



#1450 - 789 West Pender Street  
Vancouver, British Columbia V6C 1H2

**Form 2A**

**Listing Statement**

**Date: February 2, 2022**

**(except as otherwise stated)**

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**SCHEDULE A**

**FINAL LONG FORM PROSPECTUS DATED JANUARY 26, 2022**

*[See attached]*

*This Prospectus is not related to a public offering. No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise.*

## PROSPECTUS

Non-offering Prospectus

January 26, 2022



#1450 - 789 West Pender Street  
Vancouver, British Columbia V6C 1H2

**No securities are being offered pursuant to this prospectus.**

This non-offering prospectus (the “**Prospectus**”) of SWMBRD Sports Inc. (“**SWMBRD**” or the “**Company**”) is being filed with the British Columbia Securities Commission (the “**BCSC**”) to comply with Policy 2 – *Qualifications for Listing of the Canadian Securities Exchange* of the Canadian Securities Exchange (the “**CSE**”) in order for the Company to meet one of the eligibility requirements for the listing of the Company’s common shares (each, a “**Common Share**”) on the CSE by becoming a reporting issuer pursuant to applicable securities legislation in the Province of British Columbia. Upon the final receipt of this Prospectus by the BCSC, the Company will become a reporting issuer in the Province of British Columbia.

No securities are being offered pursuant to this Prospectus. As such, no proceeds will be raised, and all expenses incurred in connection with the preparation and filing of this Prospectus will be paid by the Company from its general corporate funds.

An application has been filed by the Company to have its Common Shares listed for trading on the CSE.

**There is no market through which the securities of the Company may be sold and holders of the Company’s securities may not be able to resell any such securities. This may affect the pricing of the**

**Company's securities in the secondary market, the transparency and availability of trading prices, the liquidity of the securities, and the extent of issuer regulation. See "Risk Factors". Listing will be subject to the Company fulfilling all of the listing requirements of the CSE, including without limitation, the distribution of the Common Shares to a minimum number of public shareholders and the Company meeting certain financial and other requirements.**

As at the date of this Prospectus, the Company does not have any of its securities listed or quoted, has not applied to list or quote any of its securities, and does not intend to apply to list or quote any of its securities, on the Toronto Stock Exchange, Aequitas NEO Exchange Inc., a U.S. marketplace, or a marketplace outside Canada and the United States of America (other than the Alternative Investment Market of the London Stock Exchange or the PLUS markets operated by PLUS Markets Group plc).

**An investment in the securities of the Company is subject to a number of risks. Investors should carefully consider the risk factors described under the heading "Risk Factors" before purchasing any securities of the Company.**

**No underwriters or selling agents have been involved in the preparation of this Prospectus or performed any review or independent due diligence of its contents.**

No person has been authorized to provide any information or to make any representation not contained in this Prospectus and, if provided or made, such information or representation should not be relied upon. The information contained in this Prospectus is accurate only as of the date of this Prospectus.

**This Prospectus does not constitute an offer to sell or the solicitation of an offer to buy any securities.**

Unless otherwise noted all currency amounts in this Prospectus are stated in Canadian dollars.

Certain of our current directors and officers reside outside of Canada. The person named below has appointed the Company as agent for service of process.

Name	Name and Address of Agent
Roc Smith	SWMBRD Sports Inc. #1450 - 789 West Pender Street Vancouver, British Columbia V6C 1H2

Purchasers are advised that it may not be possible for investors to enforce judgments obtained in Canada against any person or company that is incorporated, continued or otherwise organized under the laws of a foreign jurisdiction or resides outside of Canada, even if the party has appointed an agent for service of process.

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## ABOUT THIS PROSPECTUS

Unless otherwise noted or the context otherwise indicates, the “Company”, “SWMBRD”, “we”, “us” and “our” refer to SWMBRD Sports Inc. Certain terms and phrases used in this Prospectus are defined in the “Glossary”.

Prospective purchasers should rely only on the information contained in this Prospectus. We have not authorized any other person to provide prospective purchasers with additional or different information. If anyone provides prospective purchasers with additional or different or inconsistent information, including information or statements in media articles about the Company, prospective purchasers should not rely on it. The Company is not making an offer to sell or seeking offers to buy shares or other securities of the Company. Prospective purchasers should assume that the information appearing in this Prospectus is accurate only as at its date, regardless of its time of delivery. The Company’s business, financial conditions, results of operations and prospects may have changed since that date.

### Third Party Information

This Prospectus includes market, industry and economic data which was obtained from various publicly available sources and other sources believed by the Company to be true. Although the Company believes it to be reliable, the Company has not independently verified any of the data from third party sources referred to in this Prospectus, or analyzed or verified the underlying reports relied upon or referred to by such sources, or ascertained the underlying economic and other assumptions relied upon by such sources. The Company believes that its market, industry, and economic data are accurate and that its estimates and assumptions are reasonable, but there can be no assurance as to the accuracy or completeness thereof. The accuracy and completeness of the market, industry, and economic data used throughout this Prospectus are not guaranteed and the Company does not make any representation as to the accuracy of such information.

## CURRENCY

In this Prospectus, unless otherwise indicated, all dollar amounts are expressed in Canadian dollars and references to \$ are to Canadian dollars.

### CAUTION REGARDING FORWARD-LOOKING STATEMENTS

Certain statements in this Prospectus are forward-looking statements or information (collectively “**forward-looking statements**”). The Company is providing cautionary statements identifying important factors that could cause the Company’s actual results to differ materially from those projected in these forward-looking statements. Any statements that express, or involve discussions as to, expectations, beliefs, plans, objectives, assumptions or future events or performance (often, but not always, through the use of words or phrases such as “may”, “anticipates”, “is expected to”, “estimates”, “intends”, “plans”, “projection”, “could”, “vision”, “goals”, “objective” and “outlook”) are not historical facts and may be forward-looking and may involve estimates, assumptions and uncertainties which could cause actual results or outcomes to differ materially from those expressed in the forward-looking statements. In making these forward-looking statements, the Company has assumed that the current market will continue and grow and that the risks listed below will not adversely impact the Company. These forward-looking statements include, among other things, statements relating to the ability of the Company to generate revenue from retail and institutional sales; intentions to develop, market and promote the Swimboard; the timeline to develop and market the Swimboard; anticipated cash needs and the need for additional financing; and the adoption of governance policies, committees and practices.

By their nature, forward-looking statements involve numerous assumptions, inherent risks and uncertainties, both general and specific, which contribute to the possibility that the predicted outcomes may not occur or may be delayed. The risks, uncertainties and other factors, many of which are beyond the Company's control, that could influence actual results include, but are not limited to: a downturn in general economic conditions; the ability of the Company to raise sufficient funds to fund its business plans and operations; the ability of the Company to establish a market for its products or services; competitive conditions in the industry which could prevent the Company from becoming profitable; the effectiveness and efficiency of advertising and promotional expenditures to generate market interest in the Company's products and services; the inability to list on a public market; volatility of the Company's share price following listing; the inability to secure additional financing; the Company's intention not to pay dividends; claims, lawsuits and other legal proceedings and challenges; and other factors beyond the Company's control.

Further, any forward-looking statement speaks only as of the date on which such statement is made, and, except as required by applicable law, the Company undertakes no obligation to update any forward-looking statement to reflect events or circumstances after the date on which such statement is made or to reflect the occurrence of unanticipated events. New factors emerge from time to time, and it is not possible for management to predict all such factors and to assess in advance the impact of each such factor on the Company's business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statement. See "*Risk Factors*".

## GLOSSARY

The following is a glossary of certain terms used in this Prospectus. Terms and abbreviations used in the Financial Statements may be defined separately and the terms defined below may not be used therein.

**Audit Committee** means the Audit Committee of the Company in accordance with NI 52-110.

**Auditors** means De Visser Gray LLP, Chartered Professional Accountants.

**BCBCA** means the *Business Corporations Act* (British Columbia).

**BCSC** has the meaning ascribed to such term on the cover page of this Prospectus.

**Board of Directors or Board** means the board of directors of the Company.

**CEO** means chief executive officer.

**CFO** means chief financial officer.

**Class A Share** has the meaning ascribed to such term in the section of this Prospectus titled “*Corporate Structure*”.

**Common Share** has the meaning ascribed to such term on the cover page of this Prospectus.

**Company** has the meaning ascribed to such term on the cover page of this Prospectus.

**CSE** has the meaning ascribed to such term on the cover page of this Prospectus.

**DSU** has the meaning ascribed to such term in the section of this Prospectus titled “*Options to Purchase Securities – Long Term Incentive Plan*”.

**Financial Statements** means the Company’s audited financial statements and the related notes thereto for the fiscal years ended February 28, 2021 and 2020, and the Company’s unaudited financial statements and the related notes thereto for the three and six month period ended August 31, 2021.

**Form 51-102F6V** means Form 51-102F6V *Statement of Executive Compensation – Venture Issuers*.

**IFRS** means International Financial Reporting Standards.

**Listing** means the proposed listing of the Common Shares on the CSE for trading.

**Listing Date** means the date of Listing.

**Long Term Incentive Plan** means the equity incentive plan adopted by the Board of Directors on March 15, 2021.

**MD&A** means Management’s Discussion and Analysis.

**NEO** means “Named Executive Officer”, and has the meaning ascribed by the BCSC in Form 51-102F6V, as follows:

- (a) a CEO;
- (b) a CFO;
- (c) each of the three most highly compensated executive officers of the company, including its subsidiaries, or the three most highly compensated individuals acting in a similar capacity, other than the CEO and CFO, at the end of the most recently completed financial year whose total compensation was, individually, more than \$150,000, as determined in accordance with subsection 1.3(5) of Form 51-102F6V, for that financial year; and
- (d) each individual who would be an NEO under paragraph (c) but for the fact that the individual was neither an executive officer of the company or its subsidiaries, nor acting in a similar capacity, at the end of that financial year.

**NI 52-110** means National Instrument 52-110 *Audit Committees*.

**NI 58-101** means National Instrument 58-101 *Disclosure of Corporate Governance Practices*.

**NP 46-201** means National Policy 46-201 *Escrow for Initial Public Offerings*.

**NP 58-201** means National Policy 58-201 *Corporate Governance Guidelines*.

**Option** has the meaning ascribed to such term in the section of this Prospectus titled “*Options to Purchase Securities – Long Term Incentive Plan*”.

**Performance Warrants** means the 12,000,000 Performance Warrants issued on January 19, 2022 which are exercisable at a price of \$0.10 and will vest upon the Company entering into an employment agreement with a former senior level executive from a major sporting brand to act as Chief Executive Officer of the Company.

**Preferred Shares** means the preferred shares without par value in the capital of the Company.

**Prospectus** means this non-offering prospectus dated as of the date on the cover page.

**PSU** has the meaning ascribed to such term in the section of this Prospectus titled “*Options to Purchase Securities – Long Term Incentive Plan*”.

**RSU** has the meaning ascribed to such term in the section of this Prospectus titled “*Options to Purchase Securities – Long Term Incentive Plan*”.

**SEDAR** means the System for Electronic Document Analysis and Retrieval.

**Swimboard** has the meaning ascribed to such term in the section of this Prospectus titled “*Description of the Business - Business of the Company*”.

**Trustco** means Odyssey Trust Company.

**Take** means Take Outdoors, France.

**Zimtu** means Zimtu Capital Corp., a company incorporated pursuant to the BCBCA.

## PROSPECTUS SUMMARY

The following is a summary of the key information regarding the Company and should be read together with the more detailed information and financial data and statements contained elsewhere in this Prospectus.

### The Company

SWMBRD is an existing corporation under the BCBCA. See “Corporate Structure”.

### Description of Business

The Company is a British Columbia-based sporting goods company focused on developing, manufacturing, marketing, and selling aquatic sports products in the sporting goods and outdoor recreation industries. See “Description of the Business”.

### The Listing

The Company has applied to list its Common Shares on the CSE. Listing will be subject to the Company’s fulfilling all of the listing requirements of the CSE, including, without limitation, the distribution of the Common Shares to a minimum number of public shareholders and the Company meeting the minimum listing requirements.

### Summary of Financial Information

The following selected audited and unaudited financial information is subject to the detailed information contained in the financial statements of the Company and notes thereto attached as Schedules “A” and “C” to this Prospectus. The selected financial information is derived from the audited financial statements for the years ended February 28, 2021 and February 29, 2020 and for the three and six month period ended August 31, 2021. The Company has established February 28th as its financial year end. See “Financial Statements” and “Management Discussion and Analysis”.

	For the six month period ended August 31, 2021 (Unaudited)	For the year ended February 28, 2021 (Audited)	For the year ended February 29, 2020 (Audited)
Total revenues	\$Nil	\$Nil	\$Nil
Total expenses	\$547,689	\$169,902	\$44,600
Net loss for the period	\$547,689	\$175,795	\$44,600
Total assets	\$1,033,407	\$1,309,790	\$101,053
Total liabilities	\$32,466	\$43,667	\$18,537
Working capital	\$874,406	\$1,195,237	\$(16,469)
Loss per share – basic and diluted	\$0.01	\$0.02	\$44.64
Shareholders’ equity	\$1,000,941	\$1,266,123	\$82,516

### Use of Available Funds

No securities are being offered pursuant to this Prospectus. This Prospectus is being filed with the BCSC for the purpose of allowing the Company to become a reporting issuer in such jurisdiction and to enable the Company to develop an organized market for its Common Shares. Since no securities are being offered pursuant to this Prospectus, no proceeds will be raised and all expenses incurred in connection

with the preparation and filing of this Prospectus will be paid by the Company from general corporate funds.

As of December 31, 2021, the Company had approximately \$482,347 in working capital. These funds are related to proceeds from financings. In addition, on January 24, 2022, the Company completed a private placement financing in the amount of \$65,500 in gross proceeds, of which \$21,000 was received prior to December 31, 2021.

### Estimated Funds Available

The estimated funds available to the Company in the next 12 months are as follows:

Source of Estimated Funds Available	Amount
Working capital as at December 31, 2021	<b>\$482,347</b>
Funds received from private placement financing on January 24, 2022	<b>\$44,500</b>
Total	<b>\$526,847</b>

The actual amount revenue generated by the Company over the next 12 months may vary from the amounts specified above, and will depend on a number of factors including those set out in “Risk Factors”. See “Use of Available Funds”.

### Principal Purposes

The intended use of the estimated funds are as follows:

Use of Available Funds	Estimated Cost
Business Objectives <sup>(1)</sup>	\$146,250
General and administrative expenses (see table below for a detailed breakdown of these expenses)	\$354,000
Unallocated funds	\$26,597
Total	\$486,847

**Notes:**

(1) See “Business Objectives and Milestones”.

General and Administrative Expenses	Estimated Cost
Officer and director salaries <sup>(1)</sup>	\$252,000
Management services <sup>(2)</sup>	\$0
Professional fees	\$30,000
Other miscellaneous general expenses	\$72,000
Total	\$354,000

**Notes:**

- (1) Justin Schroenn is expected to be paid an annual salary of \$84,000, which is to be paid monthly. As the President and a director, Justin is an insider of the Company. Matthew Schroenn is to be paid an annual salary of \$84,000, which is to be paid monthly. As the Vice-President and a director, Matthew is an insider of the Company. Gareth Schroenn is expected to be paid an annual salary of \$84,000, which is to be paid monthly. As the Vice-President and a director, Gareth is an insider of the Company.
- (2) On November 1, 2020, the Company entered into an agreement with Zimtu that could be cancelled with one months’ notice, for management, administrative, rent and other support services for \$14,583 per month. On November 1, 2021, the Company renewed this agreement for an additional twelve months at \$12,500 per month. On January 21, 2022, the Company entered into an amendment agreement with Zimtu, whereby Zimtu agreed to defer the amount owed (\$12,500

monthly) until the earlier of the Company becoming cash flow positive or April 30, 2023. As a holder of more than 10% of the issued Common Shares, Zimtu is an insider of the Company.

The actual amount that the Company spends in connection with each intended use of funds may vary significantly from the amounts specified above, and will depend on a number of factors including those listed under the heading “*Risk Factors*”.

### **Business Objectives and Milestones**

Based on the estimated funds that the Company believes will be available to it over the next 12 months, the Company plans to achieve the business objectives set out below. The Company anticipates that achievement of these objectives will assist the company to begin generating sales and revenue, in addition to rapidly expanding awareness of, and demand for, the Swimboard.

<b>Business Objective</b>	<b>Estimated Time</b>	<b>Estimated Cost</b>
Completion of final design, production files and testing of preproduction test boards	Complete	\$Nil
Aluminum twin thermoforming mold completed.	5 months	\$Nil
Patent expenses	12 months	\$25,000
Obtain a listing of Common Shares on the CSE	3 months	\$90,000
Production of 50 Swimboards	7 months	\$16,250
Pre-pay Summer 2021 promotional events, equipment, materials, accommodation, transportation, and travel in target regions	4 months	\$15,000
Total		\$146,250

### **Risk Factors**

There are certain risks associated with the business of the Company and with an investment in its securities including the following: proposed regulatory reforms; involvement in an early stage industry; publicity or consumer perception; ongoing needs for financing; future fluctuations in the Company’s quarterly results of operations; limited market for the Company’s securities; dilution to existing shareholders; no history of paying dividends; the Company’s limited operating history upon which its business can be evaluated; the Company’s ability to achieve or maintain profitability; the Company’s ability to attract new customers or to sell additional products and services to its existing customers; competition; failure to develop or market new products or services; the Company’s plans to achieve growth in future periods and its ability to execute its business plan, maintain high levels of service, or address competitive challenges adequately; the Company’s ability to effectively expand sales and marketing capabilities; reliance on intellectual property; use and potential infringement of intellectual property; potential conflicts of interest; reliance on others and key personnel; litigation; changes in laws; insurance coverage; reliance on licensing; market acceptance; acquisitions; and potential delay or future impairment. The risks and uncertainties described above are those the Company currently believes to be



material, but they are not the only ones faced by the Company. If any of the following risks, or any other risks and uncertainties that the Company has not yet identified, that the Company currently considers not to be material or of which the Company is not aware, actually occur or become material risks, the business, prospects, financial condition, results of operations and cash flows of the Company, and the value of the securities of the Company, may be materially and adversely affected. See “*Risk Factors*”.

## **CORPORATE STRUCTURE**

The Company was incorporated pursuant to the BCBCA as “Zambezi Sports Inc.” on September 15, 2015, under incorporation number BC1048969 and changed its name to “SWMBRD Sports Inc.” on July 9, 2021. Its head office is located at Suite 1450 - 789 West Pender Street, Vancouver, British Columbia, V6C 1H2, and its registered and records office is located at 800 - 885 West Georgia Street, Vancouver, British Columbia, V6C 3H1. On November 27, 2020, the Company altered its Notice of Articles to reflect an alteration to the authorized share structure by redesignating the Class A preferred voting shares (“**Class A Shares**”) as Common Shares, increasing the authorized number of Common Shares to an unlimited number, deleting in their entirety all special rights and restrictions attached to the Common Shares, and creating an unlimited number of Preferred Shares. On the same date, the Company’s articles were replaced in their entirety.

The Company has no subsidiaries.

## **DESCRIPTION OF THE BUSINESS**

### **Business of the Company**

The Company is a British Columbia-based sporting goods company focused on developing, manufacturing, marketing, and selling aquatic sports products in the sporting goods and outdoor recreation industries. The Company’s main asset is the 100% ownership of the SWMBRD aquatic sports board (the “**Swimboard**”) and multiple variants thereof, along with designs covering numerous related accessories. The Company owns a significant array of patents covering the European Union, the United States and Canada, along with the trademark “ZAMBEZI” for Canada, which was granted when the Company’s name was “Zambezi Sports Inc.”. The Company has submitted applications in the European Union, the United Kingdom, the United States, and Canada for the trademark “SWMBRD”.

The Company plans on developing Swimboard into a global aquatic sports and lifestyle brand built around the new sport of Swimboarding. By virtue of its design, the Swimboard is the most versatile, easy to use, and consumer-friendly aquatic sports board in the world.

By focusing exclusively on developing aquatic sports products that enable the vast majority of consumers to enjoy the widest spectrum of aquatic environments, with the greatest ease of use and ownership, Swimboard is positioned to penetrate the aquatic recreation market more successfully than any other aquatic sports board company.

The Company has already refined manufacturing techniques most relevant to the Swimboard and has successfully produced a demonstration fleet of fully functioning boards, which has been in vigorous real-world use in Hawaii, Canada, and Greece for more than three years. The Company is now preparing to commence large-scale mass production of the Swimboard and sales to the public. With the help of the sales and marketing strategies presented in the Company’s business plan, the Company expects to significantly increase user growth and revenue in the near term.

The Company expects revenue to be generated through a combination of retail and institutional sales (hotels, resorts, and aquatic rental companies). The Company intends to sell its products to retail consumers by way of its online e-store, as well as through in-resort boutique stores and beachfront outlets.

### *The Schroenn Brothers*

Justin, Matthew, and Gareth Schroenn (the “**Schroenn Brothers**”) invented the Swimboard and, over a period of six years, advanced it through the various stages of its design, development, patenting and manufacturing. The Company, the board (in all its variants) and the Swimboard brand itself are all their creations.

The Schroenn Brothers were born and raised in Durban, South Africa – a city known for its world-class surfing, body boarding, body surfing, paddle skiing and river kayaking. The Schroenns were active body boarders, body surfers, swimmers and rugby players. Together they experienced first-hand the growth of the surf scene in the 1980’s, along with South African surfing brands such as Gotcha and Instinct.

Aquatic sports boards, paddle skis and racing kayaks were undergoing rapid transformations in their manufacture at that time. Surrounded by other watermen, many of whom were crafting their own surfboards, and racing kayaks, the Schroenn Brothers gained first-hand experience in aquatic board construction, dynamics and the behaviour of the human body in water.

Following the family’s emigration to Canada, the Schroenn Brothers continued in their love of aquatic activities, including kayaking, stand-up paddle boarding, and swimming. All three of the Schroenn Brothers had successful managerial careers in the Canadian Hospitality and Tourism industries – experience which they believe singularly equips SWMBRD to understand its principle target market: Resort Tourism.

Over the course of the Swimboard’s development, all of the Schroenn Brothers were directly involved in every minute element of the process, and gained expert knowledge of every single aspect of the Swimboard, including: its behaviour and performance, manufacturing, mold construction, prototyping, demonstration techniques, patenting, photography and videography and advanced marketing.

In combination, the Schroenn Brothers believe they are a formidable SWMBRD management team, with extensive experience in cost controls, customer satisfaction, employee management, scheduling, inventory management and quality control. In short, the Schroenn Brothers believe they have what it takes to run a tight ship.

### **History of the Business**

Since incorporation, the Company’s activities have focused on: (i) patent and trademark development; (ii) financing; (iii) product design and development; and (iv) relationship development.

In the late summer of 2015, the Schroenn Brothers, who reside in Vancouver, British Columbia, conceived the idea for a small, easy to use aquatic sports board that would approximate the action of swimming, combined with the range-of-operation and security of a stand-up paddle board (SUP) or kayak. The Company was subsequently incorporated and for the next six months, their entire focus was on the potential market and profitability of such a product.

When the Schroenn Brothers decided that such a product would indeed be profitable, work commenced on a series of hand-built foam and fibreglass prototypes. By April 2016, the first three functioning prototypes, each with minor variations which met the Schroenn brothers' expectations, were achieved.

On May 19, 2015, a United States provisional patent was filed in the names of Justin and Matthew Schroenn, securing the invention subject to a full patent application being filed within one year. See *"Intellectual Property"*.

In January 2017, the first five angel investors, seeing the potential, agreed to fund the project up to \$100,000, after evaluating the first three prototypes and the Schroenn Brothers' market analysis. These funds were used to further refine the product and file a comprehensive series of 25 design patents in the United States, European Union and Canada. The trademark "ZAMBEZI" was also applied for in Canada. See *"Intellectual Property"*.

Given these milestones, the Schroenn Brothers arranged for angel investors to fund SWMBRD in the order of an additional \$50,000. These funds were used to produce the first thermoformed plastic molds and test board, proving the viability of mass production, as well as enable a successful appearance on the CBC television program, Dragon's Den in April 2017.

While the Company was successful in securing a funding offer of \$300,000 for a 30% equity stake in the Company on Dragons Den, the protracted timeline involved in actually receiving these funds was impractical given the Company's needs: namely patent maintenance fees and production development. Instead, the original five angel investors, along with a sixth investor, funded the next phase of the Company's development for an additional \$100,000. From 2017 to 2019, the Company used this funding to finalize and register all the 25 design patents plus Canadian trademark, which by then had been granted; to produce three demonstration boards with improved riding pads; and to film and promote these boards in real life use, in British Columbia, Hawaii and Greece.

Throughout much of the preceding period of time, Justin Schroenn was employed in an Investor Relations capacity in the junior resource markets, working specifically with Zimtu. During the course of his career, he formed strong relationships with many junior markets investors, many of whom became interested in SWMBRD and were supportive of advancing the Company through the public markets. Being aware of this support, and being familiar with the product and its progression, Zimtu also saw the merit in helping to advance SWMBRD into the public markets, which brought a significant repository of experience and expertise to SWMBRD. On November 1, 2020, the Company entered into an agreement with Zimtu for management, administrative, rent and other support services for \$14,583 per month. On November 1, 2021, the Company renewed this agreement for twelve months at a rate of \$12,500 per month. On January 21, 2022, the Company entered into an amendment agreement with Zimtu, whereby Zimtu has agreed to defer the amount owed (\$12,500 monthly) until the earlier of the Company becoming cash flow positive or April 30, 2023.

On December 23, 2020, the Company completed a non-brokered private placement of 15,200,000 Common Shares at a price of \$0.035 per Common Share for gross proceeds of \$532,000.

On January 12, 2021, the Company appointed Michael Hodge as a director of the Company. See *"Directors and Executive Officers"*.

On February 26, 2021, the Company completed a non-brokered private placement of 17,971,000 units of the Company (each, a "Unit") at a price of \$0.05 per unit for gross proceeds of \$898,550. Each Unit was comprised of one Common Share and one non-transferable Common Share purchase warrant (each, a "Warrant"), with each Warrant entitling the holder thereof to acquire one additional Common

Share (each, a “**Warrant Share**”) for 18 months from the date of issuance at a price of: (i) \$0.10 per Warrant Share for six months from the date of issuance; and (ii) \$0.15 per Warrant Share from six months to 18 months from the date of issuance.

