

**NEW WAVE HOLDINGS CORP.**

**CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**For the nine months ended December 31, 2020**

**(Expressed in Canadian Dollars)**

**(Unaudited – Prepared by Management)**

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

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

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

**New Wave Holdings Corp.****Amended and Restated**

## Condensed Interim Consolidated Statements of Financial Position

(Expressed in Canadian dollars)

(Unaudited – Prepared by Management)

|   | <b>December 31,</b> | <b>March 31,</b> |
|---|---------------------|------------------|
|   | <b>2020</b>         | <b>2020</b>      |
|   | <b>\$</b>           | <b>\$</b>        |
| <b>ASSETS</b>                                     |                     |                  |
| Current Assets                                    |                     |                  |
| Cash  | 265,367             | 541,256          |
| Short-term investments                            | 10,000              | 10,000           |
| Other receivables                                 | 179,421             | 100,234          |
| Prepaid expenses (Note 13)                        | 235,902             | 91,738           |
| <b>TOTAL CURRENT ASSETS</b>                       | <b>690,690</b>      | <b>743,228</b>   |
| Equipment   | 2,113               | 3,115            |
| Investments (Note 5)                              | 5,932,227           | 3,629,340        |
| Right of use asset (Note 9)                       | 15,023              | 37,557           |
| <b>TOTAL ASSETS</b>                               | <b>6,640,053</b>    | <b>4,413,240</b> |
| <b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>       |                     |                  |
| Current Liabilities                               |                     |                  |
| Accounts payable and accrued liabilities (Note 8) | 677,128             | 1,011,434        |
| Lease liability – Current (Note 9)                | 8,355               | 31,293           |
| Share subscription proceeds to be returned        | 10,010              | 10,010           |
| Deferred revenue                                  | 56,148              | 155,766          |
| <b>TOTAL CURRENT LIABILITIES</b>                  | <b>751,641</b>      | <b>1,208,503</b> |
| Convertible debentures (Note 6)                   | 93,642              | 495,412          |
| Lease liability – Non-current (Note 9)            | 8,737               | 8,737            |
| <b>TOTAL LIABILITIES</b>                          | <b>854,020</b>      | <b>1,712,652</b> |
| Shareholders' equity                              |                     |                  |
| Share capital (Note 7)                            | 24,403,154          | 8,095,493        |
| Commitment to issue shares                        | 167,667             | -                |
| Reserves  | 1,462,237           | 957,380          |
| Equity portion of convertible debentures (Note 6) | 19,284              | 115,702          |
| Deficit   | (20,266,309)        | (6,467,987)      |
| <b>TOTAL SHAREHOLDERS' EQUITY</b>                 | <b>5,786,033</b>    | <b>2,700,588</b> |
| <b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b> | <b>6,640,053</b>    | <b>4,413,240</b> |

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

**New Wave Holdings Corp.****Amended and Restated**

## Condensed Interim Consolidated Statements of Comprehensive Loss

(Expressed in Canadian dollars)

(Unaudited – Prepared by Management)

