

**NEW WAVE HOLDINGS CORP.**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**For the six months ended September 30, 2021**

## **NEW WAVE HOLDINGS CORP.**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2021**

(All amounts expressed in Canadian dollars, unless otherwise stated)

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This Management Discussion and Analysis ("MD&A") provides a detailed analysis of the business of New Wave Holdings Corp. (the "Company") and describes its financial results for the six months ended September 30, 2021. The MD&A should be read in conjunction with the unaudited condensed interim consolidated financial statements for the six months ended September 30, 2021 and related notes, which have been prepared in accordance with International Financial Reporting Standards ("IFRS") Refer to Note 3 of the March 31, 2021 audited consolidated financial statements for disclosure of the Company's significant accounting policies and a discussion of future accounting policy changes. The Company's reporting currency is the Canadian dollar and all amounts in this MD&A are expressed in the Canadian dollar. This MD&A is current as of November 29, 2021.

#### **Management's Responsibility**

The Company's management is responsible for the preparation and presentation of the financial statements and the MD&A. The financial statements have been prepared in accordance with IFRS as issued by the International Accounting Standards Board. This MD&A has been prepared in accordance with the requirements of securities regulators, including National Instrument 51-102 of the Canadian Securities Administrators, and the Canadian Securities Exchange.

#### **COMPANY BACKGROUND**

New Wave Holdings Corp. (formerly New Wave Esports Corp.) ("the Company" or "New Wave") was incorporated under the Business Corporation Act of British Columbia on May 17, 2006. The Company's objective is to generate income and achieve long term capital appreciation through investments focused on the psychedelic and esports sectors. In the psychedelic sector, New Wave will focus on supporting research on active psychedelic compounds, creation of consumer products based on functional mushrooms, and developing an IP portfolio focusing on psilocybin, LSD, MDMA, and ketamine derived treatments for neuropsychiatric diseases. The head office, principal address and records office of the Company are located at Royal Centre, Suite 1500, 1055 W Georgia Street, Vancouver, BC V6E 4N7.

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 (announced in the Company's June 18, 2019 news release) as amended effective September 26, 2019, among the Company, 1205619 B.C. Ltd., and New Wave Holdings Corp. On October 28, 2019, the Company began trading on the Canadian Securities Exchange under the stock symbol NWES which was eventually changed to SPOR.

On May 8, 2020, the Company completed a three old shares for one new share consolidation. 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.

#### **QUARTERLY HIGHLIGHTS AND SUBSEQUENT DEVELOPMENTS**

- Announced it is planning a spinout transaction whereby a portion of the shares of its investment in Way of Will Inc. ("WoW") will be distributed pro rata to shareholders of the Company, by way of a dividend in kind. The transaction will be subject to approval of the listing of WoW common shares on the CSE.
- New Wave Holdings Corp., further to its news release date of October 21, 2021, has closed a non-brokered private placement comprising 9,656,239 units of the company at 35 cents per unit for gross proceeds of \$3,379,683.65.

Each unit consisted of one common share in the capital of the company and one transferable common share purchase warrant of the company. Each warrant is exercisable into one additional share at an exercise price of 70 cents per warrant share on or before Nov. 17, 2023.

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All securities issued in connection with the offering are subject to a statutory hold period of four months plus a day in accordance with applicable securities legislation ending on March 18, 2022. No finders' fees were paid in connection with the offering. Net proceeds of the offering will be used for administrative expenses and general working capital.

**OVERALL PERFORMANCE**

The Company continued operations for the six months ended September 30, 2021, and incurred a net loss of \$267,750 primarily relates to maintaining the Company's reporting issuer status and completing its spinout of WoW. The Company expects to continue to raise additional funds through equity and debt financings and seek additional investment opportunities including diversifying its investment portfolio and other similar investments. WoW is an aromatherapeutic essential-oil based wellness company based in Toronto, Canada. Wow products enhance your commitment to health, wellness and training by blending essential oils that protect, energize, refresh, relax, moisturize and groom the body and mind.