On March 16, 2021, the Company completed a non-brokered private placement of 518,500 Units at a price of \$0.05 per Unit for gross proceeds of \$25,925. Each Unit was comprised of one Common Share and one Warrant, with each Warrant entitling the holder thereof to acquire one Warrant Share for 18 months from the date of issuance at a price of: (i) \$0.10 per Warrant Share for six months from the date of issuance; and (ii) \$0.15 per Warrant Share from six months the date of issuance to 18 months from the date of issuance.

On March 17, 2021, the Company appointed Jody Bellefleur as Chief Financial Officer of the Company. See “*Directors and Executive Officers*”.

On June 25, 2021, the Company completed a non-brokered private placement of 2,427,152 Units at a price of \$0.075 per Unit for gross proceeds of \$182,036. Each Unit was comprised of one Common Share and one Warrant, with each Warrant entitling the holder thereof to acquire one Warrant Share for 18 months from the date of issuance at a price of \$0.20 per Warrant Share.

On July 9, 2021, the Company changed its name to “SWMBRD Sports Inc.”. The Company’s name change was due to trademark restrictions involving the name “Zambezi”. Trademarks were filed for the name “SWMBRD” in Canada on June 15, 2021; in the United States on June 23, 2021; and in Europe on July 5, 2021.

On January 22, 2021, the Company entered into a definitive Original Equipment Manufacturer (OEM) agreement with Tahe for an initial term of three years which commenced on February 1, 2021. The agreement may be extended at the discretion of both parties. During the first two years of the agreement, Tahe has agreed to sell to the Company, and the Company has agreed to purchase, at least 1000 Swimboards at a price of 227 Euros per Swimboard, with a minimum order of 500. The Company has also agreed to pay for the hull molds and injection mold tools and it will retain ownership of these tools.

On October 22, 2021, the Company appointed Roc Smith as a director of the Company. See “*Directors and Executive Officers*”.

On October 27, 2021, the Company amended the terms of the Warrants issued in the three private placement offerings on February 26, 2021, March 16, 2021 and June 25, 2021 to provide for an extension of the expiry dates of the Warrants. The expiry date of the Warrants issued in the private placement on February 26, 2021 were extended such that each Warrant entitles the holder to acquire one Warrant Share at a price of: (i) \$0.10 per Warrant Share until July 1, 2022; and (ii) \$0.15 per Warrant Share from July 2, 2022 until July 1, 2023. The expiry date of the Warrants issued in the private placement on March 16, 2021 were extended such that each Warrant entitles the holder to acquire one Warrant Share at a price of: (i) \$0.10 per Warrant Share until July 22, 2022; and (ii) \$0.15 per Warrant Share from July 23, 2022 until July 22, 2023. The expiry date of the Warrants issued in the private placement on June 25, 2021 were extended such that each Warrant entitles the holder to acquire one Warrant Share at a price of \$0.20 per Warrant Share until December 25, 2023.

Prior to launching its sales efforts in Europe, the Company intends to appoint one of its directors, Roc Smith, as a sales manager to oversee and coordinate distribution of the Swimboards in Europe. See “*Directors and Executive Officers*”.

On January 19, 2022, the Company issued 4,000,000 Performance Warrants to each of Justin Schroenn, Matthew Schroenn and Gareth Schroenn. The Performance Warrants are exercisable at a price of \$0.10 and will vest upon the Company entering into an employment agreement with a former senior level executive from a major sporting brand to act as Chief Executive Officer of the Company.

On January 21, 2022, the Company entered into an amendment agreement with Zimtu, whereby Zimtu has agreed to defer the amount owed (\$12,500 monthly) until the earlier of the Company becoming cash flow positive or April 30, 2023.

On January 24, 2022, the Company completed a private placement in which it issued 655,000 Units at a price of \$0.10 per Unit for gross proceeds of \$65,500. Each Unit consists of one Common Share and one Warrant exercisable at \$0.20 for 12 months and \$0.30 for 24 months.

### **Summary of Business Milestones**

Since inception, the Company has developed, branded and protected a completely unique aquatic product which it has been tested in several countries and by numerous prospective customers and industry professionals. The Company has received substantial positive feedback from industry professionals, groups and prospective customers alike.

On January 22, 2021, the Company entered into a definitive three-year OEM agreement with Tahe Outdoors (the “**OEM Agreement**”) for the manufacture, assembly and sale of the Swimboards. Pursuant to the terms of the OEM Agreement, the Company will order a minimum of 1,000 Swimboards from Tahe within the first two years of the term, commencing February 1, 2022, with a minimum order size of 500 Swimboards. Most recently, Tahe has completed the design of the Swimboard molds in November of 2021. Based on recent communications with Tahe, the Company anticipates completion of the physical molds in February of 2022 with approximately 50 prototypes to be produced by March of 2022. Production of the first 500 Swimboards is expected on December 5, 2022, with the Company being required to pay for the order within 30 days, or January 5, 2023.

To date, the Company has focused most of its efforts and finances on designing a unique and superior aquatic product, and on protecting its intellectual property in the Swimboard. The Company has accomplished a significant number of business objectives as set forth below. In particular, the Company has:

1. developed the Swimboard and its multiple variants, along with designs covering numerous related accessories, and registered numerous patents on the product in the European Union, the United States and Canada;
2. developed and branded the Swimboard, including branding and applications for trademark protection in the European Union, the United Kingdom, the United States, and Canada;
3. prior to entering into the OEM Agreement with Tahe, produced a total of 32 pre-production versions of the Swimboard using two other manufacturers, Walsh Plastics and 3D Custom Foam;
4. extensively tested the pre-production Swimboards with numerous prospective customers, including resort and hotel owners, and industry professionals in various aquatic environments in Canada, the United States, Greece and Switzerland;

5. received numerous emails through its website from prospective customers, including resort owners, requesting to purchase the Swimboards;
6. received endorsements and validation from industry professionals and executives;
7. received offers of investment by investment professionals, including the one received on Dragon's Den in 2017 from Michael Wekerle. Subsequently, the Company was featured by the Business Development Bank of Canada;
8. established informal relationships with industry groups, resorts and hotels for the use and distribution of the Swimboard. The Company anticipates entering into formal agreements once the Swimboards are manufactured;
9. tested the Swimboards with Lifeguard Hellas and donated six (6) preproduction Swimboards to this group which are used for special events;
10. negotiated and closed the OEM Agreement with Tahe, a leading manufacturer and distributor of high quality watersports equipment;
11. developed the Company's previous (ZAMBEZI World) website, and is currently creating its new [www.swmbrd.com](http://www.swmbrd.com) website, product marketing materials and videos; and
12. developed the Swimboard EPS mold and Thermoforming mold with Tahe which was completed on November 15, 2021. Based on recent communications with Tahe, the Company anticipates completion of the physical molds in February of 2022 with approximately 50 prototypes to be produced by March of 2022. Production of the first 500 Swimboards is expected on December 5, 2022, with the Company being required to pay for the order within 30 days, or January 5, 2023.

## **Industry and Principal Markets**

The Company operates in the sporting goods and outdoor recreation industries and is focused on advancing both the Swimboard and the sport and lifestyle of SWMBRD globally.

### *Aquatic Sports Recreation Equipment Market*

The global aquatic sports equipment market is estimated to reach USD\$18 Billion by 2022. The Compound Annual Growth Rate ("CAGR") is estimated be approximately 6.8%.<sup>1</sup> Broadly speaking, the basis for competition centres around technological innovation, product performance and geographic location. Management believes that all of these drivers point in SWMBRD's favour. Within this market are sectors that are of specific relevance to SWMBRD.

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<sup>1</sup> Ken Research, "Global Water Sports Equipment Is Expected To Reach USD 18.7 Billion by 2022," 2018. [Online]. Available: <https://www.kenresearch.com/blog/2018/06/global-water-sports-equipment-is-expected-to-reach-usd-18-7-billion-by-2022-ken-research/>.

### *Aquatic Sports Boards*

While the total precise numbers of boards sold globally is notoriously difficult to quantify, a much referenced and respected summation is a report compiled by AskWonder.<sup>2</sup> The data cited in the AskWonder report amalgamates a broad spectrum of board sales numbers, pricing, and revenue globally, with United States and European Union numbers being accepted as the most credible.

Approximately 400,000 surfboards are sold annually in the United States for a total of between \$220 million to \$400 million, and about 13 to 24 million surfboards are sold annually globally for a total of \$13.2 billion. It is important to understand that surfboards, by virtue of their most common construction (foam and fibreglass) frequently break or are irreparably damaged. Consequently, surfers typically have to replace their surfboard every few years.

Approximately 750,000 bodyboards were sold annually in the United States in the mid-2000s. About 750,000 bodyboards sold annually in the United States is estimated to yield revenues of between \$30 million and \$90 million. Approximately 3 million bodyboards are sold per year globally with a market value of \$98.5 million (in 2015).

Approximately 20,000 skimboards are sold per year globally. About 20,000 skimboards sold per year globally is estimated to yield revenues of between \$1 million to \$6 million.

**Approximately 50,000 paddle boards are sold per year in the United States yielding \$55 million in revenue, and about 130,000 paddle boards are sold annually in the United States and Europe for a total of \$143 million.**

**Paddle boards sales and revenue have been emphasised here because – given that surf boards, bodyboards and skim boards are restricted to surfing environments – the paddle board is the Swimboard’s only other competitor in the far larger still water market.**

### *Scuba and Snorkeling*

The global scuba and snorkeling market is expected to reach approximately US\$2.14 Billion by 2022.<sup>3</sup> Global snorkeling equipment market has been anticipated to showcase growth at a CAGR of close to 6% during the forecast period of 2017 to 2022.<sup>4</sup>

The snorkeling industry is of much relevance to SWMBRD. The Swimboard is uniquely suited to the activity of snorkeling in that it provides a safe, secure, easy-to-use means of supporting the activities of the snorkeler. A snorkeler can climb on and off the Swimboard with ease, can move to and from different snorkeling areas, and can easily hold the board while snorkeling, providing a stable reassuring platform for the activity.

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<sup>2</sup> Ask Wonder, “What is the total number of water sport boards (surfboards, boogie boards, skimboards, and paddle boards) sold each year in the US and globally?” 2017. [Online]. Available: <https://askwonder.com/research/total-number-water-sport-boards-surfboards-boogie-boards-skimboards-paddle-kgmdbdmw>.

<sup>3</sup> Ken Research, “Global Snorkeling Equipment is Expected to Reach USD 2.14 Billion by 2022 Owing to Rise in Popularity of Snorkeling Amongst Tourists and Growth Experienced in APAC Region: Ken Research,” 2018. [Online]. Available: <https://www.kenresearch.com/blog/2018/06/global-snorkeling-equipment-is-expected-to-reach-usd-2-14-billion-by-2022-owing-to-rise-in-popularity-of-snorkeling-amongst-tourists-and-growth-experienced-in-apac-region-ken-research/>.

<sup>4</sup> [Scuba Diving Equipment Market Size, Share, Trends, Global Strategic Analysis, Revenue Opportunities, Emerging Technologies, Sales, Revenue, Key Players Analysis, Development Status, Growth, Drivers | Forecast 2021-2027 - MarketWatch](#).

SWMBRD is already in discussions with a major snorkeling and scuba company regarding strategic partnerships and synergies in major resort areas where snorkeling is one of the most popular visitor activities.

### *Swimming*

Swimming is the second most popular human activity of all. The most popular activity is 'going for a walk'.

The Swimboard is frequently referred to as a 'swim board', and with good reason. Management believes it is the only board in the world on which a person can closely approximate the action of swimming: freestyle, butterfly, breaststroke, even doggy paddle. Therefore, it is reasonable for SWMBRD to reference the global swimming market in determining future demand for the board. It is extremely likely that consumers who participate in swimming, will more naturally gravitate to an aquatic sports board that is more like swimming than any other board.

The size of swimming as a human activity is truly massive. The following is an overview of key swimming statistics in England as of September 2019<sup>5</sup>:

- Over a period of 12 months, approximately 14 million adults (31.3 % of the nation) went swimming;
- Among those who swim more frequently, about 4.7 million adults swim at least twice a month (10.5 % of the population);
- Approximately 2.7 million women swim at least twice a month (11.7 % of the female population);
- Outdoor swimming continues to grow. About 7.5 million people swim in open water and outdoor pools; and
- While around 7.5 million people swim outdoors, about 2.1 million people prefer to swim in open water such as lakes, lochs, rivers and seas; approximately 3.15 million people choose to swim in outdoor pools; and around 2.25 million people enjoy swimming both in open water and outdoor pools.

In 2018, the Swim England Swim Census reported that approximately 1.18 million children were learning to swim on the Swim England Learn to Swim Programme across all site, private swim schools and aquatic clubs<sup>6</sup>.

In 2018, it was reporting that over 6 million Australians participated in frequent or occasional swimming, making it Australia's most popular sport<sup>7</sup>. Findings from the Australian Sports Commission's 2016 AusPlay report revealed that swimming is the most popular organised after-school activity for children, and the fourth most popular form of exercise for adults of both sexes, behind walking, fitness/gym, and athletics/track and field<sup>8</sup>.

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<sup>5</sup> Swimming Statistics and Findings, "Key swimming statistics and findings," 2019. [Online]. Available: <https://www.swimming.org/swimengland/key-swimming-statistics/>.

<sup>6</sup> Swim England, "Swim Census 2018: workforce and learn to swim statistics," 2018. [Online]. Available: <https://www.swimming.org/swimengland/swim-census-2018-workforce-learn-swim-statistics/>.

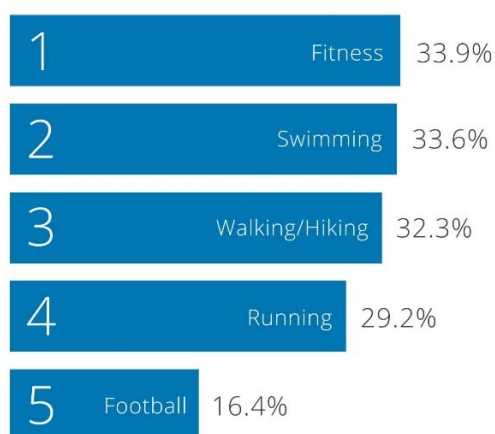
<sup>7</sup> Roy Morgan, "Six million Australians make Swimming 'Number 1 Sport'," 2018. [Online]. Available: <http://www.roymorgan.com/findings/7498-sports-participation-australia-december-2017-201802150615>.

<sup>8</sup> AusPlay, "AusPlay Participation data for the sport sector: Summary of key national findings," 2016. [Online]. Available: <https://apo.org.au/sites/default/files/resource-files/2016-12/apo-nid76276.pdf>.



In January 2018, Deloitte conducted a representative survey of German sports consumers<sup>9</sup>. A total of 1,677 people at least 16 years of age participated in the survey and the findings are summarized below:

- Over one third of all active Germans participate in fitness sports, closely followed by swimming, walking/hiking and running;
- Active Germans spend an average of 6.4 hours a week on sports, over all of their activities;
- Active Germans spend, on average, about 725 Euros annually on sports and almost 30% expect to spend even more in the following year;
- The most is spent on sports-related travel activities, followed by membership fees for sports and fitness clubs, as well as sports apparel; and
- Over 40% of active Germans purchase sporting goods (sports apparel and sports equipment) at least twice a year.



The Company believes that swimboarding has strong similarities to, and synergies with, all of these activities.

### *The Triathlon Connection*

Because of its unique relationship with swimming, running, and cycling, the Swimboard is already being used to lifeguard major triathlon and swimming races. The Swimboard allows the lifeguard to closely monitor the condition of swimmers, without fear of hitting contestants with a paddle (such as with a SUP or kayak). This is particularly vital at critical turning markers in the race, where intense congestion increases risk of injury. The high torque and acceleration of the board, means that the lifeguard can respond instantly to an emergency, entering the flow of swimmers seamlessly and safely. Contestants have consistently remarked on how reassuring the presence of the Swimboard is.

Triathlons and major swimming races are highly visible and take place at resort area beaches. These events, coupled with the eye-catching design of the Swimboard, provide for significant cross-marketing opportunities.

An in-depth study conducted by USA Triathlon indicates strong potential for future Swimboard buyers<sup>10</sup>. The study produced the following key findings:

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<sup>9</sup> Deloitte, "Sports Retail Study 2018: Findings from a German consumer survey," 2018. [Online]. Available: [https://www2.deloitte.com/content/dam/Deloitte/de/Documents/consumer-business/Deloitte\\_Sportmarktstudie2018.pdf](https://www2.deloitte.com/content/dam/Deloitte/de/Documents/consumer-business/Deloitte_Sportmarktstudie2018.pdf).

<sup>10</sup> Stellar Endurance, "USAT DEMOGRAPHICS," [Online]. Available: [Triathlon Demographics \(stellarendurance.us\)](http://www.stellarendurance.com/USAT-DEMOGRAPHICS).

- On average, triathletes are from high socio-economic backgrounds with median incomes of US\$126,000;
- They spend heavily on sporting equipment;
- 74% are married or in a committed relationship;
- 59.6% of triathletes are male and 39.5% are female;
- 44% have children living at home;
- They spend heavily on race related travel; and
- They embrace new technologies.

In 2015, the triathlon market in the United States was estimated to be USD \$2.8 billion<sup>11</sup>

### *Relevance to Aquatic Rehabilitation and Sports Therapy*

Swimming is a good way to get regular aerobic physical activity. Just two and a half hours per week of aerobic physical activity, such as swimming, bicycling, or running, can decrease the risk of chronic illnesses, which can also lead to improved health for people with diabetes and heart disease<sup>12</sup>. Swimmers have about half the risk of death compared with inactive people. People report enjoying water-based exercise more than exercising on land<sup>13</sup>. They can also exercise longer in water than on land without increased effort or joint or muscle pain<sup>14</sup>.

As discussed, the Swimboard is an aquatic sports board that can be meaningfully and powerfully used in a swimming pool by individuals, including by the elderly, the very young, or individuals with physical challenges or injuries. The broader implications of SWMBRD in sports therapy are truly significant. The Company has only just begun to develop this aspect of the board's use.

### **Principal Products**

#### *Current Scenario*

In the United States, the livelihoods of around 7.6 million people depend on the outdoor recreation sector<sup>15</sup>. Aquatic activity remains a major component of this sector worldwide. Aquatic activities are a main component of the following industries:

- sports;
- recreation;
- tourism; and
- wellness and rehabilitation.

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<sup>11</sup> Bicycle Retailer, "New study estimates size of triathlon market at \$2.8 billion," 2015. [Online]. Available: [https://www.bicycleretailer.com/studies-reports/2015/06/08/new-study-estimates-size-triathlon-market-28-billion?\\_hstc=85981318.d9ce3b1caf74d72b275f05d772368939.1629680183207.1629680183207.1629680183207.1&\\_hssc=85981318.1.1629680183207&\\_hsfp=753175602#.YSLyO25FyUk](https://www.bicycleretailer.com/studies-reports/2015/06/08/new-study-estimates-size-triathlon-market-28-billion?_hstc=85981318.d9ce3b1caf74d72b275f05d772368939.1629680183207.1629680183207.1629680183207.1&_hssc=85981318.1.1629680183207&_hsfp=753175602#.YSLyO25FyUk).

<sup>12</sup> US Department of Health and Human Services, "2008 Physical Activity Guidelines for Americans," 2009. [Online]. Available: [2008 Physical Activity Guidelines for Americans \(health.gov\)](http://www.health.gov/2008PhysicalActivityGuidelinesforAmericans).

<sup>13</sup> J Cardiopulm Rehab, "Quality of life and physical performance in land- and water-based pulmonary rehabilitation," 2007. [Online]. Available: <https://pubmed.ncbi.nlm.nih.gov/17667023/>.

<sup>14</sup> J Aging Phys Act, "Older women's cardiovascular responses to deep-water running," 2006. [Online]. Available: <https://pubmed.ncbi.nlm.nih.gov/16648650/>.

<sup>15</sup> Outdoor Industry Association, "The Outdoor Recreation Economy," 2017. [Online]. Available: [https://outdoorindustry.org/wp-content/uploads/2017/04/OIA\\_RecEconomy\\_FINAL\\_Single.pdf](https://outdoorindustry.org/wp-content/uploads/2017/04/OIA_RecEconomy_FINAL_Single.pdf).

Aquatic sports boards are a significant and familiar part of all of the above, both as privately owned products and as rental products available at resorts, public beaches and pools.

To date the aquatic sports board industry has focussed on using wave power, wind power or various types of paddles as the primary source of locomotive power. In simplest terms, the idea of the surfboard and kayaks have been developed into:

1. Windsurfers (a surfboard using wind power);
2. Bodyboards (shortened surfboards, meant to ride waves in a prone position);
3. Paddle-ski's (a thicker surfboard with a seat, on which the rider uses a kayak-style paddle); and
4. SUP or Paddleboards (longer, thicker surfboards, on which the rider also uses a paddle).

None of these products are able to naturally, and intuitively, empower the average user in the water, using legs and core body strength (torque) to meaningfully propel the board. Added to this, the size, inconvenience, and lack of versatility of use of conventional aquatic boards have limited the ability of large numbers of potential consumers to own them.

The limitations of current aquatic board sports products are most clearly evident in family vacation environments: resorts, hotels, 'lake country' cottages etc. In these contexts, the learning curve for existing aquatic boards for most people is long, and usually difficult. This means that much vacation time is wasted just trying to learn the basics. This also means that all family members are unable to participate together (particularly the very young, or elderly, or those who are not physically in good condition).

Finally, and of great importance, the most popular aquatic sports boards currently on the market are not, and cannot be, patented. This means that the companies producing these products are open to vigorous price competition with each other in the same markets. At their lowest price points however, most of these products are still expensive, especially when coupled with the need for specific transportation (car with roof racks, or truck), or the need to travel distances in order to locate the correct water conditions for the sport.

### *The Market Gap*

A small, user-friendly, easy-to-own board that appeals to the vast majority of consumers, which can be used in any aquatic environment (including small swimming pools), which has similarities of motion to already popular sports such as running, swimming, cycling, skating, snorkeling/ scuba, and which is extensively patented will command a far larger market than existing aquatic sports products. This is especially true in resort and vacation areas.

### *SWMBRD's Solution*

Achieving the above criteria was no easy feat and required years of experimentation to achieve success. Once achieved, however, the performance and versatility of the Swimboard surpassed even the founders' expectations. The Swimboard is the first board ever to fully activate the full potential of the human core muscles and legs while at the same time enabling unrestricted arm movement in such swim styles as freestyle, butterfly, breaststroke, and even doggy paddle – all without nose-diving the board regardless of downward pressure of the upper body. The board achieves this through the unique design of the stern area, which delivers dynamic, controllable upward thrust against the lower torso and hips, rocker or curvature, the unique keel design and narrow bow.

The Swimboard is more versatile, practical, and swimmable than any other board on the market. Because the Swimboard enables the rider to use a powerful and natural rotational drop-knee kick

coupled with authentic swim strokes with the arms, shoulders, and chest, using all four limbs and core body strength (torque), the rider can propel and control the board far more effectively and organically than other boards in a far wider range of circumstances. This means the Swimboard can be used in, and purchased for, a far greater diversity of environments, water conditions, rider age and rider ability than any other aquatic sports board.

SWMBRD's products are also specifically designed to fit into the modern consumer's lifestyle, by being small, compact, portable, easy to store and useable in any aquatic environment and conditions.

	<b>Any Water (Waves, Rivers, Lakes And Pools)</b>	<b>Any Conditions</b>	<b>Any Age (7 to 85+)</b>	<b>Compact (under 4'1")</b>	<b>Light (under 11lbs)</b>	<b>Brace core &amp; empower legs &amp; arms</b>
Swimboard	Yes	Yes	Yes	Yes	Yes	Yes
SUP	No	No	No	No	No	No
Surfboard	No	No	No	No	Yes	No
Bodyboard	No	No	Yes	Yes	Yes	No
Kayak	No	Yes	No	No	No	No

	<b>Similar motion to Running</b>	<b>Similar motion to Cycling</b>	<b>Similar motion to Skating</b>	<b>Similar motion to Swimming</b>	<b>Similar motion to Scuba</b>	<b>Learnable in under 10 minutes</b>
Swimboard	Yes	Yes	Yes	Yes	Yes	Yes
SUP	No	No	No	No	No	No
Surfboard	No	No	No	No	No	No
Bodyboard	No	No	No	No	No	Yes
Kayak	No	No	No	No	No	No

*The Product: The Swimboard*

Prior to entering into the OEM Agreement with Tahe, the Company produced a total of 32 pre-production versions of the Swimboard using two other manufacturers, Walsh Plastics and 3D Custom Foam. As of date, the Company currently has 32 fully functional and sellable pre-production versions of the Swimboard. The table below provides a description of the four sizes of Swimboard.

<b>Size</b>	<b>Length</b>	<b>Weight</b>
100%	3 feet, 2 inches	8 lbs
98.5%	3 feet, 1 inch	7.9 lbs
95%	3 feet	7.6 lbs
85%	2 feet, 7 inches	6.8 lbs

Management of the Company have extensively tested the pre-production Swimboards with numerous prospective customers, including resort and hotel owners, and industry professionals in various aquatic environments in Canada, the United States, Greece and Switzerland. The Company received numerous emails through its website from prospective customers, including resort owners, expressing interest in purchasing Swimboards. The Swimboard has received endorsements and validation from industry professionals and executives.

The Swimboard is a human-powered aquatic sports board. The Swimboard is not a just a board – it is an entirely new way for human beings to interact with, and within, every type of aquatic environment, and with each other.

In simplest terms, the physical action of Swimboarding can best be described as an organic synthesis of cycling and swimming. The board, by virtue of the leg motion used is also very similar to running, skating and snorkeling/ scuba. Of great importance, stand up paddling and surfing and bodyboarding are entirely different from these popular sports, and are not natural and organic motions. In short, the Swimboard has the vast advantage of being natural, organic, familiar, and easy to learn, coupled with the previously unknown empowerment the board delivers to the rider.

The Swimboard enables the rider, in a prone or lying-down position, to use their arms and legs in the propulsion of the present invention across the surface of a body of water using natural, intuitive motions similar to a fusion of conventional swimming strokes with the deep rotational leg movement of cycling.