|   | For the three months ended<br>December 31, |             | For the nine months ended<br>December 31, |             |
|---|--|-------------|---|-------------|
|   | 2020                                       | 2019        | 2020                                      | 2019        |
|   | \$   | \$          | \$  | \$          |
| <b>NET INVESTMENT GAIN (LOSS)</b>                           |  |             |   |             |
| Unrealized (loss) gain on investment (Note 5)               | (249,690)                                  | -           | (7,427,874)                               | 658,425     |
| Impairment of investment (Note 5)                           | (2,686,250)                                | -           | (2,686,250)                               | -           |
|   | (2,935,940)                                | -           | (10,114,124)                              | 658,425     |
| <b>EXPENSES</b>   |  |             |   |             |
| Accretion interest  | 4,789                                      | -           | 93,690                                    | -           |
| Consulting (Note 8)   | 317,907                                    | 275,151     | 1,230,081                                 | 659,754     |
| Depreciation  | 7,845                                      | 334         | 23,536                                    | 1,002       |
| Foreign Exchange  | 976  | 149         | 2,011                                     | 2,698       |
| Investor Relations and Marketing                            | 359,298                                    | 497,674     | 864,066                                   | 860,641     |
| Office  | 20,224                                     | 45,470      | 101,673                                   | 104,086     |
| Professional  | 56,150                                     | 169,620     | 410,151                                   | 288,385     |
| Regulatory  | 10,011                                     | 6,498       | 67,885                                    | 10,453      |
| Share-based payments (Notes 7 and 8)                        | 161,539                                    | 1,664,740   | 511,597                                   | 1,711,275   |
| Travel  | -  | 35,834      | -   | 56,230      |
| Wages (Note 8)  | 73,431                                     | 44,338      | 95,626                                    | 223,741     |
| Website   | -  | -           | 33,500                                    | -           |
|   | 1,012,170                                  | 2,739,808   | 3,433,816                                 | 3,918,265   |
| <b>Net loss from operations before other items</b>          | (3,948,110)                                | (2,739,808) | (13,547,940)                              | (3,259,840) |
| <b>Other items:</b>   |  |             |   |             |
| Advisory revenue  | 33,327                                     | 28,371      | 99,618                                    | 52,027      |
| Impairment of loan receivable (Note 5)                      | (350,000)                                  | -           | (350,000)                                 | -           |
| Public listing expense                                      | -  | (1,442,483) | -   | (1,442,483) |
|   | (316,673)                                  | (1,414,112) | (250,382)                                 | (1,390,456) |
| <b>Net loss and comprehensive loss for the period</b>       | (4,264,783)                                | (4,153,920) | (13,798,322)                              | (4,650,296) |
| <b>Basic and diluted loss per share</b>                     | (0.04)                                     | (0.16)      | (0.19)                                    | (0.17)      |
| <b>Weighted average number of common shares outstanding</b> |  |             |   |             |
| <b>-basic and diluted</b>                                   | 91,711,342                                 | 26,758,476  | 73,087,774                                | 26,758,476  |