**INVESTMENTS AT FAIR VALUE**

The Company has the following investments as at September 30, 2021 and March 31, 2021:

	Number of Shares/Units Held	Fair Value at March 31, 2021	Adjustment /Investment	Fair market value Adjustments	Impairment of investments	Fair Value at September 30, 2021
		\$	\$	\$	\$	\$
<b>Equities of esports companies:</b>						
<b>Public</b>						
TGS Esports Inc..	1,040,000	220,000	-	(74,400)	-	145,600
Real Luck Group Ltd.	547,298	150,000	-	(2,230)	-	147,770
<b>Private</b>						
Playline Ltd.	51,653	250,829	-	-	-	250,829
Tiidal Gaming Group Inc.	2,250,000	1,125,000	-	-	-	1,125,000
Talon Esports Ltd.	681,818	985,373	-	-	-	985,373
<b>Other investments</b>						
Way of Will Inc.	5,000,000	500,000	-	-	-	500,000
<b>Balance</b>	-	3,231,202	-	(76,630)	-	3,154,572

	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 esports companies:</b>						
<b>Even Matchup Gaming Inc.</b>						
Even Matchup Gaming Inc.	1,040,000	1,500,000	(828,148)	(451,852)	-	220,000
<b>Playline Ltd.</b>						
Playline Ltd.	51,653	250,829	-	-	-	250,829
<b>Tiidal Gaming Group Inc.</b>						
Tiidal Gaming Group Inc.	2,250,000	1,125,000	-	-	-	1,125,000
<b>Real Luck Group Ltd.</b>						
Real Luck Group Ltd.	547,298	150,000	-	-	-	150,000
<b>Talon Esports Ltd.</b>						
Talon Esports Ltd.	681,818	405,000	-	580,373	-	985,373
<b>Stock options held:</b>						
<b>Talon Esports Ltd.</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)	-	500,000
N2 Logics Inc.	10,000,000	-	150,000	-	(150,000)	-

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<b>Balance</b>	-	3,629,340	12,818,863	(10,380,751)	(2,836,250)	<b>3,231,202</b>
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- 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. On June 28, 2021, EMG shares were converted into 1,040,000 common shares of TGS Esports Inc.

- 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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Subsequent to September 30, 2021, Tiidal Game went public and commenced trading on November 15, 2021.

- 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.

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.

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- 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.

## **LIQUIDITY AND CAPITAL RESOURCES**

In management's view, given the nature of the Company's operations, which comprises commercial esports/gaming activities, investing and advising esports companies in business growth, market penetration, and product expansion, the most relevant financial information relates primarily to current liquidity, solvency and planned strategic growth. The Company's ability to continue as a going concern and realize the carrying value of its assets is dependent on its continued ability to raise capital through public equity financings, and upon the generation of profits from its investments, the outcome of which cannot be predicted at this time.

At September 30, 2021, the Company had working capital of \$2,522,323, including cash of \$186,305.

The Company's budget is its working capital and believes that the current capital resources is not sufficient to pay overhead expenses and make new investments for the next twelve months and continues to raise additional funding to fund its marketing and general working capital and towards potential investments, if such opportunities arise. The Company will continue to monitor the current economic and financial market conditions and evaluate their impact on the Company's liquidity and future prospects.

Since the Company may not be able to generate cash from its operations in the foreseeable future, the Company will have to rely on the issuance of shares or the exercise of options and warrants to fund ongoing operations and investments. The ability of the Company to raise capital will depend on market conditions and it may not be possible for the Company to issue shares on acceptable terms or at all.