While the Swimboard may also be used to ride waves, it differs from surf boards, body boards, knee boards and the like, in that it is optimized to be propelled by the rider alone, without the help of waves, paddles or sails. This is possible due to the relative narrowness of the Swimboard, particularly in the bow; a wide variety of possible rider positions, ranging from far forward to far back; the bow-to-stern curvature of the hull; the pronounced curve and terminal height of the bow relative to the surface of the water; the round, convex profile of the stern area of the board; the distinctly forward-sloping slip-resistant upper deck; the substantial height, thickness and buoyancy of the stern area; the distinctive v-shaped side-to-side profile of the deck along most of its length; and the relative depth, shape and buoyancy of the keel.

These features of the Swimboard allow the rider's arms to stroke through the water more closely alongside the body than is the case with traditional surf boards or body boards, while at the same time helping to restrain the rider from pulling themselves off the board. These features also allow for a wide variety of positions to be adopted by the rider, ranging from a position where the rider is very far forward, with their hips on the board and their chest towards the front of the board, to a position where they are far back with their hips mostly off the board. Furthermore, they allow the Swimboard to be tilted in a controllable manner forward and aft, as well as rotated easily from side to side about the stern. In other words, a wide degree of pitch, rotation and yaw is possible. Additionally, these features allow the legs to kick while still providing support for the pelvis, as well as a degree of support to the upper thighs if so desired.

A further advantage is that the Swimboard is very compact in size, making it maneuverable as well as being easier to transport and store than most other boards.

## **Production**

### *Versatility of Manufacture*

The Swimboard was specifically designed to be manufactured using any of the various methods currently employed in the production of SUPs, kayaks, surfboards and bodyboards.

These methods are:

- Composite fibreglass over foam core;

- Composite Dow/polyethylene, Arcel, polystyrene, or Polypro/polypropylene core with Surlyn, HDPE or Bixby hull surface;
- Roto molding;
- Single sheet thermoforming with foam insert; and
- Twin sheet thermoforming with foam core.

The fact that the Swimboard can be produced using any of these methods gives SWMBRD tremendous flexibility in terms of strategic OEM agreements, cost reduction and price competitiveness.

After lengthy analysis, the Company concluded that both thermoforming methods (single sheet and twin sheet) are the optimal methods of producing the board. Thermoforming:

1. Provides the best performance-weight-strength-price relationship;
2. Yields a high-quality gloss or semi-gloss appearance comparable to composite fibreglass over foam core;
3. Is far faster to produce, with no curing time required;
4. Requires less expensive, high volume molds than roto molding;
5. Delivers a dramatically lighter product than roto molding;
6. Has been embraced as the definitive plastics manufacturing system in both Europe and North America; and
7. Is evolving far more rapidly in terms of high-tech plastic use than any other method.

In order to accurately evaluate the cost of manufacturing Swimboards itself, the Company undertook a detailed analysis of capital expenditures, operating expenses and cost of goods sold. Having completed a thorough evaluation of the costs and time that would be required for SWMBRD to launch its own production facility, the Company decided that OEM agreements with existing thermoforming manufacturers was a far preferable strategy for SWMBRD. North America and Europe are home to numerous manufacturers who are capable of producing the Swimboard.

The Swimboard was specifically designed for flexibility of manufacturing techniques. Consequently, the board can be thermoformed by factories which have been pre-tooled to different methods of thermoforming. This means that SWMBRD can out-source production to manufacturers that have proprietary systems and technologies, as well as those that do not. Each of these OEM manufacturers will have their preferred method of thermoforming, and each of these methods will have its advantages in certain areas, such as reduced cost, speed of production or flexibility of material selection.

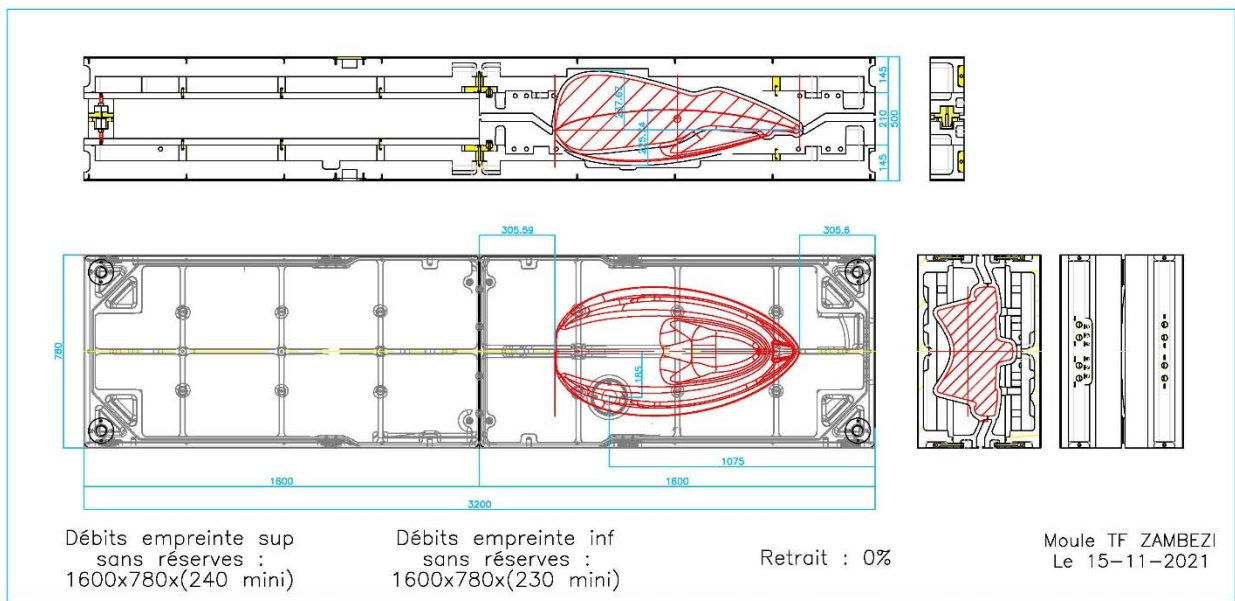
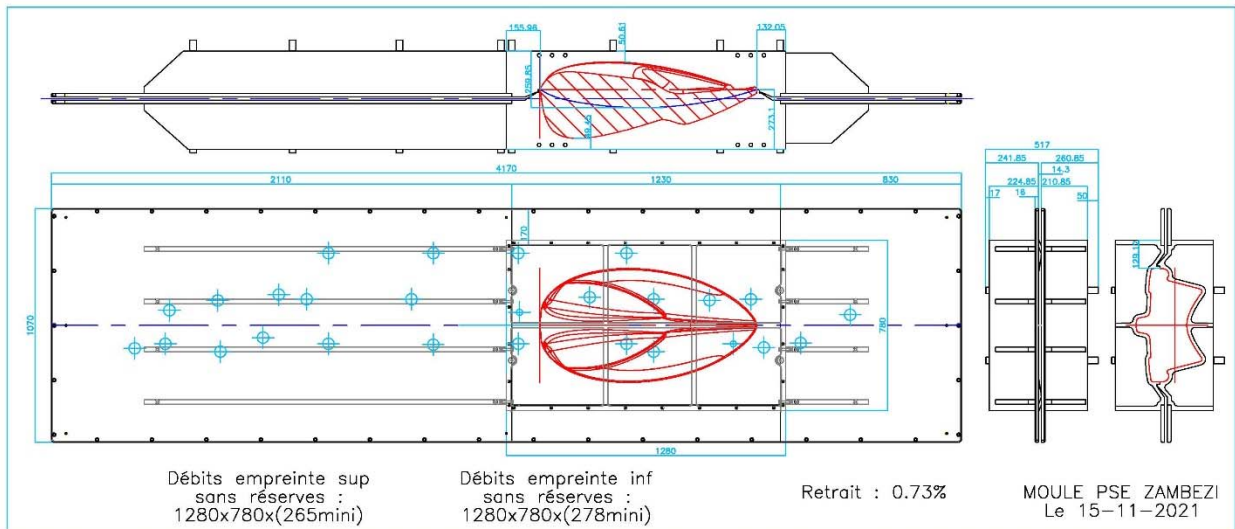
Two such thermoforming systems are ACE-TEC and TOUGH-TEC, proprietary thermoforming systems of Tahe.

On January 22, 2021, the Company entered into the OEM Agreement with Tahe Outdoors. The OEM Agreement is a definitive three-year agreement for the manufacture, assembly and sale of the Swimboards by Tahe. Pursuant to the terms of the OEM Agreement, the Company must order a minimum of 1,000 Swimboards from Tahe within the first two years of the term, commencing February 1, 2022, with a minimum order size of 500 Swimboards.

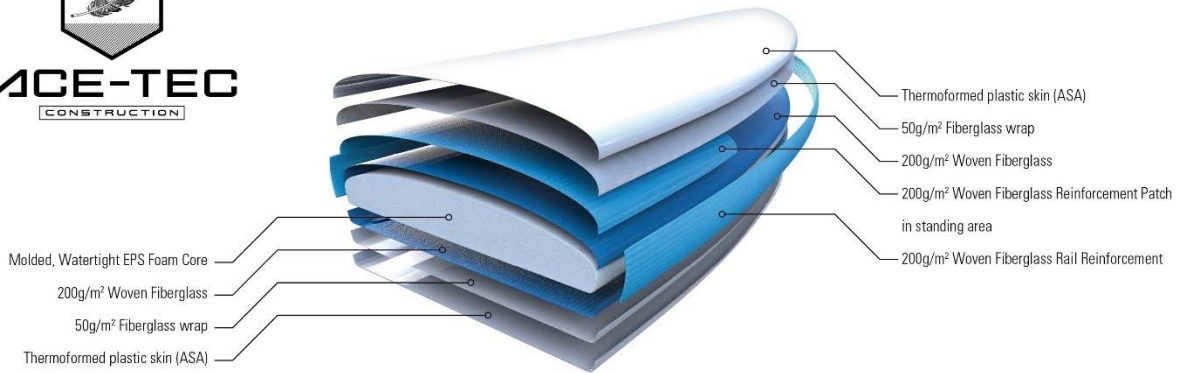
To date, the Company has not purchased any Swimboards from Tahe and the Company has not manufactured any Swimboards other than the 32 pre-production versions used for testing and marketing purposes.

On November 15, 2021, Tahe completed the designs for the EPS mold and Thermoforming molds of the Swimboard (depicted below). Based on recent communications with Tahe, the Company anticipates

completion of the physical molds in February of 2022 with approximately 50 prototypes to be produced by March of 2022. Production of the first 500 Swimboards is expected on December 5, 2022, with the Company being required to pay for the order within 30 days, or January 5, 2023.



Earlier presentations and videos showcased the long-bow search and rescue variants of the Swimboard. Over the past six months, in collaboration with Tahe, the Swimboard has undergone massive improvements. The new Swimboard is significantly shorter, and more agile and nimble than ever before, yet capable of supporting an even wider range of rider size. The largest size is just over 3'2" long and weighs about 8lbs. The founders continue to be amazed at the real-world capabilities and performance being revealed.



Molded, Watertight EPS Foam Core  
 200g/m² Woven Fiberglass  
 50g/m² Fiberglass wrap  
 Thermoformed plastic skin (ASA)

Thermoformed plastic skin (ASA)  
 50g/m² Fiberglass wrap  
 200g/m² Woven Fiberglass  
 200g/m² Woven Fiberglass Reinforcement Patch in standing area  
 200g/m² Woven Fiberglass Rail Reinforcement



Molded, Watertight EPS Foam Core  
 Polyethylene outer shell

Deck pad  
 Polyethylene outer shell

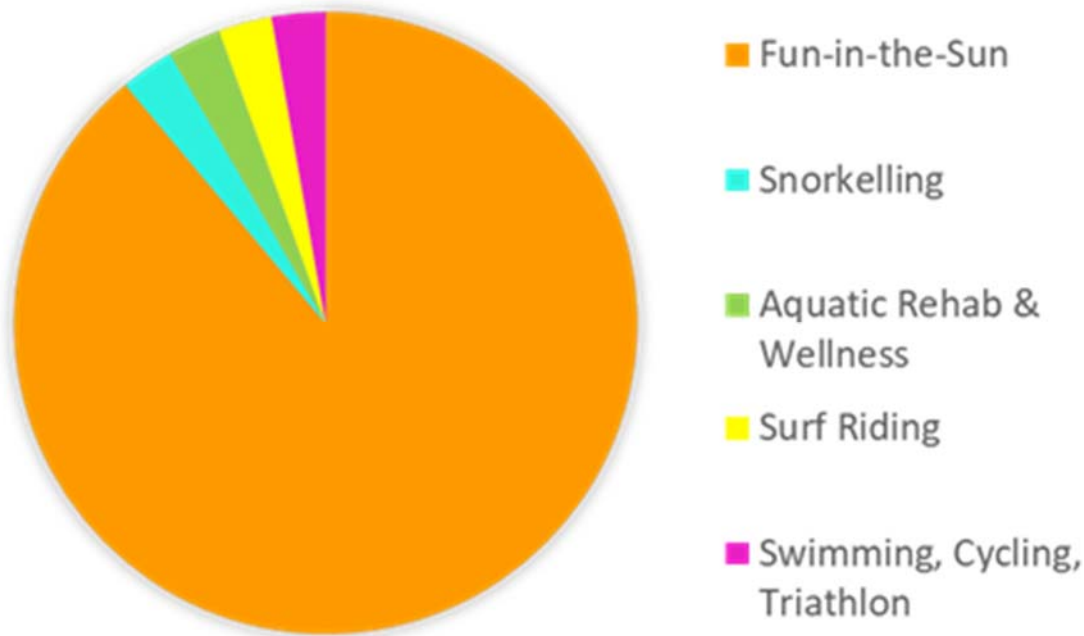
## Marketing

The Company’s priority market is “Fun-in-the-Sun” - regular people, of all ages, shapes and sizes having summertime fun with friends and family.

It is in major resort areas that this priority market intersects with SWMBRD’s other target markets:

- Scuba and Snorkelling;
- Aquatic Rehab and Wellness;
- Surf Riding; and
- Swimmers, Cyclists and Triathletes.





Engaging large numbers of consumers in the world’s most influential resort areas is the most effective way of spreading demand for the board globally. SWMBRD has identified several high priority resort areas, each of which exerts enormous influence globally. Each of these areas meet the following criteria:

- Premier world-class destination, with consistent, major media coverage (Conde Nast Traveller, Trip Advisor, etc.);
- A spectrum of affordability, ranging from 3-5 star, with significant luxury resort presence;
- A safe and attractive swimming environment, with excellent opportunities for Swimboarding;
- An extremely proactive mentality in providing quality recreation opportunities to guests;
- Dedicated resort activities staff members; and
- Significant on-site or local beach retail outlets.

### *Marketing Strategy*

SWMBRD’s strategy is to focus on a specific series of high profile tourism regions principally in the Mediterranean region. The area to be intensively targeted by SWMBRD in the first 12 months of operations is the Athens Riviera, Greece and nearby islands, along with promotional footage filmed in other areas of Greece.

SWMBRD already has excellent representation and allies in these regions. The marketing budget for the first 12 months of operations is \$100,000.

Over the first 12 months of operations, with regard to both corporate structure and marketing, the Company expects to:

1. Establish a working base and associated infrastructure in Athens, Greece;
2. Familiarize itself and become functional within the Greek system of business;
3. Establish a fully functional Greek subsidiary, subordinate to the Canadian Company;
4. Develop key strategic relationships with local tourism industries;
5. Build a professional demonstration, sales and promotional team of Greek personnel;

6. Film a significant portfolio of high quality video and photographic media; and
7. Build a high quality website including online sales platform and social media components.

The Company originally developed the Company's previous (ZAMBEZI World) website, and is currently creating its new [www.swmbrd.com](http://www.swmbrd.com) website, product marketing materials and videos.

The Company expects to deploy an 18-board demonstration fleet concentrating on key resorts and organized beaches in Athens and surrounding areas, thereby magnifying impact. These target zones are relatively compact, and participating partners will be well positioned to influence other resorts and rental outlets within the same beach areas. Most of the target resorts are part of a broader chain or consortium of similar properties who are in direct and vigorous competition with each other.

Thorough training of demonstration staff will be provided, to ensure that the SWMBRD branded experience is fully embraced prior to a property receiving demonstrations. The impact of this initial fleet of boards will be magnified by a significant social media marketing initiative, as well as by energetic direct B2B outreach, and strategic partnerships.

The Company's goal is to leverage the success of these demonstrations in order to close subsequent sales with an increasing number of resorts and rental outlets in the year following the first 12 months of operation. It is SWMBRD's strategy to focus on getting commercial sales, prior to online retail sales. The reason for this is that resort and rental boards will ultimately influence more consumers, by virtue of constant exposure to new guests or customers.

#### *Social Media Strategy*

SWMBRD will focus heavily on its social media presence. The Company embraces the philosophy that, in the current social media environment, "the individual is a brand".

As discussed, SWMBRD's primary focus is on resort and vacation areas. Because the Swimboard is new, exciting, and visually attractive, it is highly probable that people participating in Swimboard related activities in these environments will share these experiences on their social media channels.

Of much importance is the emergence of 'travelling couples' as opinion influencers in the social media environment. 'Travelling couples' can be simply explained as couples who travel to a wide variety of vacation destinations, recording their experiences, opinions, reviews, etc. on their social media channels. The goal of these travelling couples is to build their audience (followers) and ultimately monetize their travelling brand.

SWMBRD will make a priority of partnering with such travelling couples, incentivising them to showcase Swimboarding experiences in their travels. Complimentary boards will be provided, and strategic partners (dive fins brands such as MARES) will be encouraged to partner in these initiatives.

An important component of SWMBRD's current and future social media strategy is the extensive use of HD video and photography, along with compelling locations and authentic human interactions. Indeed, the Company is frequently complimented on the unique style, beauty and authenticity of its Facebook, YouTube and Instagram content.

SWMBRD will continue to build energetically on this success by budgeting heavily for photographic equipment and photographers, including drone operators.

## **Sales and Distribution**

There are three principal methods by which Swimboards will be sold and distributed:

1. Resorts and commercial sales;
2. Resort retail outlets; and
3. Online sales through SWMBRD's E-store.

SWMBRD does not intend to retail its products through traditional brick-and-mortar retailers. The modern consumer is now very familiar with the process of ordering products online. Indeed, this is second nature for younger consumers. By avoiding the enormous complexities of catering to big box stores and chains, the Swimboard can be kept at a very competitive and attractive price point.

### *Resort and Commercial Sales*

Resorts, hotels, and organized beaches go to great lengths and expense to improve the experience of their guests. Most of these entities offer a wide range of aquatic sports boards and equipment rentals, and many also offer guided tours, lessons, and other activities for which aquatic sports boards are required or preferred. Swimboards will be marketed and sold to these entities by way of volume orders placed in advance. These orders will range in size and scope from orders consisting of enough boards for one stand-alone family-owned beach resort, all the way up to large scale orders to supply multiple properties within a resort chain.

Sales to such commercial buyers would be transacted directly with SWMBRD Management. Down payments will be secured, sufficient to cover manufacturing and distribution costs, with balance due upon delivery. Such boards will be transported en masse directly from Tahe factory in Vannes, France, using bulk shipping containers, local Tahe distribution channels or local fulfilment services.

### *Retail Sales within the Resort Environment*

It is common for medium to large size beach resorts to have on-site retail stores situated within them, selling all manner of vacation related products. Where such on-site stores do not exist, it is common that they will exist as stand-alone beach stores nearby, usually on the same beach-front strip as the resort is located on.

Because, particularly in Europe, resort vacationers may often be at one resort for up to two weeks or more and, given that the Swimboard is small enough and light enough to be easily and inexpensively transported as regular baggage on most airline flights, it is certainly likely that some consumers will choose to buy a Swimboard while they are still on vacation.

### *Online Sales*

E-commerce is a rapidly evolving technology, and SWMBRD intends to remain fully up-to-date in this regard at all times. The Company's e-commerce store will be directly connected with fulfilment companies with regionalized inventories and distribution centres and systems.

Fulfilment companies such as DHL have well developed plug-and-play fulfilment service offerings for companies such as SWMBRD, and the Company will, over the first 12 months of operation, decide on the best system and provider for our needs.

In simplest terms, these systems function in the following way:

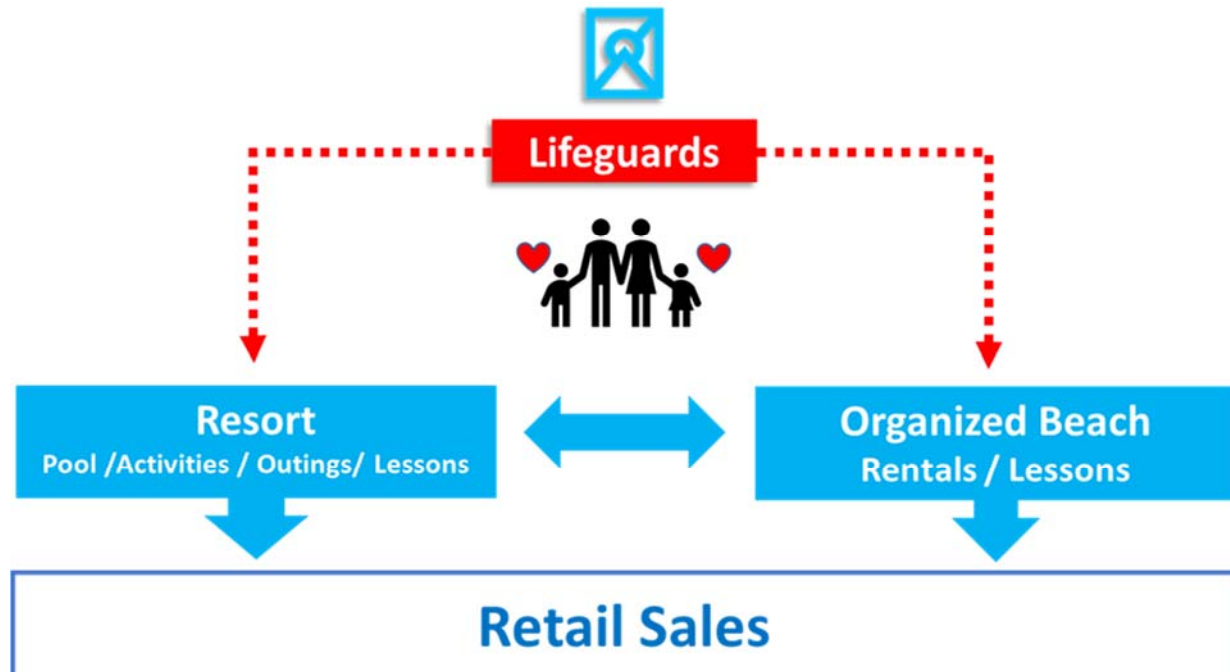
1. The customer places an order on online and concludes payment;
2. Once payment is confirmed, sales ticket passes to the fulfilment company;
3. Fulfilment company determines optimal way for product to be delivered to the customer;
4. Local fulfilment depot fills order from its localized inventory;
5. Product is delivered to the customer;
6. Local inventory is adjusted and replacement product is ordered; and
7. Upon confirmation of product receipt, customer is a registered SWMBRD owner, enjoying such benefits as the Company may decide to offer in the future.

*Strategic Allies*

To date, the Company has established informal relationships with industry groups, resorts and hotels for the use and distribution of the Swimboard. The Company anticipates entering into formal agreements once the Swimboards are manufactured.

In particular, SWMBRD has already gained the attention of members of the lifeguards industry. The remarkable power, versatility, agility of the Swimboard, coupled with its tiny size, make it the perfect choice for lifeguards. The Company believes lifeguards will be a very influential marketing ally in its future interactions with resorts and resort guests. A total of six (6) Swimboards, which were donated by the Company, are already in use in special events by Lifeguard Hellas, the largest lifeguard organization in Greece. Lifeguard Hellas employs more than 300 lifeguards in the Athens Riviera area and on the Greek Islands. The organization also operates an important lifeguard school and certification program. The bonds between SWMBRD and Lifeguard Hellas have become very strong, as may be seen on SWMBRD’s Facebook page, and management of the Company believes there is the clear understanding of a mutually profitable future as large-scale production of Swimboards begins.

As they protect beach goers, lifeguards are engaging, admired and attractive as is the Swimboard.



## Specialized Skill and Knowledge

SWMBRD's business requires specialized knowledge and technical skill in the sport of swimboarding. Aside from the Company's directors and officers, the Company has experienced advisors as described below.

### Chris Ladner

Chris Ladner is based in the Vancouver area, and is one of the pioneers of the outdoor aquatic sport retail and rental industry in Western Canada. For 30 years, Chris owned and operated Ecomarine Kayak Centres, with numerous important locations in Vancouver. The most well-known, iconic location was the flagship store on Vancouver's famous Granville Island. Two other locations were the rental and tour centres located at popular English Bay Beach, and at the prestigious Jericho Sailing Centre, Jericho Beach. It was Chris who pioneered SUP and Kayak rentals in Western Canada, and it was he who was among the very first people to immediately grasp the significance of the Swimboard.

Mr. Ladner received 10 Common Shares for nominal consideration. Following the Company's completion of a 16,867 for 1 stock split on November 27, 2020, Mr. Ladner holds a total of 16,867 Common Shares. Mr. Ladner has received no other compensation from the Company and Mr. Ladner holds no other roles or positions with the Company other than as an advisor. There is no agreement between the Company and Mr. Ladner. Mr. Ladner will not be involved in sales and distribution of Swimboards.

## Competitive Conditions

The Company's patents and unique brand identity protects the Company from certain competitive forces.

The Company operates in an industry that is rapidly evolving and competitive. Some actual and potential competitors have longer operating histories, greater name recognition, access to larger customer bases and greater resources, including sales and marketing, financial and other resources.

### *Price and size comparison with SUP*

Because most people do not have reliable access to surf environments, and generally prefer calmer, less dangerous aquatic environments, the only existing aquatic board that can be truly compared to the Swimboard is the stand-up paddleboard (SUP). We have identified the following companies that offer SUP's:

Name	Product	Target Market	Operations Location
Tower Paddle Boards	Direct-to-consumer SUP sales online and through retail store	Within United States and inflatable SUPs internationally	San Diego, California
Kahuna Paddleboards Inc.	SUPs and accessories online and through dealers	Sells and ship within Canada only	Whistler, British Columbia
iROCKER Paddle Boards	Inflatable SUPs and accessories online	Sells and ships to Canada, United States, Australia, United Kingdom, Germany, Italy, Spain, and European Union	Jacksonville, Florida

TAHE	SUPs, surfboards, windsurf boards, kayaks, rigs, dinghies, and accessories through dealers	International	Vannes, France
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SUPs come in many different forms, depending upon the environment in which they will be used, size and skill of the rider. In reality, SUPs designed for high performance or surf applications are not relevant to the average consumer because of the difficulty involved in using them, as well as the high price of such speciality boards.

