre-consolidated) options were issued to a director of the Company. The options are exercisable at \$6.60 (\$0.33 pre-consolidated) per share for five years from date of grant. The fair value of the options was estimated at \$17,500, using the Black-Scholes Option Pricing Model with the following weighted average assumptions: expected dividend yield - 0%, share price of \$6.60 (\$0.33 pre-consolidated), expected volatility - 157% (average based on comparable companies), risk-free interest rate – 1.546%, exercise price of \$6.60 (\$0.33 pre-consolidated) and an expected average life of 5 years.

On February 10, 2020, 3,333 (66,667 pre-consolidated) options were issued to a director of the Company. The options are exercisable at \$6.60 (\$0.33 pre-consolidated) per share for five years from date of grant. The fair value of the options was estimated at \$13,000, using the Black-Scholes Option Pricing Model with the following weighted average assumptions: expected dividend yield - 0%, share price of \$4.20 (\$0.21 pre-consolidated), expected volatility - 157% (average based on comparable companies), risk-free interest rate – 1.546%, exercise price of \$4.20 (\$0.21 pre-consolidated) and an expected average life of 5 years.

On February 24, 2020, 1,667 (33,333 pre-consolidated) options were issued to the Chief Financial Officer of the Company. The options are exercisable at \$3.60 (\$0.18 pre-consolidated) per share for five years from date of grant. The fair value of the options was estimated at \$4,500, using the Black-Scholes Option Pricing Model with the following weighted average assumptions: expected dividend yield – Nil%, share price of \$3.00 (\$0.15 pre-consolidated), expected volatility - 155% (average based on comparable companies), risk-free interest rate – 1.5399%, exercise price of \$0.18 and an expected average life of 5 years.

On May 14, 2020, 15,000 (300,000 pre-consolidated) stock options were granted to a consultant of the Company. The options are exercisable at \$7.00 (\$0.35 pre-consolidated) 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 \$72,000, using the Black-Scholes Option Pricing Model with the following weighted average assumptions: expected dividend yield - 0%, share price of \$7.40 (\$0.37 pre-consolidated), expected volatility - 102% (average based on comparable companies), risk-free interest rate – 0.29%, exercise price of \$7.00 (\$0.35 pre-consolidated) and an expected average life of 3 years. During the year ended March 31, 2021, the Company recorded \$69,830 in share-based payments.

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**8. SHARE CAPITAL – (continued)**

**Stock Options (continued)**

On June 17, 2020, 30,000 (600,000 pre-consolidated) stock options were granted to consultants of the Company. These options are exercisable at \$6.60 (\$0.33 pre-consolidated) 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 \$90,000, using the Black-Scholes Option Pricing Model with the following weighted average assumptions: expected dividend yield - 0%, share price of \$0.26 pre-consolidated, expected volatility - 102% (average based on comparable companies), risk-free interest rate – 0.32%, exercise price of \$6.60 (\$0.33 pre-consolidated) and an expected average life of 3 years. During the year ended March 31, 2021, the Company recorded \$83,590 in share-based payments.

On November 6, 2020, the Company granted 95,000 (1,900,000 pre-consolidated) stock options to directors, officers and consultants of the Company exercisable at \$1.00 (\$0.05 pre-consolidated) 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 \$1.00 (\$0.05 pre-consolidated), expected volatility – 100% (average based on comparable companies), risk-free interest rate - 0.45%, exercise price of \$1.00 (\$0.05 pre-consolidated) and an expected average life of 5 years. During the year ended March 31, 2021, the Company recorded \$57,000 in share-based payments.

On February 1, 2021, the Company granted 5,000 (100,000 pre-consolidated) stock options to a consultant of the Company exercisable at \$2.20 (\$0.11 pre-consolidated) per share expiring on February 1, 2026. These stock options vest at the date of grant. The fair value of the options was estimated at \$8,000, using the Black-Scholes Option Pricing Model with the following weighted average assumptions. Expected dividend yield – 0%, share price of \$2.20 (\$0.11 pre-consolidated), expected volatility – 100% (average based on comparable companies), risk-free interest rate - 0.73%, exercise price of \$2.20 (\$0.11 pre-consolidated) and an expected average life of 5 years. During the year ended March 31, 2021, the Company recorded \$8,000 in share-based payments.