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

**New Wave Holdings Corp.**

## Condensed Interim Consolidated Statements of Changes in Shareholders' Equity

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

**Amended and Restated**

|   | Share Capital      |                   | Commitment to<br>issue shares | Reserves         | Equity portion of<br>Convertible<br>Debentures | Deficit             | TOTAL            |
|---|--------------------|-------------------|-------------------------------|------------------|--|---------------------|------------------|
|   | Number of shares   | Share capital     |                               |                  |  |                     |                  |
|   |                    | \$                | \$                            | \$               | \$   | \$                  | \$               |
| <b>Balance as at March 31, 2019</b>       | 10,108,333         | 1,524,687         | -                             | 66,562           | -  | (618,520)           | 972,729          |
| Private placements                        | 6,174,555          | 2,429,050         | -                             | -                | -  | -                   | 2,429,050        |
| Finder's fees – cash                      | -                  | (110,650)         | -                             | -                | -  | -                   | (110,650)        |
| Finder's fees – warrants                  | -                  | (31,070)          | -                             | 31,070           | -  | -                   | -                |
| Share issuance costs                      | -                  | (16,245)          | -                             | -                | -  | -                   | (16,245)         |
| Share-based payment                       | -                  | -                 | -                             | 605,920          | -  | -                   | 605,920          |
| Cancellation of pre-RTO New Wave shares   | (15,972,335)       | -                 | -                             | -                | -  | -                   | -                |
| Establishment of post-RTO New Wave shares | 23,958,502         | 2,411,179         | -                             | -                | -  | -                   | 2,411,179        |
| Shares issued for services – RTO          | 1,628,289          | 732,730           | -                             | -                | -  | -                   | 732,730          |
| Shares issued for services                | 940,278            | 372,625           | -                             | -                | -  | -                   | 372,625          |
| Net loss for the period                   | -                  | -                 | -                             | -                | -  | (4,650,296)         | (4,650,296)      |
| <b>Balance as at December 31, 2019</b>    | <b>26,837,622</b>  | <b>7,312,306</b>  | <b>-</b>                      | <b>703,552</b>   | <b>-</b>                                       | <b>(5,268,816)</b>  | <b>2,747,042</b> |
| <b>Balance as at March 31, 2020</b>       | <b>30,035,308</b>  | <b>8,095,493</b>  | <b>-</b>                      | <b>957,380</b>   | <b>115,702</b>                                 | <b>(6,467,987)</b>  | <b>2,700,588</b> |
| Private placement                         | 10,064,000         | 1,006,400         | -                             | -                | -  | -                   | 1,006,400        |
| Private placement                         | 6,188,627          | 2,042,247         | -                             | -                | -  | -                   | 2,042,247        |
| Finder's fees – cash                      | -                  | (225,877)         | -                             | -                | -  | -                   | (225,877)        |
| Finder's fees – warrants                  | -                  | (153,596)         | -                             | 153,596          | -  | -                   | -                |
| Pursuant exercise of warrants             | 515,555            | 38,400            | -                             | -                | -  | -                   | 38,400           |
| Shares returned to treasury               | (2,518,518)        | (680,000)         | -                             | -                | -  | -                   | (680,000)        |
| Pursuant to purchase agreement            | 24,500,000         | 9,065,000         | -                             | 153,707          | -  | -                   | 9,218,707        |
| Conversion of convertible debt            | 5,555,555          | 572,741           | -                             | -                | (96,418)                                       | -                   | 476,323          |
| Shares issued for services                | 1,791,664          | 314,042           | -                             | -                | -  | -                   | 314,042          |
| Pursuant to purchase agreement            | 12,791,667         | 895,417           | -                             | -                | -  | -                   | 895,417          |
| Debt settlement                           | 714,285            | 50,000            | -                             | -                | -  | -                   | 50,000           |
| Pursuant to share purchase agreement      | 28,190,725         | 3,382,887         | -                             | -                | -  | -                   | 3,382,887        |
| Share subscriptions received              | -                  | -                 | 167,667                       | -                | -  | -                   | 167,667          |
| Share-based payments                      | -                  | -                 | -                             | 187,554          | -  | -                   | 197,554          |
| Net loss for the period                   | -                  | -                 | -                             | -                | -  | (13,798,322)        | (13,798,322)     |
| <b>Balance as at December 31, 2020</b>    | <b>117,828,868</b> | <b>24,403,154</b> | <b>167,667</b>                | <b>1,462,237</b> | <b>19,284</b>                                  | <b>(20,266,309)</b> | <b>5,786,033</b> |