The SUP market is dominated by general purpose boards, averaging about 11-12' for adult riders, weighing about 30-35lbs, depending on construction. Smaller SUP versions are available for smaller adults and children, but particularly in beach rental or resort environments these are far less available than standard adult boards.

By comparison, the consumer grade Swimboard will be less than 4' in length and 10lbs in weight. Indeed, even the current Search-and-Rescue version of the Swimboard is only 4'2" and 15lbs in weight.

In order to provide a stable benchmark for comparison, the prices and SUPs shown below are all in Euros and are priced as for sale in France. Obviously, as such products are distributed outside France, the costs of distribution will rise. However, it goes without saying that the significantly smaller, lighter Swimboard will be significantly more economical to transport, store and distribute than the far larger heavier SUPs shown. Therefore, the price advantage of the Swimboard over the SUP is only likely to increase, the further away the final consumer is from the factory.

### PRICE COMPARISON

	Construction	EU€
<b>ZAMBEZI</b>	Twin Thermoformed	500
Mid-range dive fins		18
		<b>518</b>
<b>Mid-Range 11' SUP</b>	Twin Thermoformed	1,099
Mid-Range Paddle		139
SUP Leash and Coil		39
		<b>1,277</b>



Mid- Range Twin Thermoformed Boards, priced as on 19 March 2021.

- Note:
- SUPs under 11' are not suitable for average adult rental or resort boards.
  - 'Surf' and 'performance' SUPs are not suitable for beginners.


### Government Regulation




The Company is not aware of any legal regulation applicable to the Swimboard.

## Intellectual Property

SWMBRD invested heavily in patenting the Swimboard in the following jurisdictions: Canada, the United States, the European Union, Bosnia and Herzegovina. All of the patents indicated in the catalogue below have been fully granted and are in good standing.

As funds permit, the Company will continue to increase the breadth of its patent holdings as well as pursuing a variety of trademarks in these jurisdictions. Currently the Company holds the trademark for "ZAMBEZI" in Canada in the sporting goods and clothing sectors.

Trademark Portfolio Report								
For Client: <b>z092 - Zambezi Sports Inc.</b>			<div style="border: 1px solid black; padding: 5px;"> <p><u>Report Options:</u>    Include Trademark Images: Yes                                      Include Deadlines: Yes                                      Include Goods/Services Descriptions: No                                      Include Inactive Trademarks: No                                      Registered Trademarks Only: No                                      Exclude Registered Trademarks: No                                      Short Form Report: No</p> <p><u>Sort Order:</u>            OWGM File Number</p> </div>					
Country	Trademark	Status	OWGM File	Appln. No.	Appln. Date	Regn. No.	Regn. Date	
Action(s) Due		Due Date						
Canada	ZAMBEZI	Registered	Z092 0002	1779204	25-Apr-2016	TMA1064957	02-Dec-2019	
	Complete Classification		Owner: Zambezi Sports Inc.					
	First Renewal							
				Nice Classified: No				
Canada	SWIMBIRD	Pending	Z092 0050	2114166	15-Jun-2021			
	Foreign Filings		Owner: Zambezi Sports Inc.					
	Family Z092 0050			Nice Classified: Yes				
United States	SWIMBIRD	Pending	Z092 0051	90/790247	23-Jun-2021			
				Allowance Date:				
European Union (Com	SWIMBIRD	Published	Z092 0052	018499792	23-Jun-2021			
				Owner: Swmbrd Sports Inc.				
Canada	SWMBRD & Design	Pending	Z092 0053	2114165	15-Jun-2021			
	Foreign Filings		Owner: Zambezi Sports Inc.					
	Family Z092 0053			Nice Classified: Yes				
								

Country	Trademark	Status	OWGM File	Appln. No.	Appln. Date	Regn. No.	Regn. Date
Action(s) Due		Due Date					
United States	SWMBRD & Design	Pending	Z092 0054	90/790260	23-Jun-2021		
			Owner: Zambezi Sports Inc.				Allowance Date:
							
European Union (Com	SWMBRD & Design	Published	Z092 0055	018499794	23-Jun-2021		
			Owner: Swmbrd Sports Inc.				
							
United Kingdom	SWIMBIRD	Published	Z092 0056	UK00003659895	24-Jun-2021		
			Owner: Zambezi Sports Inc.				
	Family Z092 0050						
United Kingdom	SWMBRD & Design	Published	Z092 0057	UK00003659898	24-Jun-2021		
			Owner: Swmbrd Sports Inc.				
	Family Z092 0053						
							



**Patent Portfolio Report**

For Client: **z092 - Zambezi Sports Inc.**

<b>Report Options:</b>	Include Deadlines: Yes
	Include Inventors: No
	Include Inactive Cases: No
	Granted Patents Only: No
	Exclude Granted Patents: No
	Short Form Report: No
<b>Sort Order:</b>	OWGM File Number

OWGM File Your File	Owner Family	Country Case Type	Status	Appln. No. Appln. Date	Patent No. Patent Date	Priority No. Priority Date	Expiration Date
	<b>Action(s) Due</b>	<b>Due Date</b>					
Z092 0001	Zambezi Sports Inc.	Patent Cooperation Treaty Ordinary Filing	Natl Phase	PCT/CA2016/050570 19-May-2016		62/163587 19-May-2015	
<b>AQUATIC SPORTS BOARD</b>							
Z092 0003	Zambezi Sports Inc. Z092 0003	Canada Design	Granted	168567 19-May-2016	168567 02-Jul-2019		02-Jul-2029
	Renewal	02-Jul-2024					
<b>AQUATIC SPORTS BOARD</b>							
Z092 0004	Zambezi Sports Inc. Z092 0003	Canada Design	Granted	168568 19-May-2016	168568 02-Jul-2019		02-Jul-2029
	Renewal	02-Jul-2024					
<b>AQUATIC SPORTS BOARD</b>							
Z092 0005	Zambezi Sports Inc. Z092 0003	United States Design	Granted	29/584901 18-Nov-2016	D869585 10-Dec-2019	168567 19-May-2016	10-Dec-2034
	Reissue	10-Dec-2021					
<b>AQUATIC SPORTS BOARD</b>							

OWGM File Your File	Owner Family	Country Case Type	Status	Appl. No. Appln. Date	Patent No. Patent Date	Priority No. Priority Date	Expiration Date
Action(s) Due		Due Date					
Z092 0006	Zambezi Sports Inc.	European Community	Granted	003472265	003472265-0001	168567	18-Nov-2041
	Z092 0003	Design		18-Nov-2016	17-Jan-2017	19-May-2016	
	1st Renewal Due	18-Nov-2021					
	2nd Renewal Due	18-Nov-2026					
	3rd Renewal Due	18-Nov-2031					
	Final Renewal Due	18-Nov-2036					
AQUATIC SPORTS BOARD							
Z092 0007	Zambezi Sports Inc.	European Community	Granted	003472265	003472265-0002	168567	18-Nov-2041
	Z092 0003	Design		18-Nov-2016	17-Jan-2017	19-May-2016	
	1st Renewal Due	18-Nov-2021					
	2nd Renewal Due	18-Nov-2026					
	3rd Renewal Due	18-Nov-2031					
	Final Renewal Due	18-Nov-2036					
AQUATIC SPORTS BOARD							
Z092 0008	Zambezi Sports Inc.	European Community	Granted	003472265	003472265-0003	168567	18-Nov-2041
	Z092 0003	Design		18-Nov-2016	17-Jan-2017	19-May-2016	
	1st Renewal Due	18-Nov-2021					
	2nd Renewal Due	18-Nov-2026					
	3rd Renewal Due	18-Nov-2031					
	Final Renewal Due	18-Nov-2036					
AQUATIC SPORTS BOARD							

OWGM File Your File	Owner Family	Country Case Type Due Date	Status	Appln. No. Appln. Date	Patent No. Patent Date	Priority No. Priority Date	Expiration Date
Z092 0009	Zambezi Sports Inc.	European Community	Granted	003472265	003472265-0004	168567	18-Nov-2041
	Z092 0003	Design		18-Nov-2016	17-Jan-2017	19-May-2016	
	1st Renewal Due	18-Nov-2021					
	2nd Renewal Due	18-Nov-2026					
	3rd Renewal Due	18-Nov-2031					
	Final Renewal Due	18-Nov-2036					
AQUATIC SPORTS BOARD							
Z092 0010	Zambezi Sports Inc.	European Community	Granted	003472265	003472265-0005	168567	18-Nov-2041
	Z092 0003	Design		18-Nov-2016	17-Jan-2017	19-May-2016	
	1st Renewal Due	18-Nov-2021					
	2nd Renewal Due	18-Nov-2026					
	3rd Renewal Due	18-Nov-2031					
	Final Renewal Due	18-Nov-2036					
AQUATIC SPORTS BOARD							
Z092 0011	Zambezi Sports Inc.	European Community	Granted	003472265	003472265-0006	168567	18-Nov-2041
	Z092 0003	Design		18-Nov-2016	17-Jan-2017	19-May-2016	
	1st Renewal Due	18-Nov-2021					
	2nd Renewal Due	18-Nov-2026					
	3rd Renewal Due	18-Nov-2031					
	Final Renewal Due	18-Nov-2036					
AQUATIC SPORTS BOARD							

OWGM File Your File	Owner Family	Country Case Type	Status	Appl. No. Appln. Date	Patent No. Patent Date	Priority No. Priority Date	Expiration Date
Action(s) Due		Due Date					
Z092 0012	Zambezi Sports Inc.	European Community	Granted	003472265	003472265-0007	168567	18-Nov-2041
	Z092 0012	Design		18-Nov-2016	17-Jan-2017	19-May-2016	
	1st Renewal Due	18-Nov-2021					
	2nd Renewal Due	18-Nov-2026					
	3rd Renewal Due	18-Nov-2031					
	Final Renewal Due	18-Nov-2036					
AQUATIC SPORTS BOARD							
Z092 0013	Zambezi Sports Inc.	European Community	Granted	003472265	003472265-0008	168567	18-Nov-2041
	Z092 0013	Design		18-Nov-2016	17-Jan-2017	19-May-2016	
	1st Renewal Due	18-Nov-2021					
	2nd Renewal Due	18-Nov-2026					
	3rd Renewal Due	18-Nov-2031					
	Final Renewal Due	18-Nov-2036					
AQUATIC SPORTS BOARD							
Z092 0014	Zambezi Sports Inc.	European Community	Granted	003472265	003472265-0009	168567	18-Nov-2041
	Z092 0014	Design		18-Nov-2016	17-Jan-2017	19-May-2016	
	1st Renewal Due	18-Nov-2021					
	2nd Renewal Due	18-Nov-2026					
	3rd Renewal Due	18-Nov-2031					
	Final Renewal Due	18-Nov-2036					
AQUATIC SPORTS BOARD							

OWGM File Your File	Owner Family	Country Case Type	Status	Appl. No. Appln. Date	Patent No. Patent Date	Priority No. Priority Date	Expiration Date
Action(s) Due		Due Date					
Z092 0015	Zambezi Sports Inc.	European Community	Granted	003472265	003472265-0010	168567	18-Nov-2041
	Z092 0015	Design		18-Nov-2016	17-Jan-2017	19-May-2016	
	1st Renewal Due	18-Nov-2021					
	2nd Renewal Due	18-Nov-2026					
	3rd Renewal Due	18-Nov-2031					
	Final Renewal Due	18-Nov-2036					
AQUATIC SPORTS BOARD							
Z092 0016	Zambezi Sports Inc.	European Community	Granted	003472265	003472265-0011	168567	18-Nov-2041
	Z092 0016	Design		18-Nov-2016	17-Jan-2017	19-May-2016	
	1st Renewal Due	18-Nov-2021					
	2nd Renewal Due	18-Nov-2026					
	3rd Renewal Due	18-Nov-2031					
	Final Renewal Due	18-Nov-2036					
AQUATIC SPORTS BOARD							
Z092 0017	Zambezi Sports Inc.	European Community	Granted	003472265	003472265-0012	168567	18-Nov-2041
	Z092 0017	Design		18-Nov-2016	17-Jan-2017	19-May-2016	
	1st Renewal Due	18-Nov-2021					
	2nd Renewal Due	18-Nov-2026					
	3rd Renewal Due	18-Nov-2031					
	Final Renewal Due	18-Nov-2036					
AQUATIC SPORTS BOARD							

OWGM File Your File	Owner Family	Country Case Type	Status	Appl. No. Appln. Date	Patent No. Patent Date	Priority No. Priority Date	Expiration Date
Action(s) Due		Due Date					
Z092 0018	Zambezi Sports Inc.	European Community	Granted	003472265	003472265-0013	168567	18-Nov-2041
	Z092 0003	Design		18-Nov-2016	17-Jan-2017	19-May-2016	
	1st Renewal Due	18-Nov-2021					
	2nd Renewal Due	18-Nov-2026					
	3rd Renewal Due	18-Nov-2031					
	Final Renewal Due	18-Nov-2036					
AQUATIC SPORTS BOARD							
Z092 0019	Zambezi Sports Inc.	European Community	Granted	003472265	003472265-0014	168567	18-Nov-2041
	Z092 0003	Design		18-Nov-2016	17-Jan-2017	19-May-2016	
	1st Renewal Due	18-Nov-2021					
	2nd Renewal Due	18-Nov-2026					
	3rd Renewal Due	18-Nov-2031					
	Final Renewal Due	18-Nov-2036					
AQUATIC SPORTS BOARD							
Z092 0020	Zambezi Sports Inc.	European Community	Granted	003472265	003472265-0015	168567	18-Nov-2041
	Z092 0003	Design		18-Nov-2016	17-Jan-2017	19-May-2016	
	1st Renewal Due	18-Nov-2021					
	2nd Renewal Due	18-Nov-2026					
	3rd Renewal Due	18-Nov-2031					
	Final Renewal Due	18-Nov-2036					
AQUATIC SPORTS BOARD							

OWGM File Your File	Owner Family	Country Case Type Due Date	Status	Appln. No. Appln. Date	Patent No. Patent Date	Priority No. Priority Date	Expiration Date
Z092 0021	Zambezi Sports Inc.	European Community	Granted	003472265	003472265-0016	168567	18-Nov-2041
	Z092 0003	Design		18-Nov-2016	17-Jan-2017	19-May-2016	
	1st Renewal Due	18-Nov-2021					
	2nd Renewal Due	18-Nov-2026					
	3rd Renewal Due	18-Nov-2031					
	Final Renewal Due	18-Nov-2036					
AQUATIC SPORTS BOARD							
Z092 0022	Zambezi Sports Inc.	European Community	Granted	003472265	003472265-0017	168567	18-Nov-2041
	Z092 0003	Design		18-Nov-2016	17-Jan-2017	19-May-2016	
	1st Renewal Due	18-Nov-2021					
	2nd Renewal Due	18-Nov-2026					
	3rd Renewal Due	18-Nov-2031					
	Final Renewal Due	18-Nov-2036					
AQUATIC SPORTS BOARD							
Z092 0023	Zambezi Sports Inc.	European Community	Granted	003472265	003472265-0018	168567	18-Nov-2041
	Z092 0003	Design		18-Nov-2016	17-Jan-2017	19-May-2016	
	1st Renewal Due	18-Nov-2021					
	2nd Renewal Due	18-Nov-2026					
	3rd Renewal Due	18-Nov-2031					
	Final Renewal Due	18-Nov-2036					
AQUATIC SPORTS BOARD							

OWGM File Your File	Owner Family	Country Case Type Due Date	Status	Appln. No. Appln. Date	Patent No. Patent Date	Priority No. Priority Date	Expiration Date
Z092 0028	Zambezi Sports Inc.	United Kingdom	Granted	9003472265	9003472265000	168567	18-Nov-2041
	Z092 0003	Design		18-Nov-2016	17-Jan-2017	19-May-2016	
	1st Renewal Due	18-Nov-2021					
	2nd Renewal Due	18-Nov-2026					
	3rd Renewal Due	18-Nov-2031					
	Final Renewal Due	18-Nov-2036					
AQUATIC SPORTS BOARD							
Z092 0029	Zambezi Sports Inc.	United Kingdom	Granted	9003472265	9003472265000	168567	18-Nov-2041
	Z092 0003	Design		18-Nov-2016	17-Jan-2017	19-May-2016	
	1st Renewal Due	18-Nov-2021					
	2nd Renewal Due	18-Nov-2026					
	3rd Renewal Due	18-Nov-2031					
	Final Renewal Due	18-Nov-2036					
AQUATIC SPORTS BOARD							
Z092 0030	Zambezi Sports Inc.	United Kingdom	Granted	9003472265	9003472265000	168567	18-Nov-2041
	Z092 0003	Design		18-Nov-2016	17-Jan-2017	19-May-2016	
	1st Renewal Due	18-Nov-2021					
	2nd Renewal Due	18-Nov-2026					
	3rd Renewal Due	18-Nov-2031					
	Final Renewal Due	18-Nov-2036					
AQUATIC SPORTS BOARD							



OWGM File Your File	Owner Family	Country Case Type	Status	Appln. No. Appln. Date	Patent No. Patent Date	Priority No. Priority Date	Expiration Date
Action(s) Due		Due Date					
Z092 0031	Zambezi Sports Inc.	United Kingdom	Granted	9003472265	9003472265000 4	168567	18-Nov-2041
	Z092 0003	Design		18-Nov-2016	17-Jan-2017	19-May-2016	
	1st Renewal Due	18-Nov-2021					
	2nd Renewal Due	18-Nov-2026					
	3rd Renewal Due	18-Nov-2031					
	Final Renewal Due	18-Nov-2036					
AQUATIC SPORTS BOARD							
Z092 0032	Zambezi Sports Inc.	United Kingdom	Granted	9003472265	9003472265000 5	168567	18-Nov-2041
	Z092 0003	Design		18-Nov-2016	17-Jan-2017	19-May-2016	
	1st Renewal Due	18-Nov-2021					
	2nd Renewal Due	18-Nov-2026					
	3rd Renewal Due	18-Nov-2031					
	Final Renewal Due	18-Nov-2036					
AQUATIC SPORTS BOARD							
Z092 0033	Zambezi Sports Inc.	United Kingdom	Granted	9003472265	9003472265000 6	168567	18-Nov-2041
	Z092 0003	Design		18-Nov-2016	17-Jan-2017	19-May-2016	
	1st Renewal Due	18-Nov-2021					
	2nd Renewal Due	18-Nov-2026					
	3rd Renewal Due	18-Nov-2031					
	Final Renewal Due	18-Nov-2036					
AQUATIC SPORTS BOARD							

OWGM File Your File	Owner Family	Country Case Type Due Date	Status	Appln. No. Appln. Date	Patent No. Patent Date	Priority No. Priority Date	Expiration Date
Z092 0034	Zambezi Sports Inc.	United Kingdom	Granted	9003472265	9003472265000	168567	18-Nov-2041
	Z092 0012	Design		18-Nov-2016	17-Jan-2017	19-May-2016	
	1st Renewal Due	18-Nov-2021					
	2nd Renewal Due	18-Nov-2026					
	3rd Renewal Due	18-Nov-2031					
	Final Renewal Due	18-Nov-2036					
AQUATIC SPORTS BOARD							
Z092 0035	Zambezi Sports Inc.	United Kingdom	Granted	9003472265	9003472265000	168567	18-Nov-2041
	Z092 0013	Design		18-Nov-2016	17-Jan-2017	19-May-2016	
	1st Renewal Due	18-Nov-2021					
	2nd Renewal Due	18-Nov-2026					
	3rd Renewal Due	18-Nov-2031					
	Final Renewal Due	18-Nov-2036					
AQUATIC SPORTS BOARD							
Z092 0036	Zambezi Sports Inc.	United Kingdom	Granted	9003472265	9003472265000	168567	18-Nov-2041
	Z092 0014	Design		18-Nov-2016	17-Jan-2017	19-May-2016	
	1st Renewal Due	18-Nov-2021					
	2nd Renewal Due	18-Nov-2026					
	3rd Renewal Due	18-Nov-2031					
	Final Renewal Due	18-Nov-2036					
AQUATIC SPORTS BOARD							

OWGM File Your File	Owner Family	Country Case Type Due Date	Status	Appln. No. Appln. Date	Patent No. Patent Date	Priority No. Priority Date	Expiration Date
Z092 0037	Zambezi Sports Inc.	United Kingdom	Granted	9003472265	9003472265001	168567	18-Nov-2041
	Z092 0015	Design		18-Nov-2016	17-Jan-2017	19-May-2016	
	1st Renewal Due	18-Nov-2021					
	2nd Renewal Due	18-Nov-2026					
	3rd Renewal Due	18-Nov-2031					
	Final Renewal Due	18-Nov-2036					
AQUATIC SPORTS BOARD							
Z092 0038	Zambezi Sports Inc.	United Kingdom	Granted	9003472265	9003472265001	168567	18-Nov-2041
	Z092 0016	Design		18-Nov-2016	17-Jan-2017	19-May-2016	
	1st Renewal Due	18-Nov-2021					
	2nd Renewal Due	18-Nov-2026					
	3rd Renewal Due	18-Nov-2031					
	Final Renewal Due	18-Nov-2036					
AQUATIC SPORTS BOARD							
Z092 0039	Zambezi Sports Inc.	United Kingdom	Granted	9003472265	9003472265001	168567	18-Nov-2041
	Z092 0017	Design		18-Nov-2016	17-Jan-2017	19-May-2016	
	1st Renewal Due	18-Nov-2021					
	2nd Renewal Due	18-Nov-2026					
	3rd Renewal Due	18-Nov-2031					
	Final Renewal Due	18-Nov-2036					
AQUATIC SPORTS BOARD							

OWGM File Your File	Owner Family	Country Case Type Due Date	Status	Appln. No. Appln. Date	Patent No. Patent Date	Priority No. Priority Date	Expiration Date
Z092 0040	Zambezi Sports Inc.	United Kingdom	Granted	9003472265	9003472265001 3	168567	18-Nov-2041
	Z092 0003	Design		18-Nov-2016	17-Jan-2017	19-May-2016	
	1st Renewal Due	18-Nov-2021					
	2nd Renewal Due	18-Nov-2026					
	3rd Renewal Due	18-Nov-2031					
	Final Renewal Due	18-Nov-2036					
AQUATIC SPORTS BOARD							
Z092 0041	Zambezi Sports Inc.	United Kingdom	Granted	9003472265	9003472265001 4	168567	18-Nov-2041
	Z092 0003	Design		18-Nov-2016	17-Jan-2017	19-May-2016	
	1st Renewal Due	18-Nov-2021					
	2nd Renewal Due	18-Nov-2026					
	3rd Renewal Due	18-Nov-2031					
	Final Renewal Due	18-Nov-2036					
AQUATIC SPORTS BOARD							
Z092 0042	Zambezi Sports Inc.	United Kingdom	Granted	9003472265	9003472265001 5	168567	18-Nov-2041
	Z092 0003	Design		18-Nov-2016	17-Jan-2017	19-May-2016	
	1st Renewal Due	18-Nov-2021					
	2nd Renewal Due	18-Nov-2026					
	3rd Renewal Due	18-Nov-2031					
	Final Renewal Due	18-Nov-2036					
AQUATIC SPORTS BOARD							

OWGM File Your File	Owner Family	Country Case Type	Status	Appln. No. Appln. Date	Patent No. Patent Date	Priority No. Priority Date	Expiration Date
Action(s) Due		Due Date					
Z092 0043	Zambezi Sports Inc.	United Kingdom	Granted	9003472265	9003472265001	168567	18-Nov-2041
	Z092 0003	Design		18-Nov-2016	17-Jan-2017	19-May-2016	
	1st Renewal Due	18-Nov-2021					
	2nd Renewal Due	18-Nov-2026					
	3rd Renewal Due	18-Nov-2031					
	Final Renewal Due	18-Nov-2036					
AQUATIC SPORTS BOARD							
Z092 0044	Zambezi Sports Inc.	United Kingdom	Granted	9003472265	9003472265001	168567	18-Nov-2041
	Z092 0003	Design		18-Nov-2016	17-Jan-2017	19-May-2016	
	1st Renewal Due	18-Nov-2021					
	2nd Renewal Due	18-Nov-2026					
	3rd Renewal Due	18-Nov-2031					
	Final Renewal Due	18-Nov-2036					
AQUATIC SPORTS BOARD							
Z092 0045	Zambezi Sports Inc.	United Kingdom	Granted	9003472265	9003472265001	168567	18-Nov-2041
	Z092 0003	Design		18-Nov-2016	17-Jan-2017	19-May-2016	
	1st Renewal Due	18-Nov-2021					
	2nd Renewal Due	18-Nov-2026					
	3rd Renewal Due	18-Nov-2031					
	Final Renewal Due	18-Nov-2036					
AQUATIC SPORTS BOARD							

OWGM File Your File	Owner Family	Country Case Type	Status	Appln. No. Appln. Date	Patent. No. Patent Date	Priority. No. Priority Date	Expiration Date
Action(s) Due		Due Date					
Z092 0047	Zambezi Sports Inc. Z092 0047	Canada Design	Pending	204447 22-Jun-2021			
Foreign Filings File Similar Designs Voluntary Divisional		22-Dec-2021 22-Jun-2022 22-Jun-2023					
AQUATIC SPORTS BOARD							
Z092 0048	Zambezi Sports Inc. Z092 0047	United States Design	Pending	29/795994 22-Jun-2021			
Information Disclosure Stmt Missing Parts + 2 months Missing Parts + 3 months Foreign Filings Missing Parts - Absolute (+ 4 months)		24-Oct-2021 24-Oct-2021 24-Nov-2021 22-Dec-2021 24-Dec-2021					
AQUATIC SPORTS BOARD							
Z092 0049	Zambezi Sports Inc. Z092 0047	European Community Design	Pending	008602916 05-Jul-2021		29/795994 22-Jun-2021	
Request Publication 1st Renewal Due 2nd Renewal Due 3rd Renewal Due Final Renewal Due		22-Sep-2023 05-Jul-2026 05-Jul-2031 05-Jul-2036 05-Jul-2041				204447 22-Jun-2021	
AQUATIC SPORTS BOARD							
Z092 0058	Zambezi Sports Inc. Z092 0047	United Kingdom Design	Unfiled				
Convention Deadline		22-Dec-2021					
AQUATIC SPORTS BOARD							

As of 19-Oct-2021

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## Cycles/Seasonality

The Company does not expect to have a cyclical or seasonal business cycle, although SWMBRD's sales and revenues may be subject to slight fluctuations associated with consumer demand trends during seasonal changes in weather.