The Company manages its capital structure in order to ensure sufficient resources are available to meet operational requirements and safeguard its ability to continue as a going concern. There are no externally imposed capital requirements on the Company. Management considers the items included in shareholders' equity (deficit) and working capital as capital. The Company manages the capital structure and makes adjustments in response to changes in economic conditions, including the risk characteristics of the underlying assets. The Company's primary objective with respect to its capital management is to ensure that it has sufficient cash resources to fund the operation of the Company. To secure additional capital necessary to pursue these plans, the Company intends to raise additional funds through equity or debt financing.

### Share Capital Activities

On June 30, 2021, 1,595 common shares were issued pursuant to the exercise of share purchase warrants for total proceeds of \$80.

## **OUTSTANDING SHARE DATA**

The following share capital as of date of this document is:

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	<b>Balance</b>
Common Shares	15,642,090
Stock-options	266,666
RSU	28,459
Warrants	10,509,191

**RESULTS OF OPERATION**

During the three months ended September 30, 2021:

The Company incurred a net loss of \$229,633 for the three months ended September 30, 2021 compared to \$7,876,878 net loss for the comparable quarter ended September 30, 2020. Included in the September 30, 2020 net loss was an unrealized loss off \$7,178,183 on the revaluation of its investment in Anahit.

The Company had total expenses of \$70,667 for the current period as compared to the \$732,022 for the comparable quarter a decrease of approximately \$661,000. Due to cash constraints in the current quarter, the Company reduced its operations to maintaining its reporting issuer status while the Company completes its financial statements and the spinout of WoW. Consulting fees in the current quarter have decreased to \$42,000 from \$186,980 to consultants providing administrative services to the Company. Office and miscellaneous cost of \$25,410 is mainly directors' and officers' insurance.

During the six months ended September 30, 2021:

The Company incurred a net loss of \$267,750 for the six months ended September 30, 2021 compared to \$9,533,538 net loss for the comparable six months ended September 30, 2020. Included in the September 30, 2020 net loss was an unrealized loss off \$7,178,183 on the revaluation of its investment in Anahit.

The Company had total expenses of \$214,963 for the current period to date as compared to the \$2,421,646 for the comparable period to date a decrease of approximately \$2,200,000. Due to cash constraints in the current period, the Company reduced its operations to maintaining its reporting issuer status while the Company completes its financial statements (completed and filed on October 27, 2021) and the spinout of WoW (on going). Consulting fees in the current quarter related to cost accrued for administrative services and professional fees related to legal cost incurred with the spin-out of WoW which is still subject to approval of the listing of WoW.

In the prior period to date, the Company made its first investment outside of the esports industry and made an investment in Anahit Therapeutics Ltd. The Company believed the investment would have given exposure in the psychedelic sector. The Company engaged numerous consultants for business advisory and administrative services. Professional fees and filing fees were higher due to numerous transactions such as its investment in Anahit, completion of two private placements and the conversion of a convertible debt. The Company also granted stock options to numerous consultants.

**OUTLOOK**

In the Company's upcoming fiscal year ending March 31, 2022, the Company will seek to, among other things: (i) evaluate additional investment opportunities in the Mycology/Mushroom space; (ii) explore collaboration opportunities on various research studies; (iii) explore opportunities with organizations whose brands are inspired by Nature, Vegan, Non-GMO, and Gluten Free products; and (iv) continue to evaluate the current esports/gaming portfolio to maximize value.

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**SELECTED QUARTERLY INFORMATION FOR MOST RECENT COMPLETED QUARTERS**

	Sep. 30, 2021	June 30, 2021	Mar. 31, 2021	Dec. 31, 2020	Sep. 30, 2020	June 30, 2020	March 31, 2020	Dec. 31, 2019
	\$	\$	\$	\$	\$	\$	\$	\$
Net profit (loss)	(229,632)	(38,118)	restated (3,365,436)	restated (4,265,784)	restated (7,876,878)	restated (1,656,660)	(1,199,171)	(4,153,920)
Basic profit (loss) per share	(0.01)	(0.01)	(0.66)	(0.93)	(2.11)	(0.70)	(1.00)	(3.20)
Diluted profit (loss) per share	(0.01)	(0.01)	(0.66)	(0.93)	(2.11)	(0.70)	(1.00)	(3.20)

Due to rounding, the figures for the Company's loss per share may not add up to the amount disclosed in the Company's financial statements.