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

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

**Amended and Restated**

|  | <b>For the nine months ended</b> |                                    |
|--|----------------------------------|------------------------------------|
|  | <b>2020</b>                      | <b>December 31,</b><br><b>2019</b> |
|  | \$                               | \$                                 |
| <b>Operating activities</b>                                |                                  |                                    |
| Net loss for the period                                    | (13,798,322)                     | (4,650,296)                        |
| Adjustment for non-cash items                              |                                  |                                    |
| Public listing expense                                     | -                                | 1,442,483                          |
| Shares issued for services                                 | 314,042                          | 1,105,355                          |
| Depreciation   | 23,536                           | 1,002                              |
| Share-based compensation                                   | 197,555                          | 605,920                            |
| Accretion and interest                                     | 74,554                           | -                                  |
| Unrealized gain on investments                             | 7,427,874                        | (658,425)                          |
| Impairment of investment                                   | 2,686,250                        |                                    |
| Impairment of loan receivable                              | 350,000                          | -                                  |
| Changes in non-cash operating working capital items:       |                                  |                                    |
| Accounts payable and accrued liabilities                   | (284,308)                        | (171,124)                          |
| Accounts receivables                                       | (79,187)                         | (31,257)                           |
| Deferred revenue   | (99,618)                         | 146,484                            |
| Prepaid expenses   | (144,164)                        | (159,454)                          |
| <b>Net cash used in operating activities</b>               | <b>(3,331,788)</b>               | <b>(2,369,312)</b>                 |
| <b>Investing activities</b>                                |                                  |                                    |
| Investment at fair value                                   | -                                | (803,511)                          |
| Loan receivable  | (350,000)                        |                                    |
| Purchase of long-term investments                          | 400,000                          | -                                  |
| <b>Net cash provided by (used in) investing activities</b> | <b>50,000</b>                    | <b>(803,511)</b>                   |
| <b>Financing activities</b>                                |                                  |                                    |
| Shares issued for cash                                     | 3,087,047                        | 2,429,050                          |
| Finders' fees paid with cash                               | (225,877)                        | (110,650)                          |
| Share issue cost   | -                                | (16,245)                           |
| Commitment to issue shares                                 | 167,667                          | -                                  |
| Lease liability payments                                   | (22,938)                         | -                                  |
| Cash acquired on RTO                                       | -                                | 1,251,887                          |
| <b>Net cash provided by financing activities</b>           | <b>3,005,899</b>                 | <b>3,554,042</b>                   |
| <b>Change in cash during the period</b>                    | <b>(275,889)</b>                 | <b>381,219</b>                     |
| <b>Cash, beginning of period</b>                           | <b>541,256</b>                   | <b>263,443</b>                     |
| <b>Cash, end of period</b>                                 | <b>265,367</b>                   | <b>664,662</b>                     |

See Note 12 for additional cash flow disclosure.

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

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**1. NATURE AND CONTINUANCE OF OPERATIONS**

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

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

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

These condensed interim consolidated financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. As at December 31 2020, the Company is not able to finance day to day activities through operations and has incurred a net loss of \$13,798,322 and has accumulated deficit of \$20,266,309. 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 condensed interim consolidated financial statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”), Interpretations issued by the International Financial Reporting Interpretations Committee (“IFRIC”) and in accordance with International Accounting Standard (“IAS”) 34 Interim Financial Reporting.

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

### **Basis of preparation**

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

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

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

#### Valuation of share-based compensation and convertible features

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

## **3. SIGNIFICANT ACCOUNTING POLICIES**

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

### **Accounting standard issued but not yet applied**

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



**4. REVERSE TAKEOVER**

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

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

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

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

|                                     |                  |
|-------------------------------------|------------------|
| <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> |

**New Wave Holdings Corp.****Amended and Restated**

Notes to the Condensed Interim Consolidated Financial Statements

December 31, 2020

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

**5. INVESTMENTS**

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

|  | Number of<br>Shares/Units<br>Held | Fair<br>Value at<br>March 31,<br>2020 | Adjustment<br>/Investment | Fair market<br>value<br>Adjustments | Impairment of<br>investments | Fair<br>Value at<br>December 31,<br>2020 |
|--|-----------------------------------|---------------------------------------|---------------------------|-------------------------------------|------------------------------|--|
| <b>Equities of private esport companies:</b> |                                   | \$                                    | \$                        | \$                                  | \$                           | \$                                       |
| Even Matchup Gaming Inc.                     | 1,000                             | 1,500,000                             | (1,080,000)               | -                                   | -                            | <b>420,000</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>                         |
| Avatar One E-Sports Capital Corp.            | 7,500,000                         | 150,000                               | -                         | -                                   | -                            | <b>150,000</b>                           |
| Talon Esports Ltd.                           | 681,818                           | 405,000                               | -                         | -                                   | -                            | <b>405,000</b>                           |
| <b>Stock options held:</b>                   |                                   |                                       |                           |                                     |                              |  |
| Talon Esports Ltd.                           | 681,818                           | 198,511                               | -                         | -                                   | -                            | <b>198,511</b>                           |
| <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                 | -                                   | -                            | <b>3,382,887</b>                         |
| <b>Balance</b>                               | -                                 | 3,629,340                             | 12,417,011                | (7,427,874)                         | (2,686,250)                  | <b>5,932,227</b>                         |

|  | Number of<br>Shares/Units<br>Held | Fair<br>Value at<br>March 31,<br>2019 | Investment | Fair market<br>value<br>Adjustments | Fair<br>Value at<br>March 31,<br>2020 |
|--|-----------------------------------|---------------------------------------|------------|-------------------------------------|---------------------------------------|
| <b>Equities of private esport 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                             |