## Economic Dependence/Changes to Contracts

The Company's business is dependent upon the agreement with Tahe, pursuant to which Tahe has agreed to complete the mold and commence production of the Swimboard. However, because the Swimboard was designed for thermoforming production systems, if Tahe was unable to fulfill its obligations, the Company expects it would be able to utilize one of the many other thermoforming companies to produce the Swimboards. For this reason, the Company believes that any disruptions to the ability of Tahe to produce the Swimboard would cause a delay but not significantly disrupt the Company's plans and business milestones.

## Employees

As at December 31, 2021 the Company had 3 employees, all of which are employed on a full-time basis. As SWMBRD's business grows, the Company expects to continue to supplement its team with additional hires.

## Foreign Operations

The Company currently has no foreign operations but intends to establish operations in the Netherlands and Greece in the future.

## The Impact of the Covid-19 Pandemic

The Covid-19 pandemic and associated lockdowns has impacted resorts and hotels in SWMBRD's target market throughout the summer of 2020. It is important to understand, however, that SWMBRD has great flexibility in how it responds to the duration of the current situation.

While tourism in resort areas has been impacted, local populations have continued to use beaches and lakes in great numbers, albeit under greater regulation. These often-large local populations do not yet have the Swimboard – an ideal way to enjoy the beach or lake away from the crowd. Organized beach rentals remain in operation and indications are that board-sports participation and sales have actually improved under Covid, as people seek ways to exercise and recreate outdoors safely.

This phenomenon is clearly evident in industries such as cycling which, as we have discussed, bear strong similarities of motion, convenience and experience to Swimboarding. Numerous articles and reports have illustrated a dramatic increase in demand for bicycles as a consequence of the Covid-19 situation<sup>16 17</sup>. In addition to bicycles, sales of kayaks, camping equipment, golf equipment, and other outdoor recreational equipment increased significantly as a result of the Covid-19 pandemic<sup>18</sup>.

The Covid-19 situation will end. SWMBRD's strategy does not incorporate revenues from board sales for at least 2 years following the production of the first mold. Instead SWMBRD's priority in this period is to build awareness and demand, while increasing production capacity and forging strategic partnerships.

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<sup>16</sup> CBC News, "Bike sales spike as Vancouverites look for fitness and travel alternatives during COVID-19," 2020. [Online]. Available: <https://www.cbc.ca/news/canada/british-columbia/bike-sales-spike-vancouver-covid-travel-1.5572344>.

<sup>17</sup> Forbes "677% Year-On-Year Sales Uplift Of £500+ Bicycles Due To Lockdown, Reports U.K. Bike Shop Sigma Sports," 2020. [Online]. Available: <https://www.forbes.com/sites/carltonreid/2020/05/19/677-year-on-year-sales-uplift-of-500-bicycles-due-to-lockdown-reports-uk-bike-shop-sigma-sports/?sh=263a1dd6a207>.

<sup>18</sup> NPR, "Amid A Deep Recession, Outdoor Equipment Is Flying Off The Shelves," 2020. [Online]. Available: <https://www.npr.org/2020/09/08/909836817/amid-a-deep-recession-outdoor-equipment-is-flying-off-the-shelves>.

## USE OF AVAILABLE FUNDS

This is a non-offering Prospectus. The Company is not raising any funds in conjunction with this Prospectus, and accordingly there are no distributions of securities or resulting offering proceeds.

As of December 31, 2021, the Company had approximately \$482,347 in working capital. These funds are related to proceeds from financings. In addition, on January 24, 2022, the Company completed a private placement financing in the amount of \$65,500 in gross proceeds, of which \$21,000 was received prior to December 31, 2021.

The Company was incorporated on September 15, 2015. For the year ended February 28, 2021, the Company had \$Nil in revenues and \$175,795 in expenses and for the six month period ended August 31, 2021, the Company had \$Nil in revenues and \$231,286 in expenses. Its cash position was acquired private placement financings.

### Estimated Funds Available

The estimated funds available to the Company in the next 12 months are as follows:

Source of Estimated Funds Available	Amount
Working capital as at December 31, 2021	\$482,347
Funds received from private placement financing on January 24, 2022	\$44,500
Total	\$526,847

### Principal Purposes

The intended use of the estimated funds are as follows:

Use of Available Funds	Estimated Cost
Business Objectives <sup>(1)</sup>	\$146,250
General and administrative expenses (see table below for a detailed breakdown of these expenses)	\$354,000
Unallocated funds	\$26,597
Total	\$486,847

**Notes:**

(1) See "Business Objectives and Milestones".

General and Administrative Expenses	Estimated Cost
Officer and director salaries <sup>(1)</sup>	\$252,000
Management services <sup>(2)</sup>	\$0
Professional fees	\$30,000
Other miscellaneous general expenses	\$72,000
Total	\$354,000

**Notes:**

(1) Justin Schroenn is expected to be paid an annual salary of \$84,000, which is to be paid monthly. As the President and a director, Justin is an insider of the Company. Matthew Schroenn is to be paid an annual salary of \$84,000, which is to be paid monthly. As the Vice-President and a director, Matthew is an insider of the Company. Gareth Schroenn is expected to be paid an annual salary of \$84,000, which is to be paid monthly. As the Vice-President and a director, Gareth is an insider of the Company.

(2) On November 1, 2020, the Company entered into an agreement with Zimtu that may be cancelled with one months' notice, for management, administrative, rent and other support services for \$14,583 per month. On November 1, 2021,



the Company renewed this agreement for an additional twelve months at \$12,500 per month. As a holder of more than 10% of the issued Common Shares, Zimtu is an insider of the Company. On January 21, 2022, the Company entered into an amendment agreement with Zimtu, whereby Zimtu has agreed to defer the amount owed (\$12,500 monthly) until the earlier of the Company becoming cash flow positive or April 30, 2023.

The actual amount that the Company spends in connection with each intended use of funds may vary significantly from the amounts specified above, and will depend on a number of factors including those listed under the heading “*Risk Factors*”.

### **Business Objectives and Milestones**

Based on the estimated funds that the Company believes will be available to it over the next 12 months, the Company plans to achieve the business objectives set out below. The Company anticipates that achievement of these objectives will assist the company to begin generating sales and revenue, in addition to rapidly expanding awareness of, and demand for, the Swimboard.

<b>Business Objective</b>	<b>Estimated Time</b>	<b>Estimated Cost</b>
Completion of final design, production files and testing of preproduction test boards	Complete	\$Nil
Aluminum twin thermoforming mold completed.	5 months	\$Nil
Patent expenses	12 months	\$25,000
Obtain a listing of Common Shares on the CSE	3 months	\$90,000
Production of 50 Swimboards	7 months	\$16,250
Pre-pay Summer 2021 promotional events, equipment, materials, accommodation, transportation, and travel in target regions	4 months	\$15,000
Total		\$146,250

While the Company intends to spend its current capital as listed above, there may be circumstances where, for sound business reasons, a re-allocation of the funds may be necessary or advisable.

The actual amount that the Company spends in connection with each intended use of funds may vary significantly from the amounts specified above, and will depend on a number of factors including those listed under the heading “*Risk Factors*.”

The Company has not yet achieved positive operating cash flow, and there are no assurances that the Company will not continue to experience negative cash flow from operations in the future.

### **DIVIDENDS OR DISTRIBUTIONS**

The Company has not paid dividends since its incorporation. While there are no restrictions in the Company’s Notice of Articles, Articles, or pursuant to any agreement or understanding which could

prevent the Company from paying dividends or distributions, the Company has limited cash flow and anticipates using all available cash resources to fund working capital and grow its business.

As such, the Company has no plans to pay dividends in the foreseeable future. Any decisions to pay dividends in cash or otherwise in the future will be made by the Board of Directors on the basis of the Company's earnings, financial requirements and other conditions existing at the time a determination is made.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

The following sets of MD&A should be read in conjunction with the Financial Statements and the disclosure contained in this Prospectus and the related notes thereto attached as Schedules as noted below. This discussion is current as at the date of this Prospectus. The financial information contained in the MD&A was prepared in accordance with IFRS for the year ended February 28, 2021 and the three and six month period ended August 31, 2021. All amounts in the MD&A are expressed in Canadian dollars unless otherwise identified.

The MD&A contains forward-looking statements that involve numerous risks and uncertainties. Actual results of the Company could differ materially from those discussed in such forward-looking statements as a result of these risks and uncertainties, including those set forth in this Prospectus under "*Caution Regarding Forward-Looking Statements*" and under "*Risk Factors*".

The MD&As for the year ended February 28, 2021 and the three and six month period ended August 31, 2021 for the Company are attached as Schedules "B" and "D" to this Prospectus.

## **DESCRIPTION OF THE SECURITIES**

The following is a summary of the more significant rights, privileges and restrictions attaching to the securities of the Company. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of shareholders of the Company. Full details of the rights attaching to Common Shares are set out in the Company's Articles.

### **Common Shares**

The Company's authorized capital consists of an unlimited number of Common Shares, of which 65,490,872 are issued and outstanding as at the date of this Prospectus. Holders of the Common Shares are entitled to vote at all meetings of its shareholders of Common Shares declared by its directors and, subject to the rights of holders of any shares ranking in priority to or on a parity with the Common Shares (of which none currently exist), to participate ratably in any distribution of the Company's property or assets upon the liquidation, winding-up or other.

### **Preferred Shares**

The Company is authorized to issue an unlimited number of Preferred Shares, of which no Preferred Shares are issued. The holders of Preferred Shares are neither entitled to attend any general meeting of the Company nor vote at any such meeting. The holders of Preferred Shares are entitled to receive dividends as and when declared by the Board of Directors in such amounts and in such form as the Board of Directors may determine from time to time.

In the event of liquidation, dissolution or winding-up of the Company, each holder of Preferred Shares will be entitled to be paid, in preference to and in priority over any distribution of assets or payment to

holders of Common Shares, an amount per share equal to the amount paid for each Preferred Share held plus all accrued but unpaid dividends.

### Performance Warrants

The Company has issued 12,000,000 Performance Warrants. Each Performance Warrant is exercisable at a price of \$0.10 until January 19, 2032 and will vest upon the Company entering into an employment agreement with a former senior level executive from a major sporting brand to act as Chief Executive Officer of the Company. The holder of a Performance Warrant does not constitute a Shareholder, nor entitle it to any right or interest in respect thereof.

### CONSOLIDATED CAPITALIZATION

The following table summarizes the Company's consolidated capitalization as August 31, 2021 and as of the date of this Prospectus:

	As of August 31, 2021	As of the date hereof
Common Shares	64,115,872	65,490,872
Preferred Shares	Nil	Nil
Warrants	21,063,652	21,063,652
Performance Warrants	Nil	12,000,000
Options	Nil	Nil
Restricted Share Units	Nil <sup>(1)</sup>	Nil
Performance Share Units	Nil	Nil
Deferred Share Units	Nil	Nil

**Notes:**

(1) On September 30, 2021, a total of 720,000 RSUs became vested and a total of 720,000 Common Shares were issued in respect of the RSUs.

### OPTIONS TO PURCHASE SECURITIES

#### Long Term Incentive Plan

The Board of Directors adopted the Long Term Incentive Plan on March 15, 2021. The purpose of the Long Term Incentive Plan is to attract and retain directors, officers, employees and consultants of the Company and to motivate them to advance the interest of the Company by affording them with the opportunity to acquire an equity interest in the Company through the grant of restricted share units (each, an "RSU"), performance share units (each, a "PSU"), and deferred share units (each, a "DSU") under the Long Term Incentive Plan. In the future, the Board of Directors intends to adopt a stock option plan to assist with attracting, retaining and motivating directors, officers, employees and consultants of the Company through the grant of stock options (each, an "Option"). The Company does not have a stock option plan as of the date hereof.

#### *Shares Subject to Long Term Incentive Plan*

The Long Term Incentive Plan is a rolling plan which, subject to the adjustment provisions provided for therein (including a subdivision or consolidation of Common Shares), provides that the aggregate maximum number of Common Shares that may be issued upon the exercise or settlement of awards granted under the Long Term Incentive Plan shall not exceed 10% of the Company's issued and

outstanding Common Shares from time to time, such number being 65,490,872 as at the date of this Prospectus. The number of Common Shares available for issuance is also subject to the restrictions imposed under applicable securities laws and the requirements of any stock exchange on which the Common Shares are listed.

The Long Term Incentive Plan is considered an “evergreen” plan, since the Common Shares covered by awards which have been exercised, settled or terminated shall be available for subsequent grants under the Long Term Incentive Plan and the number of awards available to grant increases as the number of issued and outstanding Common Shares increases.

The Long Term Incentive Plan also provides that the total number of Common Shares issuable to persons performing investor relations on behalf of the Company shall not exceed 1% of the Company’s issued and outstanding Common Shares outstanding in any twelve-month period.

#### *Administration of the Long Term Incentive Plan*

The Long Term Incentive Plan will be administered by the Board of Directors, which will have full and final authority with respect to the granting of all securities thereunder. The Board of Directors determines which directors, officers, consultants and key employees are eligible to receive awards under the Long Term Incentive Plan, the time or times at which awards may be granted, the conditions under which awards may be granted or forfeited to the Company, the number of Common Shares to be covered by any award, the exercise price of any award, whether restrictions or limitations are to be imposed on the Common Shares issuable pursuant to grants of any award, and the nature of any such restrictions or limitations, any acceleration of exercisability or vesting, or waiver of termination regarding any award, based on such factors as the Board of Directors may determine.

#### *Eligibility*

All directors, key employees and consultants are eligible to participate in the Long Term Incentive Plan. The extent to which any such individual is entitled to receive a grant of an award pursuant to the Long Term Incentive Plan will be determined in the sole and absolute discretion of the Board of Directors.

#### *Types of Awards*

Awards of RSUs, PSUs and DSUs may be made under the Long Term Incentive Plan. All of the awards described below are subject to the conditions, limitations, restrictions, exercise price, vesting, settlement and forfeiture provisions determined by the Board of Directors, in its sole discretion, subject to such limitations provided in the Long Term Incentive Plan, and will generally be evidenced by an award agreement. In addition, subject to the limitations provided in the Long Term Incentive Plan and in accordance with applicable law, the Board of Directors may accelerate or defer the vesting or payment of awards, cancel or modify outstanding awards, and waive any condition imposed with respect to awards or Common Shares issued pursuant to awards.

#### Restricted Share Units

An RSU is a unit equivalent in value to a Common Share credited by means of a bookkeeping entry in the books of the Company which entitles the holder to receive one Common Share (or the value thereof) for each RSU after a specified vesting period.

Subject to the provisions of the Long Term Incentive Plan and such other terms and conditions as the Board of Directors may prescribe, the Board may, from time to time, grant RSUs to directors, key

employees and consultants. RSUs granted to a participant shall be credited, as of the grant date, to the participant's account. The number of RSUs to be credited to each participant shall be determined by the Board of Directors in its sole discretion in accordance with the Long Term Incentive Plan. Each RSU shall, contingent upon the lapse of any restrictions, represent one (1) Common Share. The number of RSUs granted pursuant to an award and the restriction period in respect of such RSUs shall be specified in the applicable award agreement.

RSUs shall be subject to such restrictions as the Board of Directors, in its sole discretion, may establish in the applicable award agreement, which restrictions may lapse separately or in combination at such time or times and on such terms, conditions and satisfaction of objectives as the Board of Directors may, in its discretion, determine at the time an award is granted.

All RSUs will vest and become payable by the issuance of Common Shares at the end of the restriction period if all applicable restrictions have lapsed, as such restrictions may be specified in the award agreement.

### Performance Share Units

A PSU is a unit equivalent in value to a Common Share credited by means of a bookkeeping entry in the books of the Company, which entitles the holder to receive one Common Share (or the value thereof) for each PSU after specific performance-based vesting criteria determined by the Board of Directors, in its sole discretion, have been satisfied. The performance goals to be achieved during any performance period, the length of any performance period, the amount of any PSUs granted, the effect of termination of a participant's service and the amount of any payment or transfer to be made pursuant to any PSU will be determined by the Board of Directors and by the other terms and conditions of any PSU, all as set forth in the applicable award agreement.

Subject to the provisions of the Long Term Incentive Plan and such other terms and conditions as the Board of Directors may prescribe, the Board of Directors may, from time to time, grant awards of PSUs to key employees and consultants. PSUs granted to a participant shall be credited, as of the grant date, to the participant's account. The number of PSUs to be credited to each participant shall be determined by the Board of Directors, in its sole discretion, in accordance with the Long Term Incentive Plan. Each PSU shall, contingent upon the attainment of the performance criteria within the performance cycle, represent one (1) Common Share. The number of PSUs granted pursuant to an award, the performance criteria which must be satisfied in order for the PSUs to vest and the performance cycle in respect of such PSUs shall be specified in the applicable award agreement.

The Board of Directors will select, settle and determine the performance criteria (including without limitation the attainment thereof), for purposes of the vesting of the PSUs, in its sole discretion. An award agreement may provide the Board of Directors with the right, during a performance cycle or after it has ended, to revise the performance criteria and the award amounts if unforeseen events (including, without limitation, changes in capitalization, an equity restructuring, an acquisition or a divestiture) occur which have a substantial effect on the financial results and which in the sole judgment of the Board of Directors make the application of the performance criteria unfair unless a revision is made. Notices will be provided by the Company to applicable regulatory authorities or stock exchanges as may be required with respect to the foregoing.

All PSUs will vest and become payable to the extent that the performance criteria set forth in the award agreement are satisfied for the performance cycle, the determination of which satisfaction shall be made by the Board of Directors on the determination date.

## Deferred Share Units

A DSU is a unit equivalent in value to a Common Share credited by means of a bookkeeping entry in the books of the Company which entitles the holder to receive one Common Share (or, at the election of the holder and subject to the approval of the Board of Directors, the cash value thereof) for each DSU on a future date.

Subject to the provisions of the Long Term Incentive Plan and such other terms and conditions as the Board may prescribe, the Board of Directors may, from time to time, grant awards of DSUs to directors in lieu of fees. A director becomes a participant effective as of the date he or she is first appointed or elected as a director and ceases to be a participant at the time he or she ceases to be a director for any reason. DSUs granted to a participant in accordance with the Long Term Incentive Plan are credited, as of the grant date, to the participant's account.

Each director may elect to receive any or all of his or her fees in DSUs under the Long Term Incentive Plan. Elections by participants regarding the amount of their fees that they wish to receive in DSUs shall be made no later than December 31 of any given year with respect to fees for the following year. Any director who becomes a participant during a calendar year and wishes to receive an amount of his or her Fees for the remainder of that year in DSUs must make his or her election within 60 days of becoming a director.

The number of DSUs to be credited to the participant's account shall be calculated by dividing the amount of fees selected by a director in the applicable election form by the market price on the grant Date (or such other price as required under applicable stock exchange policies) which shall be the 10th business day following each financial quarter end. If, as a result of the foregoing calculation, a participant shall become entitled to a fractional DSU, the participant shall only be credited with a full number of DSUs (rounded down) and no payment or other adjustment will be made with respect to the fractional DSU.

Each participant shall be entitled to receive, after the effective date that the participant ceases to be a director for any reason, on a day designated by the participant and communicated to the Company by the participant in writing at least 15 days prior to the designated day (or such earlier date after the participant ceases to be a director as the participant and the Company may agree, which date shall be no later than the end of the calendar year following the year in which the participant ceases to be a director) and if no such notice is given, then on the first anniversary of the effective date that the participant ceases to be a director, at the sole discretion of the Board, either: (i) that number of Common Shares equal to the number of DSUs credited to the participant's account, such Common Shares to be issued from treasury of the Company; or (ii) a cash payment in an amount equal to the market price of the Common Shares on the next trading day after the participant ceases to be a director of the DSUs credited to a participant's account, net of applicable withholdings. In the event that the value of a DSU would be determined with reference to a period commencing at a fiscal quarter-end of the Company and ending prior to the public disclosure of interim financial statements for the quarter (or annual financial statements in the case of the fourth quarter), the cash payment of the value of the Units will be made to the participant with reference to the five (5) trading days immediately following the public disclosure of the interim financial statements for that quarter (or annual financial statements in the case of the fourth quarter).

Whenever cash is to be paid on redemption of DSUs, the Company shall have the right to deduct from all cash payments made to a participant any taxes required by law to be withheld with respect to such payments. Whenever Common Shares are to be delivered on redemption of DSUs, the Company shall

have the right to deduct from any other amounts payable to the participant any taxes required by law to be withheld with respect to such delivery of Common Shares, or if any payment due to the participant is not sufficient to satisfy the withholding obligation, to require the participant to remit to the Company in cash an amount sufficient to satisfy any taxes required by law to be withheld. At the sole discretion of the Board of Directors, a participant may be permitted to satisfy the foregoing requirement by: (i) electing to have the Company withhold from delivery Common Shares having a value equal to the amount of tax required to be withheld; or (ii) delivering (on a form prescribed by the Company) an irrevocable direction to a securities broker approved by the Company to sell all or a portion of the Common Shares and deliver to the Company from the sales proceeds an amount sufficient to pay the required withholding taxes.

#### Anti-Dilution

If the number of outstanding Common Shares is increased or decreased as a result of a stock split, consolidation or recapitalization and not as a result of the issuance of Common Shares for additional consideration or by way of stock dividend, the Board of Directors may make appropriate adjustments to the number and price (or other basis upon which an award is measured) of RSUs, PSUs or DSUs credited to a participant.

#### Term

All awards must vest and settle in accordance with the provisions of the Long Term Incentive Plan and any applicable award agreement, which award agreement may include an expiry date for a specific award.

#### Termination of Employment or Services

Subject to the foregoing disclosure, the following table describes the impact of certain events upon the participants under the Long Term Incentive Plan, including termination for cause, resignation, termination without cause, disability, death or retirement, subject, in each case, to the terms of a participant's applicable employment agreement, award agreement or other written agreement:

<b>Event</b>	<b>Provisions</b>
<b>Termination for Cause/Resignation</b>	<ul style="list-style-type: none"> <li>Any award held by the participant that has not been exercised, surrendered or settled as of the Termination Date (as defined in the Long Term Incentive Plan) shall be immediately forfeited and cancelled as of the Termination Date.</li> </ul>
<b>Termination without Cause</b>	<ul style="list-style-type: none"> <li>A portion of any unvested awards shall, unless the applicable award agreement provides otherwise, immediately terminate. Any vested awards will be settled as soon as practicable after the Termination Date.</li> </ul>
<b>Disability</b>	<ul style="list-style-type: none"> <li>Any award held by the participant that has not vested as of the date of such participant's Termination Date shall, unless the applicable award agreement provides otherwise, immediately terminate. Any vested award will be settled as soon as practicable after the Termination Date.</li> </ul>

Event	Provisions
<b>Death</b>	<ul style="list-style-type: none"> <li>Any award that is held by the participant that has not vested as of the date of the death of such participant shall, unless the applicable award agreement provides otherwise, immediately terminate. However, the Board may determine, in its sole discretion, the number of PSUs that will vest based on the extent to which the applicable performance criteria set forth in the award agreement have been satisfied in the portion of the performance cycle that has lapsed. In respect of DSUs, at the sole discretion of the Board, the participant's estate shall be entitled to receive, within 120 days after the participant's death and a cash payment or Common Shares that would have otherwise been payable to the participant upon ceasing to be director. Vested awards will be settled with the participant's beneficiary or legal representative (as applicable) as soon as practicable after the date of the participant's death.</li> </ul>
<b>Retirement</b>	<ul style="list-style-type: none"> <li>Any award held by the participant that has not vested as of the date of such participant's Termination Date shall, unless the applicable award agreement provides otherwise, immediately terminate. However, the Board may determine, in its sole discretion, the number of PSUs that will vest based on the extent to which the applicable performance criteria set forth in the award agreement have been satisfied in the portion of the performance cycle that has lapsed. Any vested award other than an Option will be settled as soon as practicable after the Termination Date.</li> </ul>

#### *Change in Control*

Under the Long Term Incentive Plan, at the time that a performance-based award is first issued, the Board of Directors, in the award agreement or in another written document, shall specify whether performance will be evaluated including or excluding the effect of, among other things, any reorganization or restructuring, the impact of any mergers, acquisitions, spin-offs or other divestitures. Further, an award agreement may provide the Board of Directors with the right, during a performance cycle or after it has ended, to revise the performance criteria and the award amounts if unforeseen events (including, without limitation, changes in capitalization, an equity restructuring, an acquisition or a divestiture) occur which have a substantial effect on the financial results and which in the sole judgment of the Board of Directors make the application of the performance criteria unfair unless a revision is made.

#### *Non-Transferability of Awards*

Under the Long Term Incentive Plan, except as otherwise provided in an award agreement or determined by the Board of Directors in its sole discretion, no award and no right under any such award, shall be assignable, alienable, saleable, or transferable by a participant otherwise than by will or by the laws of descent and distribution. No award and no right under any such award, may be pledged, alienated, attached, or otherwise encumbered, and any purported pledge, alienation, attachment, or encumbrance thereof shall be void and unenforceable against the Company.



### *Amendments to the Long Term Incentive Plan*

The Board of Directors may at any time or from time to time, in its sole and absolute discretion and without the approval of shareholders of the Company, amend, suspend, terminate or discontinue the Long Term Incentive Plan and may amend the terms and conditions of any awards granted thereunder, subject to any required approval of any applicable regulatory authority or any stock exchange on which the Common Shares are listed and any approval of shareholders of the Company as required by the rules of the applicable stock exchange or applicable law, provided that shareholder approval shall not be required for the following amendments and the Board may make any changes which may include but are not limited to: (i) amendments of a “housekeeping nature”; (ii) amendments for the purpose of curing any ambiguity, error or omission in the Long Term Incentive Plan or to correct or supplement any provision of the Long Term Incentive Plan that is inconsistent with any other provision of the Long Term Incentive Plan; (iii) amendments which are necessary to comply with applicable law or the requirements of the applicable stock exchange; (iv) amendments respecting administration and eligibility for participation under the Long Term Incentive Plan; (v) changes to the terms and conditions on which awards may be or have been granted pursuant to the Long Term Incentive Plan including changes to the vesting provisions and terms of any awards; (vi) amendments which alter, extend or accelerate the terms of vesting applicable to any awards; and (vii) changes to the termination provisions of an award or the Long Term Incentive Plan which do not entail an extension beyond the original fixed term. If the Long Term Incentive Plan is terminated, prior awards shall remain outstanding and in effect in accordance with their applicable terms and conditions.