Variances in quarterly results can be due to share-based payments incurred in a quarter as the Company's stock options generally vest on the grant date and therefore are fully expensed in the quarter in which they are granted; Included in the net loss for December 31, 2019, included the share-based payment of \$1,664,740 and public listing expense of \$1,442,483. Included in the net loss for September 30, 2020, was a loss of \$7,178,183 on the remeasurement of its investment in Anahit. Included in the net loss for December 31, 2020, was an impairment of \$2,615,500 on the investment of Anahit and an impairment of \$350,000 on the loan receivable to Anahit. Included in the net loss for March 31, 2021 was an impairment of \$150,000 on its investment in N2 and fair value adjustments to its investments to WoW and Talon Esports Ltd.

**FOURTH QUARTER**

N/A

**SELECTED ANNUAL INFORMATION FOR MOST RECENT COMPLETED YEARS**

	For the year ended March 31, 2021	For the year ended March 31, 2020	Period from inception on April 17, 2018 to March 31, 2019
	\$	\$	\$
<b>Income Statement</b>			
Net profit (loss)	(17,154,978)	(5,849,467)	(618,520)
Loss per share (basic and diluted)	(4.00)	(5.69)	(1.29)
<b>Balance Sheet</b>			
Total investments	3,231,202	3,629,340	946,847
Total assets	3,544,914	4,413,240	1,229,866
Total long-term liabilities	-	504,149	-

The increase in the net loss for March 31, 2020 is mainly due to the recording of the listing cost of \$2,175,213 and recording of \$1,378,379 in share-based payments. The increase in the net loss for March 31, 2021 is mainly due to the adjustment to the fair value of its investments and impairment in Anahit totaling \$13,561,001.

**FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**

The following table summarizes the carrying value of financial assets and liabilities as at September 30, 2021 and March 31, 2021:



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	September 30, 2021	March 31, 2021
	\$	\$
<b>Fair value through profit or loss</b>		
Investments at fair value	3,154,572	3,231,202
<b>Amortized cost</b>		
Cash	186,305	53,822
Accounts payable and accrued liabilities	792,670	656,045
Lease liability	-	8,737
Convertible debentures	75,722	69,608

**Fair value measurement**

As at September 30, 2021, financial instruments that are measured at fair value on the statement of financial position are represented by cash, investments at fair value, account payable and accrued liabilities, lease liability, and convertible debentures. The fair values of these financial instruments approximate the carrying value due to their short-term nature.

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

The levels in the hierarchy are:

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

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

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

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

September 30, 2021	Level 1	Level 2	Level 3
	\$	\$	\$
<b>Investments at fair value</b>	<b>3,154,572</b>	-	-
<b>Short-term investments</b>	<b>10,000</b>	-	-
March 31, 2021	Level 1	Level 2	Level 3
	\$	\$	\$
<b>Investments at fair value</b>	<b>3,213,202</b>	-	-
<b>Short-term investments</b>	<b>10,000</b>	-	-

**Management of Industry and Financial Risk**

The Company's financial instruments are exposed to certain financial risks, which include the following:

*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

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of credit risk. This risk is managed by using a major bank that is a high credit quality financial institution as determined by rating agencies. The maximum exposure to credit risk is the carrying amount of the Company's financial instruments.

#### *Foreign exchange risk*

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

#### *Liquidity risk*

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

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

#### *Capital Management*

Management's objective is to manage its capital to ensure that there are adequate capital resources to safeguard the Company's ability to continue as a going concern through the optimization of its capital structure. The capital structure consists of share capital and working capital. In order to achieve this objective, management makes adjustments to it in light of changes in economic conditions and risk characteristics of the underlying assets. To maintain or adjust capital structure, management may invest its excess cash in interest bearing accounts of Canadian chartered banks and/or raise additional funds externally as needed. The Company is not subject to externally imposed capital requirements. The Company's management of capital did not change during the six months ended September 30, 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.