The continuity of the Company’s outstanding options is as follows:

	March 31, 2021		March 31, 2020	
	Number of Stock Options	Weighted Average Exercise Price	Number of Stock Options	Weighted Average Exercise Price
	#	\$	#	\$
<b>Balance, opening</b>	131,666	9.00	-	-
Exercised	(10,000)	1.00	-	-
Granted	145,000	2.80	131,666	8.80
<b>Balance, ending</b>	266,666	5.82	131,666	9.00

As at March 31, 2021, the weighted average remaining contractual life of stock options outstanding was 3.70 years.

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**8. SHARE CAPITAL – (continued)**

**Stock Options (continued)**

Options outstanding as at March 31, 2021 are as follows:

<b>Exercise price</b>	<b>Expiry date</b>	<b>Number of options</b>	<b>Number of options exercisable</b>
\$ 7.00	May 14, 2023	15,000	11,250
\$ 6.60	June 17, 2023	30,000	5,000
\$ 9.00	October 24, 2024	123,333	123,333
\$ 6.60	November 8, 2024	3,333	3,333
\$ 6.60	February 10, 2025	3,333	3,333
\$ 3.60	February 24, 2025	1,667	1,667
\$ 1.00	November 6, 2025	85,000	85,000
\$ 2.20	February 1, 2026	5,000	5,000
		<b>266,666</b>	<b>237,916</b>

**Restricted Share Unit Plan**

RSUs activities were as follows:

	<b>Number of Equity settled RSU</b>
Balance at March 31, 2019	-
Granted	139,167
Released	(67,084)
Balance at March 31, 2020	72,083
Granted	48,459
Released	(89,583)
Forfeited	(2,500)
Balance at March 31, 2021	28,459

The estimated fair value of the equity settled RSUs granted during the year ended March 31, 2021 was \$416,096 (2020 – \$371,813) and were valued based on the fair market value of one common share on the date of issuance, which will be recognized as an expense over the vesting period of the RSUs.

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**9. RELATED PARTY TRANSACTIONS**

Related party transactions were in the normal course of operations and measured at the fair market value. 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.

Transactions with key management and directors

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

	<b>2021</b>	<b>2020</b>
	\$	\$
Consulting fees	<b>188,000</b>	73,750
Professional fees	<b>21,613</b>	-
Share-based compensation	<b>185,667</b>	528,424
Wages	<b>150,711</b>	286,203
	<b>545,991</b>	888,377

As at March 31, 2021, the Company owed \$8,400 to an officer or director of the Company (2020 - \$3,000) which is included within accounts payable and accrued liabilities.

**10. RIGHT OF USE ASSET AND LEASE LIABILITY**

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 years ended March 31, 2021 and 2020:

Right of Use Office lease	<b>2021</b>	<b>2020</b>
	\$	\$
<b>Balance, opening</b>	<b>37,557</b>	-
Right of use asset recognized on July 1, 2019	-	60,091
Depreciation	<b>(30,046)</b>	(22,534)
<b>Balance, ending</b>	<b>7,511</b>	37,557

  

Lease liabilities	<b>2021</b>	<b>2020</b>
	\$	\$
<b>Balance, opening</b>	<b>40,030</b>	-
Lease liability addition	-	60,091
Lease payments	<b>(31,293)</b>	(20,061)
<b>Balance, ending</b>	<b>8,737</b>	40,030

  

<b>Current portion</b>	<b>8,737</b>	31,293
<b>Long Term</b>	-	8,737
<b>Balance, ending</b>	<b>8,737</b>	40,030



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**11. FINANCIAL INSTRUMENTS AND CAPITAL MANAGEMENT**

The following table summarizes the carrying value of financial assets and liabilities as at March 31, 2021 and 2020:

	<b>2021</b>	<b>2020</b>
	\$	\$
<b>Fair value through profit or loss</b>		
Short-term investments	10,000	10,000
Investments at fair value (Note 5)	3,231,202	3,629,340
<b>Amortized cost</b>		
Cash	53,822	541,256
Accounts payable and accrued liabilities	743,545	1,011,434
Lease liability	8,737	40,030
Convertible debentures	69,608	495,412