### **Incentive Equity Awards**

On March 31, 2021, pursuant to RSU award agreements with three key consultants, the Company granted 720,000 RSUs under the Company’s Long Term Incentive Plan. The RSUs vested as of September 30, 2021.

On January 19, 2022, the Company issued 4,000,000 Performance Warrants to each of Justin Schroenn, Matthew Schroenn and Gareth Schroenn. The Performance Warrants are exercisable at a price of \$0.10 and will vest upon the Company entering into an employment agreement with a former senior level executive from a major sporting brand to act as Chief Executive Officer of the Company.

As of the date hereof, the Company does not have a stock option plan and has not granted any Options.

### **PRIOR SALES**

The table below sets out the prior sales of securities of the Company from its date of incorporation on September 15, 2015, to the date of this Prospectus:

<b>Date of Issuance</b>	<b>Type of security issued</b>	<b>Number of securities issued<sup>(1)</sup></b>	<b>Price per security</b>	<b>Value received</b>	<b>Nature of consideration received</b>
September 15, 2015	Common Shares	253,005	\$0.01	\$0.15	Cash
February 18, 2016	Common Shares	14,067,078	\$0.01	\$8.34	Cash
February 18, 2016	Common Shares	11,638,230	\$0.01	\$140,000	Cash
February 18,	Common Shares	16,867	\$0.01	\$10	Cash

2016					
November 27, 2020	Common Shares	2,024,040	\$0.06	\$130,000	Cash
December 23, 2020	Common Shares	15,200,000	\$0.035	\$532,000	Cash
February 26, 2021	Units <sup>(2)</sup>	17,971,000	\$0.05	\$898,550	Cash
March 16, 2021	Units <sup>(3)</sup>	518,500	\$0.05	\$25,925	Cash
March 31, 2021	Restricted Share Units <sup>(4)</sup>	720,000	N/A	N/A	N/A
June 25, 2021	Units <sup>(5)</sup>	2,427,152	\$0.075	\$182,036	Cash
September 30, 2021	Common Shares	720,000 <sup>(4)</sup>			Vested RSUs
January 19, 2022	Performance Warrants <sup>(6)</sup>	12,000,000	N/A	N/A	N/A
January 24, 2022	Units <sup>(7)</sup>	655,000	\$0.10	\$65,500	Cash

**Notes:**

- (1) All Shares are shown on a post-subdivided basis following the completion of a subdivision of the Company's issued and outstanding Shares on a ratio of 16,867 Shares for each one Share which occurred on November 27, 2020.
- (2) Each Unit was comprised of one Common Share and Warrant, with each Warrant entitling the holder to acquire one Warrant Share at a price of: (i) \$0.10 per Warrant Share until August 26, 2021; and (ii) \$0.15 per Warrant Share from August 26, 2021 until August 26, 2022. On October 27, 2021, the expiry date of the Warrants were extended such that each Warrant will entitle the holder to acquire one Warrant Share at a price of: (i) \$0.10 per Warrant Share until July 1, 2022; and (ii) \$0.15 per Warrant Share from July 2, 2022 until July 1, 2023.
- (3) Each Unit was comprised of one Common Share and one non-transferable Warrant entitling the holder to acquire one Warrant Share at a price of: (i) \$0.10 per Warrant Share until September 16, 2021; and (ii) \$0.15 per Warrant Share from September 16, 2021 until September 16, 2022. On October 27, 2021, the expiry date of the Warrants were extended such that each Warrant will entitle the holder to acquire one Warrant Share at a price of: (i) \$0.10 per Warrant Share until July 22, 2022; and (ii) \$0.15 per Warrant Share from July 23, 2022 until July 22, 2023.
- (4) 100% of these securities vested on September 30, 2021 and were issued as Common Shares on that date.
- (5) Each Unit was comprised of one Common Share and one non-transferable Warrant entitling the holder to acquire one Warrant Share at a price of \$0.20 per Warrant Share until December 25, 2022 and (ii) \$0.15 per Warrant Share from September 16, 2021 until September 16, 2022. On October 27, 2021, the expiry date of the Warrants were extended such that each Warrant will entitle the holder to acquire one Warrant Share at a price of \$0.20 per Warrant Share until December 25, 2023.
- (6) The Performance Warrants, once vested, are exercisable into Common Shares at an exercise price of \$0.10 per Common Share until January 19, 2032.
- (7) Each Unit was comprised of one Common Share and one non-transferable Warrant entitling the holder to acquire one Warrant Share at a price of \$0.20 per Warrant Share until January 24, 2023 and (ii) \$0.30 per Warrant Share until January 24, 2024.

**ESCROWED SECURITIES AND SECURITIES SUBJECT TO CONTRACTUAL RESTRICTION ON TRANSFER**

As of the date of this Prospectus, none of the Company's securities are subject to contractual restrictions on transfer, however, CSE policies provide that all securities issued to Related Persons (as defined by in the policies of the CSE) are required to be subject to an escrow agreement pursuant to NP 46-201 prior to listing, and that the CSE may impose escrow arrangements that are in addition to those required by NP 46-201, or consider different proposals such as an "earnout" escrow, on a case-by-case basis.

Upon the listing of its Common Shares on the CSE, an aggregate of 27,445,083 Common Shares, 1,000,000 Warrants and 12,000,000 Performance Warrants will be held in escrow (the "**Escrowed Securities**") as required by CSE Policy 2 – *Qualifications for Listing*.

The Escrowed Securities are subject to the following release schedule as set out in the form of escrow required by CSE pursuant to NP 46-201:

<b>Date of Automatic Timed Release</b>	<b>Common Shares Released</b>
On the Listing Date	1/10 of the Common Shares held
6 months after the Listing Date	1/6 of the remainder of the Common Shares held
12 months after the Listing Date	1/5 of the remainder of the Common Shares held
18 months after the Listing Date	1/4 of the remainder of the Common Shares held
24 months after the Listing Date	1/3 of the remainder of the Common Shares held
30 months after the Listing Date	1/2 of the remainder of the Common Shares held
36 months after the Listing Date	The remainder of the Common Shares held

The escrow agreement that will be entered into provides that the Escrowed Securities are held in escrow pursuant to its terms may not be sold, assigned, hypothecated, or transferred within escrow or otherwise dealt with in any manner except as set out in the escrow agreement. In the event of the bankruptcy of an escrow shareholder, the Escrowed Securities held by such escrow shareholder may be transferred to the trustees in the bankruptcy or such person legally entitled to the escrowed shares which shares will remain in escrow subject to the escrow agreement. In the event of the death of an escrow shareholder, the Escrowed Securities held by the escrow shareholder will be released from escrow as permitted by the escrow agreement.

<b>Designation of Class</b>	<b>Number of securities to be held in escrow or that are subject to a contractual restriction on transfer upon the listing of Company's shares on the CSE</b>	<b>Percentage of Class</b>
Common Shares	27,445,083	41.91%
Warrants	1,000,000	4.75%
Performance Warrants	12,000,000	100%

#### **PRINCIPAL SHAREHOLDERS**

To the knowledge of the Company's directors and officers, the only persons who own or control, directly or indirectly, or exercise control or direction over, more than 10% of the Common Shares are as provided in the table below.

<b>Name</b>	<b>Ownership</b>	<b>Number of Common Shares</b>	<b>Percentage of Class (fully diluted)</b>
Zimtu	Registered and beneficial	11,885,000	18.15%

#### **DIRECTORS AND EXECUTIVE OFFICERS**

##### **Name, Occupation and Security Holdings**

The following table sets out the name, province and country of residence, position or offices held with the Company, date appointed, number and percentage of voting securities of the Company that each of the directors and executive officers beneficially owns, directly or indirectly, or exercises control over, as at the date of this Prospectus:

Name, Current Position, Province and Country of Residence	Position Held Since	Number of Common Shares Beneficially Owned or Controlled	Percentage of Common Shares Beneficially Owned or Controlled <sup>(1)</sup>
Justin Schroenn BC, Canada President, CEO and Director	President and Director since September 15, 2015 CEO since March 17, 2021	4,773,361	7.29%
Jody Bellefleur BC, Canada CFO	CFO since March 17, 2021	100,000	.15%
Matthew Schroenn <sup>(2)</sup> BC, Canada Vice President, Corporate Secretary and Director	Vice President and Director since September 15, 2015 Corporate Secretary since March 17, 2021	4,773,361	7.29%
Gareth Schroenn BC, Canada Vice President, Treasurer and Director	Treasurer since September 15, 2015 Director since September 14, 2017 Vice President since March 17, 2021	4,773,361	7.29%
Michael Hodge <sup>(2)</sup> BC, Canada Director	Director since January 12, 2021	100,000 <sup>(3)</sup>	.15%
Roc Smith Switzerland Director, Sales Manager	Director since October 22, 2021	1,240,000	1.89%
Frances Petryshen <sup>(2)</sup> BC, Canada Director	Director since November 26, 2021	200,000	.31%

**Notes:**

(1) Based on 65,490,872 Common Shares issued and outstanding as of the date of this Prospectus.

(2) Member of the Audit Committee.

(3) 2,000 of these Common Shares are held by Jocelyn Muller, the spouse of Michael Hodge. Ms. Muller has control over her investment decisions.

## Directors and Officers of the Company

Below is a brief description of each director and executive officer of the Company, including their names, ages, positions, and responsibilities with the Company, relevant educational background, principal occupations or employment during the five years preceding the date of this Prospectus and experience in the Company's industry. As of the date of this Prospectus, none of the directors or officers have signed non-compete or nondisclosure agreements with the Company – see “Conflicts of Interest” below.

The directors and officers of the Company intend to dedicate the following percentages of their time to the affairs of the Company: Justin Schroenn (100%); Jody Bellefleur (15%); Matthew Schroenn (100%); Gareth Schroenn (100%); Michael Hodge (10%); and Roc Smith (100%).

### Justin Schroenn (age 55) – President, CEO and Director

Justin Schroenn is one of the co-founders of the Company, and along with his brothers, has been an integral contributor to all aspects of the invention, design, prototyping, patenting, and manufacturing of the Swimboard and related accessories. He has also been involved with the development of the

Company's brand identity, trademarking and marketing and sales strategy. Justin has over nine years of experience in the junior mining sector, where he was involved with raising capital for numerous publicly traded companies. He has provided investor relations services for multiple companies and has played an advisory role in corporate strategic planning across a wide spectrum of subjects. Prior to his work in the mining industry, Justin had almost ten years of sales experience in the luxury automotive industry, and prior to that, he held numerous management positions in Canadian hospitality and tourism businesses.

In his capacity as President, CEO and a director, Justin will manage overall operations, including product design and manufacturing, product sales, brand identity, marketing initiatives, supply and distribution networks, corporate policy and governance, and general oversight of actions of the Company's employees and contractors.

#### **Jody Bellefleur (age 49) - CFO**

Jody Bellefleur is a CPA with over 25 years of experience as a corporate accountant, focusing exclusively on public companies for the last 13 years. Jody obtained her Bachelor of Commerce degree from the University of British Columbia in April 1994. Jody is responsible for all aspects of regulatory financial reporting including the preparation of quarterly financial statements, management discussion and analysis reports, the coordination of annual audits, and government tax and regulatory reporting for multiple public companies.

In her capacity as CFO, Jody will be responsible for managing the Company's finances, including financial planning, management of financial risks, record-keeping, and financial reporting.

#### **Matthew Schroenn (age 48) – Vice President, Corporate Secretary, Director, and Audit Committee Member**

Matthew Schroenn is one of the co-founders of the Company, and along with his brothers, has been an integral contributor to all aspects of the invention, design, prototyping, patenting, and manufacturing of the Swimboard and related accessories. Matthew's involvement with the Company has been focused on design and manufacturing systems, trademark and patent applications, and raising capital. Matthew has over 15 years of experience in food and beverage management. During his career in the food and beverage industry, he has managed large operation and initiatives , focusing on increasing revenues and reducing costs, while maintaining quality and service.

In his capacity as Vice-President, Corporate Secretary, a director, and a member of the audit committee, Matthew will be involved in overseeing budget planning and preparation, sales and marketing, product costing, logistics and order fulfillment, recruiting talent, and team building.

#### **Gareth Schroenn (age 48) – Vice President, Treasurer and Director**

Gareth Schroenn is one of the co-founders of the Company, and along with his brothers, has been an integral contributor to all aspects of the invention, design, prototyping, patenting, and manufacturing of the Swimboard and related accessories. Gareth has been involved in every aspect of the Company's advancement, from product development and manufacturing processes (thermo-forming plastics manufacturing) to gaining an in depth understanding of intellectual property law in multiple international jurisdictions. He is a Red Seal Chef and has 32 years of experience in several prestigious hospitality operations in Vancouver, British Columbia. Gareth is very focused on customer satisfaction and providing a quality product experience to his customers. Gareth has had an excellent ability to develop team members through appropriate coaching, training and mentoring as well as in depth understanding of inventory management, labor management and product cost controls.

In his capacity as Vice President, Treasurer and a director, Gareth will develop strategies and plans to achieve the Company's short-term and long-term objectives. He will review financial reports and enforce adherence to regulatory guidelines and in-house company policies, as well as manage inventory levels, labour, and product cost controls. Gareth will lead and motivate team members through appropriate coaching, training and mentoring and build trusted relationships internationally with key partners and stakeholders, as well as act as a point of contact for all shareholders.

**Michael Hodge (age 37) – Director and Audit Committee Member**

Michael Hodge has over 20 years of experience in the private and public markets and brings a variety of skills to the board, from extensive field work in mineral exploration to raising capital. He is currently the President and CEO of Saville Resources Inc., a public junior mining company. Michael also holds a diploma in International Ecotourism from the College of the Rockies and was a top salesperson in Canada for Atmosphere Sports, where his focus was on hard goods, including water sports products. Michael has contacts from many different industries throughout North America, Europe, and Australia.

In his capacity as a director and a member of the audit committee, Michael will provide additional support for raising capital and product development, and meet regularly to provide insights into the Company's financial results.

**Roc Smith (age 31) – Director and Sales Manager**

Roc Smith completed his degree in international fashion marketing, which encompasses areas of logistics and fulfillment, sales, and marketing, international trade, and project management. He is also a graduate of the Wine and Spirit Education Trust (WSET) and has worked in several well-known restaurants in England, Germany, Spain, and Switzerland. Roc will be an asset to the Company with his international experience and communication skills.

In his capacity as a director and in his role as a sales manager, Roc will oversee production and distribution of the Company's products in Europe and meet regularly review the Company's financial results.

**Frances Petryshen (age 67) – Director and Audit Committee Member**

Ms. Petryshen brings over 30 years of management experience with a specialization in corporate and regulatory compliance and governance for public, private and not-for-profit organizations. She has held roles as Director, Corporate Secretary and Compliance Officer, for numerous entities throughout her career. Currently, Ms. Petryshen provides compliance and corporate secretarial consulting services to VR Resources Ltd. (TSXV: VRR), Snowline Gold Corp. (CSE: SGD), Caravel Law and several private companies. More recently, she was Corporate Secretary for Balmoral Resources Ltd. until it was acquired by Wallbridge Mining Company in May 2020. Ms. Petryshen is a Chartered Secretary, Accredited Director (Acc.Dir.) and a Fellow with the Chartered Governance Institute of Canada (FCG). She is Past President of the British Columbia branch of the Institute and was a director for over 10 years.

In her capacity as a director and member of the audit committee, Ms. Petryshen will provide additional support for raising capital and product development, and meet regularly to provide insights into the Company's financial results.

## **Term of Office of Directors**

The term of office of the directors expires annually at the time of the Company's annual general meeting of shareholders. The term of office of the executive officers expires at the discretion of the Board of Directors.

## **Aggregate Ownership of Common Shares**

As at the date of this Prospectus, the directors and officers of the Company as a group beneficially own, directly or indirectly, an aggregate of 15,960,083 Common Shares, representing 24.37% of the issued and outstanding Common Shares.

## **Conflicts of Interest**

The directors of the Company are required by law to act honestly and in good faith with a view to the best interests of the Company and to disclose any interests which they may have in any project or opportunity of the Company. If a conflict of interest arises, any director in a conflict will disclose his interest and abstain from voting on such matter at a meeting of the Board of Directors.

To the best of the Company's knowledge, and other than as disclosed in this Prospectus, there are no known existing or potential conflicts of interest among the Company, its promoters, directors and officers or other members of management of the Company or any proposed promoter, director, officer or other member of management as a result of their outside business interests, except that certain of the directors and officers serve as directors and officers of other companies, and therefore it is possible that a conflict may arise between their duties to the Company and their duties as a director or officer of such other companies.

## **Cease Trade Orders and Bankruptcies**

To the Company's knowledge, no director or executive officer of the Company is, as at the date of this Prospectus, or was within 10 years before the date hereof, a director, CEO or CFO of any company, including the Company, that:

- i. was subject to (a) a cease trade order; (b) an order similar to a cease trade order; or (c) an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days (an "order") that was issued while the director or executive officer was acting in the capacity of a director, CEO or CFO thereof; or
- ii. was subject to an order that was issued after the director or executive officer ceased to be a director, CEO or CFO thereof and which resulted from an event that occurred while that person was acting in such capacity.

To the Company's knowledge, no director or executive officer of the Company or a shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company:

- i. is, as at the date of this Prospectus, or has been within the 10 years before the date hereof, a director or executive officer of any person or company, including the Company, that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or

was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or

ii. has, within the 10 years before the date of this Prospectus, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer or shareholder.

### **Penalties or Sanctions**

To the Company's knowledge, no director or executive officer of the Company or a shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company, has been subject to:

i. any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or

ii. any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

### **EXECUTIVE COMPENSATION**

The Company's executive compensation program during the most recently completed financial year ended February 28, 2021 was administered by the Company's Board of Directors. The Board of Directors was solely responsible for determining the compensation to be paid to the Company's executive officers and evaluating their performance. The Board of Directors has not adopted any specific policies or objective for determining the amount or extent of compensation for directors or officers. The Board of Directors has not established a compensation committee.

The Company's NEOs for the purposes of this section are:

- Justin Schroenn, CEO and Director
- Jody Bellefleur, CFO

### **Director and NEO Compensation, Excluding Compensation Securities**

The following table sets forth all compensation paid, payable, awarded, granted, given or otherwise provided, directly or indirectly, by the Company or any subsidiary thereof to each NEO and each director of the Company, in any capacity, including, for greater certainty, all plan and non-plan compensation, direct and indirect pay, remuneration, economic or financial award, reward, benefit, gift or perquisite paid, payable, awarded, granted, given or otherwise provided to the NEO or director for services provided and for services to be provided, directly or indirectly, to the Company or any subsidiary thereof for each of the two most recently completed financial years, other than stock options and other compensation securities:



Table of Compensation Excluding Compensation Securities							
Name and Position	Year <sup>(1)</sup>	Salary, Consulting Fee, Retainer or Commission (\$)	Bonus (\$)	Committee or Meeting Fees (\$)	Value of Perquisites <sup>(2)</sup> (\$)	Value of all other Compensation (\$)	Total Compensation (\$)
Justin Schroenn President, CEO and Director	2021	Nil	\$5,000	Nil	Nil	Nil	\$5,000
	2020	Nil	Nil	Nil	Nil	Nil	Nil
Matthew Schroenn Vice President, Corporate Secretary and Director	2021	Nil	\$5,000	Nil	Nil	Nil	\$5,000
	2020	Nil	Nil	Nil	Nil	Nil	Nil
Gareth Schroenn Vice President, Treasurer and Director	2021	Nil	\$5,000	Nil	Nil	Nil	\$5,000
	2020	Nil	Nil	Nil	Nil	Nil	Nil
Jody Bellefleur Chief Financial Officer	2021	Nil <sup>(3)</sup>	Nil	Nil	Nil	Nil	Nil
	2020	Nil <sup>(3)</sup>	Nil	Nil	Nil	Nil	Nil
David Hodge Director	2021	Nil	Nil	Nil	Nil	Nil	Nil
	2020	Nil	Nil	Nil	Nil	Nil	Nil
Roc Smith Director	2021	Nil	Nil	Nil	Nil	Nil	Nil
	2020	Nil	Nil	Nil	Nil	Nil	Nil
Frances Petryshen Director	2021	Nil	Nil	Nil	Nil	Nil	Nil
	2020	Nil	Nil	Nil	Nil	Nil	Nil

**Notes:**

- (1) For the year ended February 28.
- (2) "Perquisites" include perquisites provided to an NEO or director that are not generally available to all employees and that, in aggregate, are: (a) \$15,000, if the NEO or director's total salary for the financial year is \$150,000 or less, (b) 10% of the NEO or director's salary for the financial year if the NEO or director's total salary for the financial year is greater than \$150,000 but less than \$500,000, or (c) \$50,000 if the NEO or director's total salary for the financial year is \$500,000 or greater.
- (3) Ms. Bellefleur is employed by Zimtu Capital Corp. and provides accounting services to the Company through a management services agreement (the "**Management Services Agreement**"). Ms. Bellefleur is not compensated by Zimtu to act as CFO for the Company, and holds that position outside of the Management Services Agreement.

## External Management Companies

The Company currently has a Management Services Agreement in place with Zimtu. Zimtu provides the Company with administrative and managerial services, which includes corporate maintenance, bookkeeping and accounting services, continuous disclosure services, rent and office space and is paid a monthly fee of \$14,583. On November 1, 2021, the Company renewed this agreement for an additional twelve months at \$12,500 per month. On January 21, 2022, the Company entered into an amendment agreement with Zimtu, whereby Zimtu has agreed to defer the amount owed (\$12,500 monthly) until the earlier of the Company becoming cash flow positive or April 30, 2023.

## Stock Options and Other Compensation Securities

The Company did not grant any compensation securities to its directors and NEOs during the year ended February 28, 2021.

The following table sets out all compensation securities granted or issued to each director and NEO by the Company or any subsidiary thereof subsequent to the year ended February 28, 2021 for services provided, or to be provided, directly or indirectly, to the Company or any subsidiary thereof:

Compensation Securities							
Name and Position	Type of Compensation Security	Number of Compensation Securities/Number of Underlying Securities /Percentage of Class	Date of Issue or Grant	Issue, Conversion or Exercise Price (\$)	Closing Price of Security or Underlying Security on Date of Grant	Closing Price of Security or Underlying Security at Year End	Expiry Date
Roc Smith Director	RSUs	240,000/240,000/0.37%	March 31, 2021	N/A	N/A	N/A	N/A
Justin Schroenn President, CEO and Director	Performance Warrants	4,000,000/4,000,000/33.33%	January 19, 2022	\$0.10	N/A	N/A	January 19, 2032
Matthew Schroenn Vice President, Corporate Secretary and Director	Performance Warrants	4,000,000/4,000,000/33.33%	January 19, 2022	\$0.10	N/A	N/A	January 19, 2032

### Compensation Securities

Name and Position	Type of Compensation Security	Number of Compensation Securities/Number of Underlying Securities /Percentage of Class	Date of Issue or Grant	Issue, Conversion or Exercise Price (\$)	Closing Price of Security or Underlying Security on Date of Grant	Closing Price of Security or Underlying Security at Year End	Expiry Date
Gareth Schroenn Vice President, Treasurer and Director	Performance Warrants	4,000,000/4,000,000/33.33%	January 19, 2022	\$0.10	N/A	N/A	January 19, 2032

#### Exercise of Compensation Securities by Directors and NEOs

No compensation securities were exercised by an NEO or director of the Company during the year ended February 28, 2021.

A total of 240,000 RSUs were granted to one of our directors, Roc Smith, on March 31, 2021. The RSUs vested on September 30, 2021 and the Company issued Mr. Smith 240,000 Common Shares.

#### Stock Option Plans and Other Incentive Plans

See *“Options to Purchase Securities – Long Term Incentive Plan”*.

#### Employment, Consulting and Management Agreements

Other than as set out herein, the Company does not have any employment, consulting or management agreements or arrangements with any of the Company’s current NEOs or directors.

#### *Termination and Change of Control Benefits*

There is no contract, agreement, plan or arrangement between the Company and its directors and NEOs that provide for payments to directors and NEOs in connection with a change of control, severance, termination or constructive dismissal.

#### Oversight and Description of Director and NEO Compensation

The Company’s executive compensation program during the most recently completed financial year was administered by the Board. The Board was solely responsible for determining the compensation to be paid to the Company’s directors and NEOs and evaluating their performance. The Board has not adopted any specific policies or objective for determining the amount or extent of compensation for directors or NEOs. The Board has not established a compensation committee.

The significant elements of compensation for the NEOs will be cash consulting fees, salary and Options. The Company presently has the Long Term Incentive Plan for its NEOs. There is no policy or target regarding allocation between cash and non-cash elements of the Company’s compensation program.

The Board reviews annually the total compensation package of each of the Company's executives on an individual basis.

#### *Cash Consulting Fees*

The Company's compensation payable to the NEOs is based upon, among other things, the responsibility, skills and experience required to carry out the functions of each position held by each NEO and varies with the amount of time spent by each NEO in carrying out his or her functions on behalf of the Company. In particular the CEO's compensation will be determined by time spent on: (i) the Company's day to day operations; (ii) reviewing potential transactions and negotiating them on behalf of the Company; and (iii) new business ventures. The CFO does not receive any cash compensation and is employed by Zimtu Capital Corp. which provides accounting services to the Company through the Management Services Agreement. The CFO is not compensated by Zimtu to act as CFO for the Company, and holds that position outside of the Management Services Agreement.

#### *Stock Options*

See "Options to Purchase Securities".

#### **Pension Plan Benefits**

The Company does not have any pension, defined benefit, defined contribution or deferred compensation plans in place.

### **INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS**

#### **Aggregate Indebtedness**

No director or officer of the Company, or any associate or affiliate of such person is or has ever been indebted to the Company; nor has any such person's indebtedness to any other entity been the subject of a guarantee, support agreement, letter of credit or similar arrangement or understanding provided by the Company.