## RELATED PARTY TRANSACTIONS

Related party transactions were in the normal course of operations and measured at the exchange amount, which is the amount established and agreed to by the related parties. Key management personnel are the persons responsible for planning, directing and controlling the activities of the Company, and include both executive and non-executive directors, and entities controlled by such persons. The Company considers all directors and officers of the Company to be key management personnel.

#### Transactions with key management and directors

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

	September 30, 2021	September 30, 2020
	\$	\$
Consulting fees	24,000	165,000
Share-based compensation	-	185,667

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<b>24,000</b>	<b>350,667</b>
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**Related parties balance**

As at September 30, 2021, the Company owed \$32,400 to a company controlled by the CFO of the Company (March 31, 2021 - \$8,400) for unpaid consulting fees.

**Off-Balance Sheet Transactions**

The Company has not entered into any significant off-balance sheet arrangements or commitments.

**CRITICAL ACCOUNTING ESTIMATES**

**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.

**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

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are derived from observable market data where possible, but where observable market data is not available, judgement 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.

#### Investment entity

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

## **PROPOSED TRANSACTIONS**

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 Way of Will Inc. ("WoW") common shares on the CSE.

## **SUBSEQUENT EVENTS**

On November 17, 2021, the Company completed a private placement of 9,656,239 units at a price of \$0.35 per unit for total proceeds of \$3,379,634. Each unit consist of one common share and one share purchase warrant entitling the holder to purchase one common share at \$0.70 per share expiring on November 17, 2023.

## **RISKS AND UNCERTAINTIES**

### **COVID-19**

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.

### ***Going Concern***

As at June 30, 2021 the Company has an accumulated deficit of \$23,670,863 (March 31, 2021 - \$23,642,745 deficit), no source of operating cash flow and no assurance that sufficient funding will be available. Management has the option to raise funds

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through a combination of equity and/or debt financing, along with a sale of investments. The success of these plans will depend upon the ability of the Company to generate cash flows from its portfolio investments. These consolidated financial statements do not include any adjustments to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary, should the Company be unable to continue as a going concern.

#### ***Sector Specific Investment Risks***

The Company seeks a high return on investment opportunities on its psilocybin and esports sectors ("Sectors"). Thus, the Company is exposed to investment risks relating to these Sectors which is generally more volatile than the overall market. Investing in these Sectors can be speculative in nature and the value of the Company's investments may be subject to significant fluctuations. Such businesses entail a degree of risk, regardless of the skill and experience of the corporation's management. The assets, earnings and share values of corporations involved in these sectors are subject to risks associated with the world prices of related products, economic cycles, exchange rates, taxation changes and political events. Government restrictions can also be factors.

#### ***Regulatory Risks***

The Company's investment in the psilocybin sector operate in a new industry which is highly regulated, highly competitive and evolving rapidly. As such, new risks may emerge, and management may not be able to predict all such risks or be able to predict how such risks may result in actual results differing from the results contained in any forward-looking statements. The Company's investments incur ongoing costs and obligations related to regulatory compliance. Failure to comply with regulations may result in additional costs for corrective measures, penalties or in restrictions of operations. In addition, changes in regulations, more vigorous enforcement thereof or other unanticipated events could require extensive changes to operations, increased compliance costs or give rise to material liabilities, which could have a material adverse effect on the business, results of operations and financial condition of the Company's investment and, therefore, on the Company's prospective returns.