**Fair value measurement**

As at March 31, 2021, financial instruments that are measured at fair value on the statement of financial position are represented by cash, investments at fair value, short-term investments, 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:

<b>March 31, 2021</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
	\$	\$	\$
<b>Investments at fair value</b>	<b>3,231,202</b>	-	-
<b>Short term investments</b>	<b>10,000</b>	-	-

  

March 31, 2020	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
	\$	\$	\$
Investments at fair value	3,629,340	-	-
Short term investments	10,000	-	-

## **11. FINANCIAL INSTRUMENTS AND CAPITAL MANAGEMENT – (continued)**

### **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 is exposed to liquidity risk through its accounts payable and accrued liabilities which carry net 30 terms and the convertible debentures. 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 year ended March 31, 2021.

#### *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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**12. SEGMENTED INFORMATION**

The Company operates in one business segment: to generate income and achieve long term capital appreciation through investments focused on the psychedelic, natural wellness, and esports sectors .

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

	<b>2021</b>	<b>2020</b>
	\$	\$
Canada	<b>3,536,784</b>	4,361,686
United States	<b>8,130</b>	51,554
<b>Total assets</b>	<b>3,544,914</b>	4,413,240

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

	<b>2021</b>	<b>2020</b>
	\$	\$
Canada	<b>767,946</b>	1,712,652
United States	-	-
<b>Total liabilities</b>	<b>767,946</b>	1,712,652

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

	<b>2021</b>	<b>2020</b>
	\$	\$
Canada	<b>17,148,828</b>	5,472,110
United States	<b>15,930</b>	377,357
<b>Net loss for the year</b>	<b>17,164,758</b>	5,849,467

**13. DEFERRED INCOME TAX**

A reconciliation of the expected income tax recovery to the actual income tax recovery is as follows:

	<b>March 31, 2021</b>	March 31, 2020
	\$	\$
Net loss for the year	<b>(17,164,758)</b>	(5,849,000)
Statutory tax rate	<b>27%</b>	27%
Expected income tax recovery	<b>(4,634,485)</b>	(1,579,000)
Non-deductible items	<b>132,979</b>	787,000
Change in rate and other	<b>(94,311)</b>	(19,000)
Change in deferred tax assets not recognized	<b>4,595,817</b>	811,000
<b>Total income tax recovery</b>	<b>-</b>	-

**New Wave Holdings Corp.**  
Notes to the Consolidated Financial Statements  
For the years ended March 31, 2021 and 2020  
(Expressed in Canadian Dollars)

**13. DEFERRED INCOME TAX (continued)**

The Company has the following deductible temporary differences for which no deferred tax has been recognized:

	<b>March 31, 2021</b>	March 31, 2020
	\$	\$
Non-capital losses	<b>5,617,710</b>	2,268,000
Capital assets	<b>7,000</b>	7,000
Share issuance costs	<b>89,303</b>	35,000
Investments	<b>2,933,642</b>	(573,000)
Deferred tax assets not recognized	<b>(8,647,655)</b>	(1,737,000)
Net deferred income tax assets	-	-

The Company's non-capital losses in the amount of approximately \$15,487,000 begin to expire in 2035.

**14. SUPPLEMENTAL CASH FLOW INFORMATION**

For the Year Ended March 31, 2021

Shares issued for investment in Anahit-- – \$9,960,417  
Warrants issued for acquisition of Anahit - \$153,707  
Shares issued for investment in WoW – \$3,382,887  
Shares issued for conversion of convertible debts – \$583,333  
Shares issued for settlement of debt – \$176,000  
Shares returned re: reversal of EMG - \$428,148  
Restricted share units issued -\$314,042

For the Year Ended March 31, 2020

Shares issued for services - \$470,812  
Shares issued for acquisition of EMG - \$680,000  
Shares issued as finder's fees on RTO - \$732,730

**15. SUBSEQUENT EVENT**

On May 21, 2021, the Company announced that it is planning a spinout transaction whereby a portion of the shares of its wholly owned subsidiary, Way of Will Inc. ("WoW"), will be distributed pro rata to shareholders of the Company, by way of a dividend in kind. On September 10, 2021, WoW filed its preliminary long form prospectus. The spinout transaction will be subject to approval of the listing of WoW common shares on the CSE.