**5. INVESTMENTS – (cont'd)**

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

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

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

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

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

**5. INVESTMENTS – (cont'd)**

- iv. On August 2, 2019, the Company subscribed for 7,500,000 units of Avatar One E-Sports Capital Corp. (“Avatar”) at \$0.02 each for a total subscription price of \$150,000. Each unit consists of one common share of Avatar and one common share purchase warrant of Avatar, with each such warrant entitling the holder to acquire one additional Avatar common share at a price of \$0.02 for five years. The fair value of the investment into Avatar is currently reflected as the initial cash purchase price of its common shares and attached warrants.
- v. On December 3, 2019, the Company purchased 681,818 common shares of Talon Esports Ltd. at a price of \$0.59 (USD \$0.44) per share for an aggregate investment of \$405,000 (USD \$300,000) which represents approximately 6.5% of Talon Esports Ltd. Concurrently, the Company entered into an advisory agreement with Talon Esports Ltd., to provide strategic advisory services. The Company received 681,818 stock options with an exercise price of USD \$0.44 expiring May 13, 2021. The options received have an estimated fair market value of \$198,511 using the Black-Scholes pricing model with the following weighted average assumptions: expected dividend yield – 0%, share price of \$0.44, expected volatility – 155% (average based on comparable companies), risk-free interest rate – 1.66%, exercise price of \$0.44 and an expected average life of 1.5 years.
- 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 24,500,000 common shares of the Company fair valued at \$9,065,000, and 500,000 share purchase warrants of the Company exercisable at \$0.10 per share for three years fair valued at \$153,707 utilizing the Black-Scholes option pricing model with the following assumptions – Share price on grant date of \$0.37; Risk-free interest rate of 0.28%; Dividend yield of Nil; Expected volatility of 103%; Expected life of 1 year and forfeiture rate of 0%. Expected volatility was determined based on comparison to similar companies as the Company does not have enough history. In addition to the shares and warrants, the Company provided \$350,000 to Anahit through an unsecured non-interest-bearing loan with a maturity date of 12 months for business development of Anahit and has committed to raise additional capital for Anahit six months from the closing of the investment. In the event the Company does not meet this six-month deadline, the Company will issue an option to Anahit to purchase 7,000,000 shares 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 period ended December 31, 2020, the Company recorded an impairment of \$2,686,250 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.

December 31, 2020

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

**5. INVESTMENTS – (cont'd)**

- 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 28,190,725 common shares of the Company fair valued at \$3,382,887.

**6. CONVERTIBLE DEBENTURES**

|                                    | Liability<br>component | Equity component | Total          |
|------------------------------------|------------------------|------------------|----------------|
|                                    | \$                     | \$               | \$             |
| Balance,                           | -                      | -                | -              |
| Issued                             | 550,965                | 115,702          | 666,667        |
| Discount on convertible debentures | (66,667)               | -                | (66,667)       |
|                                    | 484,298                | 115,702          | 600,000        |
| Accretion                          | 6,925                  | -                | 6,925          |
| Amortization of discount           | 4,189                  | -                | 4,189          |
| <b>Balance, March 31, 2020</b>     | <b>495,412</b>         | <b>115,702</b>   | <b>611,114</b> |
| Accretion                          | 20,866                 | -                | 20,866         |
| Amortization of discount           | 53,687                 | -                | 53,687         |
| Conversion of debenture            | (476,323)              | (96,418)         | (572,741)      |
| <b>Balance, December 31, 2020</b>  | <b>93,642</b>          | <b>19,284</b>    | <b>112,926</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 \$0.10 per share and will mature two years from the date of issuance. If the convertible debenture remains outstanding on the one year anniversary of the maturity date, the principal amount will increase by 10%. The convertible debentures will not bear interest until the maturity date, after which if the principal amount remains unpaid, the convertible debentures will bear an interest rate of 22% per annum. Concurrent to the issuance of the convertible debentures, the Company issued 1,857,852 share purchase warrants exercisable at \$0.45 per share expiring two years from the date of issuance. During the month of June, 2020, these convertible debentures were converted into common share of the Company, accordingly, the Company issued 5,555,555 common shares on June 15, 2020 and recognized a premium on conversion of \$17,186.