The industry is subject to extensive controls and regulations, which may significantly affect the financial condition of market participants. The marketability of any product may be affected by numerous factors that are beyond the control of the Company which cannot be predicted, such as changes to government regulations, including those relating to taxes and other government levies which may be imposed. Changes in government levies, including taxes, could reduce the Company's earnings and could make future capital investments or the Company's operations uneconomic. The industry is also subject to numerous legal challenges, which may significantly affect the financial condition of market participants and which cannot be reliably predicted.

#### ***Limited Operating History***

The Company has limited operating history as an investment company and has had limited success in its investment sectors. The Company and its business prospects must be viewed against the background of the risks, expenses and problems frequently encountered by companies in the early stages of their development, particularly companies in new and rapidly evolving markets such as the psilocybin sector. There is no certainty that the Company will be able to operate profitably.

#### ***Key Personnel***

The Company is dependent upon the continued availability and commitment of its management, whose contributions to immediate and future operations are of significant importance. The loss of any such management could negatively affect the Company's business operations. From time to time, the Company will also need to identify and retain additional skilled management to efficiently operate its business. Recruiting and retaining qualified personnel is critical to the Company's success and there can be no assurance of its ability to attract and retain such personnel. If it is not successful in attracting and training qualified personnel, the Company's ability to execute its business model and growth strategy could be affected, which could have a material and adverse impact on its profitability, results of operations and financial condition.

#### ***Lack of Control or significant influence over Companies in which the Company Invests***

In certain cases, the Company invests or may invest in securities of companies that the Company does not control or influence. These investments will be subject to the risk that the company in which the investment is made may make business, financial

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or management decisions with which the Company does not agree or that the majority stakeholders or management of the company may take risks or otherwise act in a manner that does not serve the Company's interests. If any of the foregoing were to occur, the values of investments by the Company could decrease and the Company's financial condition and cash flow could suffer as a result.

#### ***Due Diligence***

The due diligence process undertaken by the Company in connection with investments that it makes or wishes to make may not reveal all relevant facts in connection with an investment. Before making investments, the Company will conduct due diligence investigations that it deems reasonable and appropriate based on the facts and circumstances applicable to each investment. When conducting due diligence investigations, the Company may be required to evaluate important and complex business, financial, tax, accounting, environmental and legal issues. Outside consultants, legal advisors, accountants and investment banks may be involved in the due diligence process in varying degrees depending on the type of investment. Nevertheless, when conducting due diligence investigations and making an assessment regarding an investment, the Company will rely on resources available, including information provided by the target of the investment and, in some circumstances, third party investigations. The due diligence investigations that are carried out with respect to any investment opportunity may not reveal or highlight all relevant facts that may be necessary or helpful in evaluating such investment opportunity. Moreover, such investigation will not necessarily result in the investment being successful.

#### ***Fluctuations in the Value of the Company and the Common Shares***

The net asset value of the Company and market value of its common shares will fluctuate with changes in the market value of the Company's investments. Such changes in value may occur as the result of various factors, including general economic and market conditions, the performance of corporations whose securities are part of the Company's investment portfolio and changes in interest rates which may affect the value of interest-bearing securities owned by the Company. There can be no assurance that shareholders will realize any gains from their investment in the Company and may lose their entire investment.

#### ***Need to Manage Growth***

The Company could experience rapid growth in revenues, personnel, complexity of administration and in other areas. There can be no assurance that the Company will be able to manage the impact that growth could place on the Company's administrative infrastructure, systems and controls. If the Company is unable to manage future growth effectively, the Company's business, operations and operating results and financial condition may be materially adversely affected.

## **MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS**

The information provided in this report is the responsibility of management. In the preparation of these statements, estimates are sometimes necessary to make a determination of future values for certain assets or liabilities. Management believes such estimates have been based on careful judgments and have been properly reflected in the accompanying financial statements.

## **ADDITIONAL INFORMATION**

Additional information relating to the Company, is available on the Canadian System for Electronic Document Analysis and Retrieval ("SEDAR") website at [www.sedar.com](http://www.sedar.com).