### **AUDIT COMMITTEE AND CORPORATE GOVERNANCE**

#### **Audit Committee**

The primary purpose of the Audit Committee is to assist the Board of Directors in discharging its oversight and evaluation responsibilities. In particular, the Audit Committee oversees the financial reporting process to ensure the balance, transparency and integrity of our published financial information. The Audit Committee also reviews and reports to the Board of Directors on the quality and integrity of the Financial Statements and other financial information; compliance with legal and regulatory requirements related to financial reporting; the effectiveness of the systems of control (including risk management) established by management to safeguard the assets (real and intangible) of the Company; the proper maintenance of accounting and other records; annual and quarterly interim financial information; the independent audit process, including recommending the appointment and compensation of the external auditor, and assessing the qualifications, performance and independence of the external auditor; the performance and objectivity of our internal audit function; all non-audit services; the development and maintenance of procedures for the receipt, retention and treatment of complaints received by us regarding accounting, internal accounting controls or auditing matters and the confidential anonymous submission by employees of the Company of concerns regarding

questionable accounting or auditing matters; the review of environment, insurance and other liability exposure issues relevant to the affairs of the Company; and any additional matters delegated to the committee by the Board of Directors.

The Audit Committee has the right, for the purposes of performing its duties, to maintain direct communication with the Company's external auditors and Board of Directors, to inspect all books and records of the Company and its affiliates, to seek any information it requires from any employee of the Company and its affiliates and to retain outside counsel or other experts.

The Audit Committee is required to meet at least once per quarter and is comprised of not less than three directors, a majority of whom are not officers, employees or control persons of the Company if the Company qualifies as a venture issuer (as defined in NI 52-110) and all of whom are independent (as defined in NI 52-110) if the Company does not qualify as a venture issuer, and all are "financially literate" within the meaning of applicable Canadian securities laws. Currently, Matthew Schroenn, Michael Hodge, and Frances Petryshen are the members of the Audit Committee. The Company is relying on an exemption provided in section 6.1 of NI 52-110 from the requirements of Part 3 (Composition of the Audit Committee) and Part 5 (Reporting Obligations).

#### *Composition of Audit Committee and Independence*

NI 52-110 provides that a member of an audit committee is "independent" if the member has no direct or indirect material relationship with a company, which could, in the view of that company's board of directors, reasonably interfere with the exercise of the member's independent judgment.

A majority of the members are not officers, employees or control persons and two of the members of the Audit Committee meets the definition of "independence" provided in NI 52-110.

#### *Relevant Education and Experience*

NI 52-110 provides that an individual is "financially literate" if he or she has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Financial Statements. All of the members of the Audit Committee are financially literate.

For details regarding the education, experience and financial literacy of the members of the Audit Committee, see "*Directors and Executive Officers – Directors and Officers of the Company*", above.

#### *Pre-approval Policies and Procedures for Audit Services*

It is intended that the Audit Committee will establish a practice of approving audit and non-audit services provided by the external auditor. The Audit Committee intends to delegate to its Chair the authority, to be exercised between regularly scheduled meetings of the Audit Committee, to preapprove audit and non-audit services provided by the independent auditor. All such pre-approvals would be reported by the Chair at the meeting of the Audit Committee next following the pre-approval.

#### *External Auditor Service Fees*

The audit fees incurred to its external auditors, DeVisser Gray Chartered Professional Accountants by the Company from its incorporation on September 15, 2015 to February 28, 2021 totaled \$Nil. The fees by category are as follows: audit fees: nil; audit related fees: nil; tax fees: nil; and all other fees: nil.

### *Audit Committee Charter*

The Board of Directors has adopted an Audit Committee charter that sets out the roles and responsibilities of the Audit Committee. A copy of the charter is attached hereto as Schedule “E”.

### **Corporate Governance**

Corporate governance relates to the activities of the Board of Directors, the members of which are elected by and are accountable to the shareholders, and takes into account the role of the individual members of management who are appointed by the Board of Directors and who are charged with day-to-day management of the Company.

The Company intends to propose for adoption by the Board of Directors certain practices and procedures to ensure that effective corporate governance practices are followed and to ensure that the Board of Directors functions independently of management. The following sets forth the Company’s disclosure of its proposed corporate governance practices as they relate to the corporate governance guidelines set forth in National Policy 58-201.

The Board of Directors is committed to sound corporate governance practices, which are both in the interest of its shareholders and contribute to effective and efficient decision making. The Board of Directors will monitor such practices on an ongoing basis and when necessary implement such additional practices as it deems appropriate.

### *Board of Directors*

NI 58-101 suggests that the board of directors of a public company should be constituted with a majority of individuals who qualify as “independent” directors. An “independent” director is a director who is independent of management and is free from any interest and any business or other relationship which could, or could reasonably be perceived to materially interfere with the director’s ability to act with a view to the best interests of the company, other than interests and relationships arising from holding shares or securities in the company. In addition, where a company has a significant shareholder, NI 58-101 suggests that the board of directors should include a number of directors who do not have interests in either the company or the significant shareholder. The independent directors would exercise their responsibilities for independent oversight of management and meet independently of management whenever deemed necessary.

Currently, the Board of Directors is comprised of six directors, namely Justin Schroenn, Matthew Schroenn, Gareth Schroenn, Michael Hodge, Roc Smith, and Frances Petryshen, of which Michael Hodge and Frances Petryshen are considered independent for the purposes of NP 58-201. The Board of Directors may meet independently of management as needed. The independent directors would exercise their responsibilities for independent oversight of management and meet independently of management whenever deemed necessary.

### *Directorships*

The following directors of the Company also serve as directors of other reporting issuers:

Name of Director	Other Reporting Issuer	Name of Exchange or Market
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Michael Hodge	Saville Resources Inc. Sceptre Ventures Inc.	TSX-V TSX-V
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### *Position Descriptions*

The Company does not currently have written position descriptions for the chairman of the Board of Directors, or for the chair of each of the committees. The Company intends to propose to the Board of Directors the adoption of written position descriptions for the chairman of the Board of Directors and the chair of each committee.

### *Orientation and Continuing Education*

Each new director of the Company is briefed about the nature of the Company's business, its corporate strategy and current issues within the Company. New directors will be encouraged to review the Company's public disclosure records as filed on SEDAR at [www.sedar.com](http://www.sedar.com) after the Company becomes a reporting issuer. Directors are also provided with access to management to better understand the operations of the Company, and to the Company's legal counsel to discuss their legal obligations as directors of the Company.

### *Ethical Business Conduct*

The Board of Directors is considering implementing a written code of ethical conduct for its directors, officers and future employees. The Board of Directors has not yet had the opportunity to implement such a code as the Company was recently incorporated.

The Board of Directors is also required to comply with the conflict of interest provisions of the *BCBCA* and relevant securities regulation in order to ensure that directors exercise independent judgment in considering transactions and agreements in respect of which a director or officer has a material interest. Any interested director is required to declare the nature and extent of his interest and is not entitled to vote on any matter that is the subject of the conflict of interest. See "*Directors and Executive Officers - Conflicts of Interest*" and "*Risk Factors*".

### *Nomination of Directors*

The Company's management is in contact with individuals involved in the technology sector. From these sources management has made a number of contacts and in the event that the Company requires any new directors, such individuals will be brought to the attention of the Board of Directors. The Company will conduct reference and background checks on suitable candidates. New nominees generally must have a track record in business management, areas of strategic interest to the Company, the ability to devote the time required to carry out the obligations and responsibilities of a director and a willingness to serve in that capacity.

### *Compensation*

At present, the Board of Directors as a whole determines the compensation of the CEO and CFO and does so with reference to industry standards and the financial situation of the Company. The Board of Directors has the sole responsibility for determining the compensation of the directors of the Company. As of the date of this Prospectus, other than Roc Smith who received an aggregate of 240,000 RSUs of the Company on March 31, 2021, the directors were not compensated for their services.

On January 19, 2022, the Company issued 4,000,000 Performance Warrants to each of Justin Schroenn, Matthew Schroenn and Gareth Schroenn. The Performance Warrants are exercisable at a price of \$0.10 and will vest upon the Company entering into an employment agreement with a former senior level executive from a major sporting brand to act as Chief Executive Officer of the Company.

Given the Company's size, limited operating history and lack of revenues, the Board of Directors does not plan to form a compensation committee to monitor and review the salary and benefits of the executive officers of the Company at the present time. The Board of Directors will carry out these functions until such time as it deems the formation of a compensation committee is warranted.

#### *Other Board Committees*

Other than as disclosed herein, there are no committees of the Board of Directors as of the date of this Prospectus.

#### *Assessments*

Neither the Company nor the Board of Directors has developed a formal review system to assess the performance of the directors or the Board of Directors as a whole. The contributions of individual directors are monitored by other members of the Board of Directors on an informal basis through observation.

### **RISK FACTORS**

*An investment in the Common Shares, in the event that the Common Shares are offered for sale at some time in the future, should be considered highly speculative due to the nature of the Company's business and the present stage of development. An investment in the Common Shares should only be made by knowledgeable and sophisticated investors who are willing to risk and can afford the loss of their entire investment. Potential investors should consult with their professional advisors to assess an investment in the Company. In evaluating the Company and its business, investors should carefully consider, in addition to other information contained in this Prospectus, the risk factors below. These risk factors are not a definitive list of all risk factors associated with an investment in the Company or in connection with its operations and other risks and uncertainties affecting the Company's business could potentially arise or become material in the future.*

#### **Limited Operating History and No Assurance of Profitability**

The Company is a start-up business with a limited operating history and no established brand recognition. The Company will be subject to all the business risks and uncertainties associated with any new business enterprise, including the risks that it will not establish a market for its services, achieve its growth objectives or become profitable. The Company anticipates that it may take several years to achieve positive cash flow from operations. There can be no assurance that there will be demand for the Company's services or that the Company will become profitable.

#### **Lack of History in Aquatic Sports Industry and No Customers**

Although the Company has developed and patented what it believes is an extremely unique and marketable product, the Company does not have a history of bringing aquatic sports products to market. In addition, although the Company has received expressions of interest from prospective customers, as of the date of this Prospectus, the Company does not have any customers for the sale of Swimboards. As a result, there is no assurance that the Company will be successful in bringing the



Swimboard to market or in achieving any commercial sales of the Swimboard whatsoever. If the Company does not successfully bring the Swimboard to market and obtain sufficient numbers of customers to obtain profitability, the business of the Company may fail and investors may lose their entire investment.

### **Lack of Operating Cash Flow**

The Company currently has no source of operating cash flow and is expected to continue to do so for the foreseeable future. The Company's failure to achieve profitability and positive operating cash flows could have a material adverse effect on its financial condition and results of operations. If the Company sustains losses over an extended period of time, it may be unable to continue its business. It may be several years before the Company may generate any revenues from operations, if at all. There can be no assurance that the Company will realize revenue or achieve profitability.

### **Future Financing Requirements**

The Company is in the development phase and has only generated minimal revenue. It will likely operate at a loss until its business becomes established and may require additional financing to fund future operations and expansion plans. The Company's ability to secure any required financing to sustain its operations will depend in part upon prevailing capital market conditions, as well as the Company's business success. There can be no assurance that the Company will be successful in its efforts to secure any additional financing or additional financing on terms satisfactory to it. If additional financing is raised by issuing Common Shares from treasury, control of the Company may change, and shareholders may suffer additional dilution. If adequate funds are not available, or are not available on acceptable terms, the Company may be required to scale back its business plan or cease operating.

### **Need for Funds**

In the short term, the continued operation of the Company will be dependent upon its ability to procure additional financing. The Company must obtain such financing through equity financing and there can be no assurance that the Company can raise the required capital it needs to build and expand the Company's business. Without this additional financing, the Company may be unable to advance the Company's business model, and the Company may fail. There can be no certainty that the Company can obtain these funds, in which case any investment in the Company may be lost. The raising of equity funding will also result in dilution of the equity position held by the Company's shareholders.

### **Uncertainty of Use of Proceeds**

Although the Company has set out its intended use of available funds in this Prospectus, the uses and figures provided are estimates only and are subject to change. While management does not contemplate any material variation from such estimates, management retains broad discretion in the application of such proceeds. See "*Use of Available Funds*".

### **Operational Risks**

The Company will be affected by several operational risks against which it may not be adequately insured or for which insurance is not available, including: catastrophic accidents; changes in the regulatory environment; impact of non-compliance with laws and regulations; labor disputes; and natural phenomena such as inclement weather conditions. There is no assurance that the foregoing risks and hazards will not result in personal injury or death, costs, monetary losses, potential legal liability and future cash flows, earnings and financial condition. Also, the Company may be subject to or affected by

liability or sustain loss for certain risks and hazards against which it cannot insure or which it may elect not to insure because of the cost. This lack of insurance coverage could have an adverse impact on the Company's future cash flows, earnings, results of operations and financial condition.

### **Manufacturing Risks**

In the initial stages of mold manufacturing, which the Company expects to be complete by March 2022, and Swimboard production, SWMBRD will be dependant on one OEM manufacturer, and its suppliers. Therefore, in these initial stages, the Company's strategic plan will be vulnerable to potential disruptions to this manufacturer. Such disruptions to the OEM manufacturer include fire or flood, bankruptcy, labour disputes, regulatory violations, and lock-down due to Covid-19. The Company can mitigate such risk by securing additional OEM manufacturers for the Swimboard; however, the diversification of production will be dependant upon available capital. Until such capital is raised from investors, or generated by Swimboard sales, the Company will be reliant on one OEM manufacturer.

### **Legal and Regulatory Risks**

Aquatic sports boards are not heavily regulated In Canada, the USA, or the European Union. SWMBRD has consulted with the Canadian Coast Guard, as well as local authorities in Vancouver, British Columbia and there is no requirement for SWMBRD to certify the Swimboard at this time. Individual jurisdictions within the Company's target market may ultimately require that the board be certified in some way. However, the Company is not currently aware of any requirements.

### **Competition**

The aquatic sports industry is highly competitive and although the Swimboard is a novel creation, the Company competes with a substantial number of companies that have greater financial and marketing resources. As such, the Company is exposed to competition which could lead to loss of contracts or reduced margins and could have an adverse effect on the Company's business.

The Company's competitors may offer better value to the Company's customers or substantially increase the resources devoted to the development and marketing of products and services that compete with those of the Company. There can be no assurance that the Company will be able to compete successfully against current or future competitors or that competitive pressures faced by the Company in the markets in which it operates will not have a material adverse effect on the Company's business. If the Company's competitors are successful in offering better pricing, service or products than the Company, this could render the Company's products less desirable to merchant customers, resulting in the loss of merchant customers or a reduction in the price it could earn for its offerings.

### **Trends**

The Company's success depends on the continuation of stock trading and the ability to generate revenue from retail and institutional sales. Changes in media trends which affect consumer adoption and marketing habits may significantly affect the Company's ability to generate revenue. If potential consumers decide that the Company's products are experimental or unproven, or if adverse legal developments arise relating to the Swimboard's industry, including legislative and regulatory developments and developments in litigation, or if trends for aquatic sports activities change, any potential revenues of the Company could be adversely affected.

### **Adverse General Economic Conditions**

The unprecedented events in global financial markets in the past several years have had a profound impact on the global economy. Many industries were impacted by these market conditions. Some of the key impacts of the financial market turmoil included contraction in credit markets resulting in a widening of credit risk, devaluations, high volatility in global equity, commodity, and foreign exchange markets, a lack of market liquidity, natural disasters, public health crisis (such as the recent global outbreak of COVID-19) and other events outside of the Company's control. A similar slowdown in the financial markets or other economic conditions, including but not limited to, inflation, costs, lack of available credit, the state of the financial markets, and interest rates and tax rates, may adversely affect the Company's operations. Specifically, a global credit/liquidity crisis could impact the cost and availability of financing and our overall liquidity, currency exchange rates would impact costs and the devaluation and volatility of global stock markets would impact the valuation of its equity and other securities. These factors could have a material adverse effect on the Company's financial condition and results of operations.

In recent years, the securities markets in Canada, as well as in other countries around the world, have experienced a high level of price and volume volatility, and the market prices of securities of many companies have experienced wide fluctuations in price that have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that continual fluctuations in price will not occur. It may be anticipated that any quoted market for the Common Shares will be subject to market trends and conditions generally, notwithstanding any potential success of the Company in developing assets, adding additional resources, establishing feasibility of deposits or creating revenues, cash flows or earnings. The value of securities will be affected by market volatility. An active public market for the Common Shares might not develop or be sustained. If an active public market for the Common Shares does not develop or continue, the liquidity of a shareholder's investment may be limited and the price of the Common Shares may decline.

### **Effects of the Ongoing COVID-19 Pandemic**

The ongoing COVID-19 pandemic could have a significant negative impact on our financial condition and operations. In particular, the spread of COVID-19 has caused severe disruptions in Canada, the U.S. and global economies and financial markets and could potentially create widespread business continuity issues of an as yet unknown magnitude and duration. Any future outbreak of any COVID-19 variants or any other highly infectious or contagious disease could have a similar impact.

The outbreak and continuing spread of COVID-19 has not to date significantly disrupted our business, because of the Company's ability at this stage to respond flexibly; for instance, adjusting travel destinations and timing, etc. according to changing restrictions. Interest in the product is also not entirely dependent on tourism, and indeed, the need for socially distanced exercise has increased interest in the Company's product. However, it is of course plausible that in the future Covid-19 may have a significant negative impact on our business, financial performance and condition, operating results, liquidity and cash flows. The outbreak of COVID-19 has impacted global economic activity and caused significant volatility in financial markets, with particular risk to the travel and leisure industry, including supply chain issues, which is disproportionately impacted by travel restrictions and other public health restrictions.

In response to the continued challenges associated with the spread of COVID-19, travel resorts and hotels were forced to close at various times and could be subject to closures in the future. Such closures could negatively impact our product sales and future operations.

## **Dependence on Personnel**

The Company's future success depends substantially on the continued services of its executive officers and its key development personnel, including the Schroenn brothers. If one or more of its executive officers or key development personnel were unable to or unwilling to continue in their present positions, the Company might not be able to replace them easily or at all. In addition, if any of its executive officers or key employees joins a competitor or forms a competing company, the Company may lose know-how, key professionals and staff members.

## **Management of Growth**

The Company may experience a period of significant growth that will place a strain upon its management systems and resources. Its future will depend in part on the ability of its officers and other key employees to implement and improve financial and management controls, reporting systems and procedures on a timely basis and to expand, train motivate and manage the workforce. The Company's current and planned personnel, systems, procedures and controls may be inadequate to support its future operations.

## **No Established Market**

The Company has applied to list its Common Shares on the CSE. Listing will be subject to the Company fulfilling all the listing requirements of the CSE. There is currently no market through which the Company's securities may be sold.

## **Volatility of Common Share price**

It is anticipated that the Common Shares will be listed for trading on the CSE in the near future. As such, factors such as announcements of quarterly variations in operating results, revenues, costs and market conditions in similar industries may have a significant impact on the market price of the Common Shares. Global stock markets, including the CSE, have from time to time experienced extreme price and volume fluctuations that have often been unrelated to the operations of particular companies. There can be no assurance that an active or liquid market will develop or be sustained for the Common Shares.

## **Dilution**

Common Shares, including warrants and options and other securities to purchase, to convert into or to exchange into Common Shares, may be created, issued, sold and delivered on such terms and conditions and at such times as the Board of Directors may determine. In addition, the Company may issue additional Common Shares from time to time pursuant to Common Share purchase warrants and the options to purchase Common Shares issued from time to time by the Board. The issuance of these Common Shares could result in dilution to holders of Common Shares.

## **Dividends**

The Company has not paid dividends to shareholders in the past and does not anticipate paying dividends in the foreseeable future. The Company expects to retain its earnings to finance growth.

## **Conflicts of Interest**

Because directors and officers of the Company are or may become directors or officers of other reporting companies or have significant shareholdings in other companies, the directors and officers of

the Company may have a conflict of interest in conducting their duties. There can be no assurance such conflicts of interests will be resolved to the benefit of the Company

### Intellectual Property

The Company's ability to protect its intellectual property affects the success of its business. SWMBRD relies on patent and trademark laws. The steps that the Company has taken to protect its proprietary rights may not be adequate to preclude misappropriation of SWMBRD's proprietary information or infringement of the Company's intellectual property rights, and the Company's ability to police such misappropriation or infringement is uncertain. The intellectual property rights granted to SWMBRD, if any, may not provide it with proprietary protection or competitive advantages, and, as with any product, competitors may be able to develop similar or superior technologies to SWMBRD's now, or in the future.

Third parties could claim that SWMBRD's products infringe their proprietary rights. Any claim of infringement by a third party, even one without merit, could cause the Company to incur substantial costs defending against the claim, and could distract management from the Company's business. Furthermore, a party making such a claim, if successful, could secure a judgment that requires SWMBRD to pay substantial damages. A judgment could also include an injunction or other court order that could prevent SWMBRD from offering its products.

### PROMOTERS

Each of the following directors and executive officers of the Company and Zimtu is considered to be a "promoter" of the Company as that term is defined in the *Securities Act* (British Columbia). As of the date of this Prospectus, Zimtu owns 11,885,000 Common Shares (18.15%) and the following directors and executive officers own the following Common Shares:

Name	Number of Common Shares Owned	Percentage of Common Shares Owned
Justin Schroenn	4,773,361	7.29%
Matthew Schroenn	4,773,361	7.29%
Gareth Schroenn	4,773,361	7.29%

**Notes:**

(1) Based on 65,490,872 Common Shares issued and outstanding as of the date of this Prospectus.

### LEGAL PROCEEDINGS AND REGULATORY ACTIONS

#### Legal Proceedings

There are no legal proceedings outstanding, threatened or pending as of the date of this Prospectus by or against the Company or to which it is a party or its business or any of its assets is the subject of, nor to the knowledge of the directors and officers of the Company are any such legal proceedings contemplated which could become material to a purchaser of the Company's securities.

#### Regulatory Actions

There have not been any penalties or sanctions imposed against the Company by a court relating to provincial or territorial securities legislation or by a securities regulatory authority, nor have there been

any other penalties or sanctions imposed by a court or regulatory body against the Company, and the Company has not entered into any settlement agreements before a court relating to provincial or territorial securities legislation or with a securities regulatory authority.

### **INTERESTS OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS**

Except as disclosed below and elsewhere in this Prospectus, since the incorporation of the Company on September 15, 2015, no director, executive officer or person that beneficially owns, or controls or directs, directly or indirectly, more than 10% of any class or series of the outstanding voting securities of the Company or any associate or affiliate of the foregoing has, or has had, any material interest, direct or indirect, in any transaction prior to the date of this Prospectus or any proposed transaction that has materially affected, or is reasonably expected to materially affect, the Company or any of its affiliates.

### **AUDITORS, TRANSFER AGENTS AND REGISTRARS**

The auditor of the Company is De Visser Gray LLP, Chartered Professional Accountants.

De Visser Gray LLP, Chartered Professional Accountant's office is located at 401 - 905 West Pender Street, Vancouver, BC V6C 1L6.

The registrar and transfer agent of the Company's Common Shares is Odyssey Trust Company at its Vancouver office located at 350 – 409 Granville Street, Vancouver, BC V6C 1T2.

### **MATERIAL CONTRACTS**

Except for contracts made in the ordinary course of business and those mentioned above, the following are the only material contracts entered into by the Company within two years prior to the date hereof which are currently in effect and considered to be currently material:

1. Escrow Agreement dated January 24, 2022, among the Company, Odyssey Trust Company and the principals of the Company. See "*Escrowed Securities and Securities Subject to Contractual Restriction on Transfer*" for further particulars.
2. OEM Agreement dated January 22, 2021 between the Company and Tahe. See "*Description of the Business – History of the Business*" for further particulars.
3. Management Services Agreement dated November 1, 2021, as amended on January 21, 2022, between the Company and Zimtu Capital Corp. See "*Use of Available Funds – Principal Purposes*".

### **EXPERTS**

No person or corporation who is named as having prepared or certified a report, valuation, statement or opinion described or included in the Prospectus, or whose profession or business gives authority to a report, valuation, statement or opinion described or included in the Prospectus, holds any registered or beneficial interest, direct or indirect, in the Shares or other property of the Company and no such person or corporation, or a director, officer or employee of such person or corporation, is expected to be elected, appointed or employed as a director, officer or employee or as a director, officer or employee of any of the Company's associates or affiliates.

The Company's current auditor is De Visser Gray LLP, Chartered Professional Accountants. De Visser Gray LLP, Chartered Professional Accountants has informed us that it is independent with respect to the Company within the meaning of the rules of professional conduct of the Institute of Chartered Professional Accountants of British Columbia.

**SCHEDULE "A"**  
**AUDITED FINANCIAL STATEMENTS OF**  
**SWMBRD SPORTS INC. FOR THE YEARS ENDED FEBRUARY 28, 2021 AND FEBRUARY 29, 2020**



## **SWMBRD SPORTS INC.**

Financial Statements

February 28, 2021 and February 29, 2020

(Expressed in Canadian Dollars)



## Independent Auditor's Report

To the Directors of SWMBRD Sports Inc.

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of SWMBRD Sports Inc. (the "Company"), which comprise the statements of financial position as at February 28, 2021 and February 29, 2020, and the statements of operations and comprehensive loss, changes in equity and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Company as at February 28, 2021 and February 29, 2020 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRS).

#### Basis for Opinion

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

#### Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial statements, which indicates that the Company has accumulated losses since its inception, expects to incur further losses in the development of its business, and has no assurance that sufficient funding will be available to conduct further development of its products. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

#### Other Information

Management is responsible for the other information. The other information comprises the information included in "Management's Discussion and Analysis", but does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information, and in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

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

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

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

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

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is G. Cameron Dong.

A handwritten signature in black ink that reads "De Visser Gray LLP". The signature is written in a cursive, flowing style.