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

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**7. SHARE CAPITAL****Authorized share capital**

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

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

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

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

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

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

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

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

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

On June 22, 2020, the Company returned to treasury 2,518,518 common shares pursuant to the April 16, 2020, settlement agreement with EMG. See Note 5.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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



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

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

**Brokers warrants issued during the year ended March 31, 2020**

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

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

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

**Stock Options**

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

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

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

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

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

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

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

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

**8. 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.

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

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

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

**Related parties balance**

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

**9. RIGHT OF USE ASSET**

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

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

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

**10. FINANCIAL INSTRUMENTS AND CAPITAL MANAGEMENT**

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

|  | December 31,<br>2020 | March 31,<br>2020 |
|--|----------------------|-------------------|
|  | \$                   | \$                |
| <b>Fair value through profit or loss</b> |                      |                   |
| Investments at fair value (Note 6)       | 5,932,227            | 3,629,340         |
| <b>Amortized cost</b>                    |                      |                   |
| Cash                                     | 275,367              | 541,256           |
| Accounts payable and accrued liabilities | 677,128              | 1,011,434         |
| Lease liability                          | 17,092               | 40,030            |
| Convertible debentures                   | 93,642               | 495,412           |

**Fair value measurement**

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

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

The levels in the hierarchy are:

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

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

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

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

| December 31, 2020         | Level 1 | Level 2 | Level 3   |
|---------------------------|---------|---------|-----------|
|                           | \$      | \$      | \$        |
| Investments at fair value | -       | -       | 5,932,227 |
| March 31, 2020            | Level 1 | Level 2 | Level 3   |
|                           | \$      | \$      | \$        |
| Investments at fair value | -       | -       | 3,629,340 |

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

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

*Credit risk*

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

*Foreign exchange risk*

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

*Liquidity risk*

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

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

*Capital Management*

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

*Fair Value*

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

**11. SEGMENTED INFORMATION**

The Company operates in one business segment: Esports investment.

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

|                     | <b>December 31,<br/>2020</b> | March 31,<br>2020 |
|---------------------|------------------------------|-------------------|
|                     | \$                           | \$                |
| Canada              | 6,631,822                    | 4,361,686         |
| United States       | 8,231                        | 51,554            |
| <b>Total assets</b> | <b>6,640,053</b>             | <b>4,413,240</b>  |

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

|                          | <b>December 31,<br/>2020</b> | March 31,<br>2020 |
|--------------------------|------------------------------|-------------------|
|                          | \$                           | \$                |
| Canada                   | 854,020                      | 1,712,652         |
| United States            | -                            | -                 |
| <b>Total liabilities</b> | <b>854,020</b>               | <b>1,712,652</b>  |

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

|                                | <b>December 31,<br/>2020</b> | December 31,<br>2019 |
|--------------------------------|------------------------------|----------------------|
|                                | \$                           | \$                   |
| Canada                         | 13,782,462                   | 4,333,377            |
| United States                  | 15,860                       | 316,919              |
| <b>New loss for the period</b> | <b>13,798,322</b>            | <b>4,650,296</b>     |

**12. SUPPLEMENTAL CASH FLOW INFORMATION**

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

*For the nine months ended December 31, 2020:*

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

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

**12. SUPPLEMENTAL CASH FLOW INFORMATION – (cont'd)**

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

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

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

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

**13. SUBSEQUENT EVENTS**

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

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