**Chartered Professional Accountants**

Vancouver, BC  
January 26, 2022

# Swmbrd Sports Inc.

## Statements of Financial Position

As at February 28, 2021 and February 29, 2020

As expressed in Canadian dollars

	<b>February 28, 2021</b>	February 29, 2020
<b>Assets</b>		
<b>Current</b>		
Cash	\$ 920,318	\$ 5
GST receivable	11,950	63
Prepaid expenses (Note 5)	306,636	2,000
	<b>1,238,904</b>	2,068
Patents (Note 6)	70,159	97,946
Capital equipment (Note 7)	727	1,039
	<b>\$ 1,309,790</b>	<b>\$ 101,053</b>
<b>Liabilities</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	\$ 34,424	\$ 8,671
Due to related parties (Note 9)	9,243	9,866
	<b>43,667</b>	18,537
<b>Equity</b>		
Share capital (Note 8)	1,681,510	140,018
Reserves (Note 8)	2,060	-
Share subscriptions received (Note 13)	5,850	130,000
Share subscriptions receivable (Notes 8, 13)	(60,000)	-
Deficit	(363,297)	(187,502)
	<b>1,266,123</b>	82,516
	<b>\$ 1,309,790</b>	<b>\$ 101,053</b>

Subsequent events (Note 13)

Approved and authorized by the Board of Directors on January 26, 2022:

*“Justin Schroenn”*

Director

*“Matthew Schroenn”*

Director

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

## Swmbrd Sports Inc.

Statements of Operations and Comprehensive Loss

For the years ended February 28, 2021 and February 29, 2020

As expressed in Canadian dollars

	<b>February 28, 2021</b>	February 29, 2020
<b>Expenses</b>		
Administrative fees (Note 10)	\$ 65,508	\$ -
Advertising and website	35,669	528
Depreciation (Note 7)	312	446
Legal fees	13,956	185
Office, telephone and miscellaneous	4,756	10,383
Patent depreciation	25,135	24,487
Product development	116	1,667
Salaries and consulting fees (Note 9)	24,450	-
Travel and meals	-	6,904
	<b>169,902</b>	<b>44,600</b>
<b>Other expenses</b>		
Impairment of patents	<b>5,893</b>	-
<b>Net and comprehensive loss for the year</b>	<b>\$ 175,795</b>	<b>\$ 44,600</b>
<b>Basic and diluted loss per share</b>	<b>\$ 0.01</b>	<b>\$ 0.00</b>
<b>Weighted average number of common shares outstanding – basic and diluted</b>	<b>20,652,417</b>	<b>14,320,083</b>

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

## Swmbrd Sports Inc.

### Statements of Changes in Equity

For the years ended February 28, 2021 and February 29, 2020

As expressed in Canadian dollars

	Number of Shares*		Share Capital		Reserves		Subscription Receivable		Shares Subscribed		Deficit		Total
<b>Balance, February 28, 2019</b>	<b>14,320,083</b>	\$	<b>140,018</b>	\$	-	\$	-	\$	<b>130,000</b>	\$	<b>(142,902)</b>	\$	<b>127,116</b>
Net loss for the year	-		-		-		-		-		(44,600)		(44,600)
<b>Balance, February 29, 2020</b>	<b>14,320,083</b>	\$	<b>140,018</b>	\$	-	\$	-	\$	<b>130,000</b>	\$	<b>(187,502)</b>	\$	<b>82,516</b>
Shares issued for subscriptions	13,679,137		130,000		-		-		(130,000)		-		-
Shares issued for private placements (Note 8)	33,171,000		1,430,550		-		(60,000)		-		-		1,370,550
Share issuance costs	-		(19,058)		2,060		-		-		-		(16,998)
Share subscriptions	-		-		-		-		5,850		-		5,850
Net loss for the year	-		-		-		-		-		(175,795)		(175,795)
<b>Balance, February 28, 2021</b>	<b>61,170,220</b>	\$	<b>1,681,510</b>	\$	<b>2,060</b>	\$	<b>(60,000)</b>	\$	<b>5,850</b>	\$	<b>(363,297)</b>	\$	<b>1,266,123</b>

\*For purposes of presentation, the number of shares has been presented on a post subdivided basis. See Note 8.

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

## Swmbrd Sports Inc.

### Statements of Cash Flows

For the years ended February 28, 2021 and February 29, 2020

As expressed in Canadian dollars

	February 28, 2021	February 29, 2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net loss for the year	\$ (175,795)	\$ (44,600)
Items not affecting cash:		
Depreciation	312	446
Impairment of patents	5,893	-
Patent depreciation	25,135	24,487
Changes in non-cash working capital items related to operations:		
GST receivable	(11,887)	(63)
Prepaid expenses	10,364	(2,000)
Due to related parties	(623)	25,245
Accounts payable and accrued liabilities	25,753	4,887
<b>Net cash flows (used in) from operating activities</b>	<b>(120,848)</b>	<b>8,402</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Share subscriptions received	5,850	-
Issue of common shares	1,055,550	-
Share issuance costs	(16,998)	-
<b>Net cash flows from financing activities</b>	<b>1,044,402</b>	<b>-</b>
<b>CASH FLOWS USED IN INVESTING ACTIVITIES:</b>		
Patents	(3,241)	(8,406)
<b>Net cash flows used in investing activities</b>	<b>(3,241)</b>	<b>(8,406)</b>
<b>Increase in cash</b>	<b>920,313</b>	<b>(4)</b>
<b>Cash, beginning of year</b>	<b>5</b>	<b>9</b>
<b>Cash, end of year</b>	<b>\$ 920,318</b>	<b>\$ 5</b>

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

# Swmbrd Sports Inc.

Notes to the Financial Statements

For the years ended February 28, 2021 and February 29, 2020

Expressed in Canadian dollars

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## 1. NATURE OF OPERATIONS AND CONTINUANCE OF OPERATIONS

Swmbrd Sports Inc. (“Swmbrd” or the “Company”) was incorporated on September 15, 2015, under the Company Act of British Columbia and is in the business of developing, manufacturing, marketing, and selling aquatic sports products in the sporting goods and outdoor recreation industries. The head office, principal address and registered and records office of the Company are located at 1450 – 789 West Pender, Vancouver, BC, Canada, V6C 1H2.

These financial statements were authorized for issue by the Audit Committee and Board of Directors on January 26, 2022.

The Company has no source of operating cash flows, has not yet achieved profitable operations, has working capital of \$1,195,237 at February 28, 2021 (February 29, 2020: \$16,469 deficiency), has accumulated losses since its inception, expects to incur further losses in the development of its business, and has no assurance that sufficient funding will be available to conduct further development of its products. These material uncertainties cast significant doubt about the Company’s ability to continue as a going concern and, accordingly, the appropriateness of the use of generally accepted accounting principles applicable to a going concern. In recognition of these circumstances, management is pursuing various financial alternatives to fund the Company’s development stages. There is no assurance that these initiatives will be successful.

In the future, the Company may raise additional financing through the issuance of share capital or shareholder loans, however, there can be no assurance that it will be successful in its efforts to do so and that the terms will be favourable to the Company. These financial statements do not include any adjustments to the carrying values of assets and liabilities, the reported expenses and statement of financial position classifications that might be necessary should the Company be unable to realize its assets and settle its liabilities as a going concern in the normal course of operations. Management is actively seeking to raise the necessary capital to meet its funding requirements. There can be no assurance that management’s plan will be successful. If the going concern assumption were not appropriate for these financial statements, then adjustments would be necessary in the carrying value of assets and liabilities, the reported expenses and the statement of financial position classifications used. Such adjustments could be material.

In early 2020, there was a global outbreak of COVID-19 (coronavirus), which has had a significant impact on businesses through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders. At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the Company as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus.

## 2. BASIS OF PRESENTATION

### Statement of Compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”) and Interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”).

### Basis of Measurement

These financial statements have been prepared on a historical costs basis except for financial instruments classified as financial instruments at fair value through profit or loss, which are stated at their fair value. In addition, this financial statement has been prepared using the accrual basis of accounting.

**Swmbrd Sports Inc.**  
**Notes to the Financial Statements**  
**For the years ended February 28, 2021 and February 29, 2020**  
**Expressed in Canadian dollars**

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**2. BASIS OF PRESENTATION – continued**

Basis of Measurement - continued

The preparation of these financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

**3. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS**

The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual outcomes could differ from these estimates. These financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout these financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and further periods if the revision affects both current and future periods.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the statement of financial position date that could result in a material adjustment to the carrying amounts of assets and liabilities in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

- (i) The assessment of the ultimate collectability of due from related parties.

Critical judgments

- i. Going concern - Evaluation of the ability of the Company to realize its strategy for funding its future needs for working capital involves making judgments.
- ii. Provision for credit losses - Judgment is required as to the timing of establishing a provision for credit losses and the amount of the required provision, taking into consideration factors such as counterparty creditworthiness, the fair value of the underlying collateral, current economic trends and past experience.
- iii. Fair value and useful life of intangible assets - The value of the intangible assets was determined based on the fair value of the consideration exchanged. Management judgementally used five years as the useful life of the intangible assets for purposes of amortization.
- iv. Impairment of intangible assets – The determination that there are no indicators of impairment indicating that the carrying amount exceeds the recoverable amount.

Judgment is required in assessing whether certain factors would be considered an indicator of impairment or impairment reversal. Management considers both internal and external information to determine whether there is an indicator of impairment or impairment reversal present and, accordingly, whether impairment testing is required.



**Swmbrd Sports Inc.**  
**Notes to the Financial Statements**  
**For the years ended February 28, 2021 and February 29, 2020**  
**Expressed in Canadian dollars**

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**4. SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

*Cash*

Cash consists of amounts held in banks and cashable highly liquid investments with limited interest and credit risk.

*Financial instruments*

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of a financial instrument.

At initial recognition, financial assets are measured at fair value and classified as subsequently measured at amortized cost, fair value through other comprehensive income (“FVTOCI”) or fair value through profit or loss (“FVTPL”). At initial recognition, financial liabilities are measured at fair value and classified as, subject to certain exceptions, subsequently measured at amortized cost. For financial assets and financial liabilities not at FVTPL, fair value is adjusted for transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in the statement of comprehensive loss.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL: (i) it is held within a business model whose objective is to hold assets to collect contractual cash flows, and (ii) its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset is measured at FVTOCI if it meets both of the following conditions and is not designated as at FVTPL: (i) it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and (ii) its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset is measured at FVTPL unless it is measured at amortized cost or FVTOCI. However, an irrevocable election can be made at initial recognition for particular investments in equity instruments that would otherwise be measured at FVTPL to present subsequent changes in fair value through other comprehensive income.

The Company’s financial instruments are classified and subsequently measured as follows:

<b>Account</b>	<b>Classification</b>
Cash	Amortized cost
Receivables	Amortized cost
Due to/from related parties	Amortized cost
Accounts payable and accrued liabilities	Amortized cost

**Swmbrd Sports Inc.**  
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**4. SIGNIFICANT ACCOUNTING POLICIES - continued**

*Income taxes*

Income tax on the profit or loss for the periods presented comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to a business combination or items recognized directly in equity or in other comprehensive income or loss.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at year end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is provided using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit; and differences relating to investments in subsidiaries and associates to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the financial position reporting date applicable to the period of expected realization or settlement.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

*Share capital*

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares and share options are recognized as a deduction from equity, net of any tax effects. Common shares issued for consideration other than cash, are valued based on their market value at the date the agreement to issue shares was concluded.

Share-based payments

(i) Share options

The Company grants share purchase options to directors, officers, employees and consultants to purchase common shares. The board of directors grants such options for periods of up to five years, which vest immediately and are priced at the previous day's closing price. The fair value of options granted is recognized as a share-based payment expense with a corresponding increase in reserves. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee.

The fair value is measured at grant date and recognized over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes option pricing model taking into account the terms and conditions upon which the options were granted.

Where the terms of a stock option is modified, the minimum expense recognized is the expense as if the terms had not been modified. An additional expense is recognized for any modification which increases the total fair value of the stock-based compensation arrangement, or is otherwise beneficial to the employee as measured at the date of modification over the remaining vesting period.

**Swmbrd Sports Inc.**  
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**4. SIGNIFICANT ACCOUNTING POLICIES - continued**

*Share capital – continued*

Share-based payments – continued

(i) Share options - continued

Share-based payments to non-employees are measured at the fair value of the goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received.

(ii) Restricted share units

A Restricted Share Unit (“RSU” or “RSUs”) Plan was established for officers and directors of the Company. The RSUs vest equally over a three-year period and are settled in cash or common shares of the Company, at the holder’s option, at the market price of the Company’s publicly traded common shares on the settlement date. The cost of the RSUs is measured, initially, at fair value on the date of grant based on the market price of the Company’s common shares. The cost of RSUs is recognized as a liability, in accordance with IFRS 2 *Share-based Payments*, in the Company’s statements of financial position. The liability is remeasured at each reporting period, with changes in the fair value of the liability being recognized in the Company’s statements of loss and comprehensive loss. Until such time as the holder elects to settle the RSUs as either cash settlement or equity settlement, in accordance with the RSU plan (Note 8), the RSUs continue to be recognized as a liability.

*Earnings (loss) per share*

The Company presents basic and diluted earnings/loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. The Company uses the treasury stock method for calculating diluted earnings (loss) per share. Under this method the dilutive effect on earnings per share is calculated on the use of the proceeds that could be obtained upon exercise of options, warrants and similar instruments. It assumes that the proceeds of such exercise would be used to purchase common shares at the average market price during the period. However, the calculation of diluted loss per share excludes the effects of various conversions and exercise of options and warrants that would be anti-dilutive.

*Foreign currency translation*

The Company’s presentation currency and functional currency is the Canadian dollar as this is the principal currency of the economic environment in which it operates.

Transactions in foreign currencies are initially recorded in the Company’s functional currency at the exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the end of each reporting period.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions and are not subsequently restated. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when fair value is determined.

All gains and losses on translation of these foreign currency transactions are included in profit or loss.

# Swmbrd Sports Inc.

## Notes to the Financial Statements

### For the years ended February 28, 2021 and February 29, 2020

#### Expressed in Canadian dollars

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#### 4. SIGNIFICANT ACCOUNTING POLICIES - continued

##### *Related party transactions*

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control, related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

##### *Impairment of non-current assets*

Non-current assets are evaluated at least annually by management for indicators that carrying value is impaired and may not be recoverable. When indicators of impairment are present the recoverable amount of an asset is evaluated at the level of a cash generating unit (CGU), the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets, where the recoverable amount of a CGU is the greater of the CGU's fair value less costs to sell and its value in use. An impairment loss is recognized in income to the extent that the carrying amount exceeds the recoverable amount.

In calculating the recoverable amount the Company uses discounted cash flow techniques to determine fair value when it is not possible to determine fair value either by quotes from an active market or a binding sales agreement. The determination of discounted cash flows is dependent on a number of factors, including future metal prices, the amount of reserves, the cost of bringing the project into production, production schedules, production costs, sustaining capital expenditures, and site closure, restoration and environmental rehabilitation costs. Additionally, the reviews take into account factors such as political, social and legal and environmental regulations. These factors may change due to changing economic conditions or the accuracy of certain assumptions and, hence, affect the recoverable amount. The Company uses its best efforts to fully understand all of the aforementioned to make an informed decision based upon historical and current facts surrounding the projects. Discounted cash flow techniques often require management to make estimates and assumptions concerning reserves and expected future production revenues and expenses.

##### *Intangible assets*

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired is their fair value as at the date of acquisition.

The amount initially recognized for internally-generated intangible assets is the sum of the expenditures incurred from the date that the Company can demonstrate all of the following: i) the technical feasibility of completing the intangible assets so that it will be available for use or sale; ii) its intention to complete the intangible asset and use or sell it; iii) its ability to use or sell the intangible asset; iv) how the intangible asset will generate probable future economic benefits; v) the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and vi) its ability to measure reliably the expenditure attributable to the intangible asset during its development. Until these criteria are met, expenditures are expensed as incurred.

Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses.

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

# Swmbrd Sports Inc.

## Notes to the Financial Statements

For the years ended February 28, 2021 and February 29, 2020

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#### 4. SIGNIFICANT ACCOUNTING POLICIES - continued

##### *Intangible assets - continued*

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

Intangible assets are amortized annually on a straight-line basis. The Company holds design patents with effective lives of 10 years in Canada and up to 25 years in the European Union. The patents are amortized over the useful life of the patents which the Company estimates is five years. See Note 6.

Costs incurred for patents which are pending and which are in the process of being developed will be amortized over the life of the patent when the patent is issued.

#### 5. PREPAID EXPENSES

	February 28, 2021	February 29, 2020
	\$	\$
Legal retainers	3,468	2,000
Administrative agreements	116,667	-
Marketing agreements	105,000	-
Production deposits	81,501	-
Total prepaid expenses	306,636	2,000

#### 6. PATENTS

	Patents	
<b>Cost:</b>		
At February 28, 2019	\$	114,027
Additions for the year		8,406
At February 29, 2020	\$	122,433
Additions for the year		3,240
Impairment		(5,893)
At February 28, 2021	\$	119,780
<b>Accumulated amortization</b>		
At February 28, 2019	\$	-
Depreciation for the year		24,487
At February 29, 2020	\$	24,487
Depreciation for the year		25,134
At February 28, 2021	\$	49,621
<b>Net book value:</b>		
At February 29, 2020	\$	97,946
At February 28, 2021	\$	70,159

# Swmbrd Sports Inc.

## Notes to the Financial Statements

For the years ended February 28, 2021 and February 29, 2020

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### 6. PATENTS – continued

The Company invested heavily in patenting their product in the following priority jurisdictions: Canada, the United States, the European Union, and Bosnia and Herzegovina. As funds permit, the Company will continue to increase the breadth of its patent holdings as well as pursuing a variety of trademarks in these jurisdictions.

Prior to March 1, 2019, the Company incurred \$133,898 developing patents for its aquatic sports board and trademarking the Company's name. The Company determined that a portion of the patent costs were exploratory in nature and would not be pursued further and impaired \$19,871 of patent expense, leaving a balance of \$114,027.

During the year ended February 28, 2021, the Company incurred \$3,240 (February 29, 2020 - \$8,406) in patent costs for the development of the aquatic swim board.

### 7. CAPITAL EQUIPMENT

	<b>Computer Equipment</b>
<b>Cost:</b>	
At February 28, 2021 and February 29, 2020	\$ 2,496
<b>Depreciation:</b>	
At February 29, 2020	1,457
Depreciation for the year	312
At February 28, 2021	\$ 1,769
<b>Net book value:</b>	
At February 29, 2020	\$ 1,039
At February 28, 2021	\$ 727

### 8. SHARE CAPITAL

a) Authorized: Unlimited common shares with no par value.

On November 27, 2020, all existing shares were subdivided on a basis of one (1) pre-subdivided share for sixteen thousand eight hundred and sixty seven (16,867) post-subdivided shares. These financial statements reflect the subdivision retroactively.

Issued and outstanding: The total issued and outstanding shares of the Company total 61,170,220 as at February 28, 2021 (February 29, 2020: 14,320,083).

#### During the year ended February 28, 2021:

- i. On November 27, 2020, 13,679,137 shares were issued at \$0.0095 per share for gross proceeds of \$130,000.
- ii. On December 14, 2020, 15,200,000 common shares were issued at \$0.035 per share for gross proceeds of \$532,000.

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**8. SHARE CAPITAL - continued**

**During the year ended February 28, 2021: - continued**

- iii. On February 26, 2021, the Company closed a private placement of 17,971,000 units (each, a “Unit”) at a price of \$0.05 per Unit for aggregate proceeds of \$898,550. Each Unit consists of one common share and one common share purchase warrant. Each warrant entitles the holder to purchase one common share at a price (as amended on October 27, 2021) of \$0.10 until July 1, 2022, and \$0.15 from July 2, 2022 until July 1, 2023. Of the total proceeds received, \$60,000 was received subsequent to February 28, 2021. The Company issued 147,000 finders’ warrants exercisable at a price (as amended on October 27, 2021) of \$0.10 until July 1, 2022, and \$0.15 from July 2, 2022 until July 1, 2023. The finders’ warrants were valued at \$2,060 using the Black-Scholes option pricing model.

**During the year ended February 29, 2020:**

No shares were issued during the year ended February 29, 2020.

b) Long-term Incentive Plans

Stock Option Plan

The Company adopted an incentive stock option plan (“the Plan”) which provides that the number of shares issuable under the plan may not exceed 10% of the issued and outstanding common shares of the Company. Options granted under the Plan may have a maximum term of 10 years. The exercise price of options granted under the Plan may not be less than the discounted market price of the shares on grant date, or such other price as may be agreed to by the Company and accepted by the Canadian Securities Exchange.

Restricted Share Unit Plan

On March 15, 2021, the board of directors approved a restricted share unit (“RSU”) plan for the purpose of securing for the Company and its shareholders the benefits of incentive inherent in share ownership by the employees and directors of the Company and its affiliates who, in the judgment of the Board and the Compensation Committee, will be largely responsible for the Company’s future growth and success. Subject to the specific provisions of the RSU plan, eligibility, vesting period, terms of the RSUs and the number of RSUs granted are to be determined by the Board or the Compensation Committee at the time of the grant. Each award granted entitles the participant to receive one RSU. Within two business days of the award grant, the participant must send a written settlement election to the Company choosing whether it wishes the awards to be subject to cash or share settlement procedures. See Note 13.

c) Warrants

The following is a summary of share purchase warrant transactions for the years ended February 28, 2021 and February 29, 2020:

	2021		2020	
	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
Balance, beginning of year	-	\$ -	-	\$ -
Issued*	17,971,000	0.10	-	-
Balance, end of year	17,971,000	\$ 0.10	-	\$ -

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**8. SHARE CAPITAL – continued**

c) Warrants – continued

The following share purchase warrants were outstanding and exercisable as at February 28, 2021 and February 29, 2020:

Expiry Date	Weighted Average Remaining Contractual Life (Years)	Exercise Price	2021 Number of Warrants	2020 Number of Warrants
July 1, 2023*	2.34	\$0.10	17,971,000	-
Total Outstanding and exercisable	2.34	\$0.10	17,971,000	-

\*Warrant exercise price is \$0.10 in the first six months and \$0.15 for month seven through eighteen.

The following is a summary of agents' warrant transactions for the years ended February 28, 2021 and February 29, 2020:

	2021		2020	
	Number of Agents' Warrants	Weighted Average Exercise Price	Number of Agents' Warrants	Weighted Average Exercise Price
Balance, beginning of year	-	\$ -	-	\$ -
Issued**	147,000	0.10	-	-
Expired	-	-	-	-
Balance, end of year	147,000	\$ 0.10	-	\$ -

The following agents' warrants were outstanding and exercisable as at February 28, 2021 and February 29, 2020:

Expiry Date	Weighted Average Remaining Contractual Life (Years)	Exercise Price	2021 Number of Warrants	2020 Number of Warrants
July 1, 2023**	2.34	\$0.10	147,000	-
Total Outstanding and exercisable	2.34	\$0.10	147,000	-

\*\*Warrant exercise price is \$0.10 in the first six months and \$0.15 for month seven through eighteen.

The following assumptions were used for the Black-Scholes pricing model calculations:

	February 26, 2021
Risk-free interest rate	0.30%
Expected stock price volatility	100.00%
Expected option life in years	1.5 years
Dividend rate	Nil



# Swmbrd Sports Inc.

## Notes to the Financial Statements

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### 9. RELATED PARTY TRANSACTIONS

During the years ended February 28, 2021 and February 29, 2020, the Company incurred the following transactions with officers or directors of the Company or companies with common directors:

	Year ended	
	February 28, 2021	February 29, 2020
<b>Key management compensation*</b>	\$	\$
Salaries	15,000	-
Rent expenses	3,522	10,346
Total	18,522	10,346

	February 28, 2021	February 29, 2020
	\$	\$
<b>Amounts due to (from) related parties</b>		
Justin Schroenn	3,000	3,000
Matthew Schroenn	3,000	3,000
Gareth Schroenn	3,243	3,866
Total	9,243	9,866

\* Key management includes those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including the Company's executive officers and certain members of its Board of Directors.

The terms and conditions of these transactions with key management and their related parties were no more favourable than those available, or which might reasonably be expected to be available, or similar transactions to non-key management related entities on an arm's length basis.

These transactions are in the normal course of operations and have been valued in these financial statements at the exchange amount, which is the amount of consideration established and agreed to by the related parties. The amounts due to related parties are unsecured, non-interest bearing, and have no specific terms of repayment.

### 10. COMMITMENTS

On November 1, 2020, the Company entered into a Management & Administration Agreement ("Agreement") with Zimtu Capital Corp. ("Zimtu"). Under the terms of the agreement, Zimtu will provide the Company with administrative and managerial services, including corporate maintenance, continuous disclosure services, rent, and office space, over a period of 13 months, at a price of \$14,583 per month. The Company paid \$175,000 up front for the initial 12-month and will expense it evenly over the period. See Note 13.

On December 1, 2020, the Company signed an agreement with Zimtu Capital Corp. whereas Zimtu will provide services under the ZimtuADVANTAGE program. The Company paid \$140,000 up front for the initial 12-month and will expense it evenly over the period.

### 11. FINANCIAL INSTRUMENTS

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to market conditions and the Company's activities. The Company has exposure to credit risk, liquidity risk and market risk as a result of its use of financial instruments. This note presents information about the Company's exposure to each of the above risks and the Company's objectives, policies and processes for measuring and managing these risks. Further quantitative disclosures are included throughout these financial statements.

# Swmbrd Sports Inc.

## Notes to the Financial Statements

For the years ended February 28, 2021 and February 29, 2020

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### 11. FINANCIAL INSTRUMENTS - continued

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board has implemented and monitors compliance with risk management policies as set out herein.

#### a) Credit Risk

The Company is not exposed to significant credit risk on its cash due to its cash is placed with major financial institutions and investments are placed with a Canadian chartered bank or with independent investment dealer member of the Canadian Investor Protection Fund. All transactions executed by the Company in listed securities are settled or paid for upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities sold is only made once the broker has received payment.

At February 28, 2021, the Company held cash of \$920,318 (February 29, 2020: \$5) with Canadian chartered banks.

#### b) Liquidity Risk

Liquidity risk is the risk that the Company will incur difficulties meeting its financial obligations as they are due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions without incurring unacceptable losses or risking harm to the Company's reputation.

As at February 28, 2021, the Company has total current liabilities of \$43,667 (February 29, 2020: \$18,537).

#### c) Market Risk

Market risk consists of currency risk, commodity price risk and interest rate risk. The objective of market risk management is to manage and control market risk exposures within acceptable limits, while maximizing returns.

##### i) *Currency Risk*

Foreign currency exchange rate risk is the risk that the fair value or future cash flows will fluctuate as a result of changes in foreign exchange rates. Although the Company is in the development stage and has not yet developed commercial production, the underlying commodity price for materials and services is impacted by changes in the exchange rate between the Canadian dollar, the United States dollar, and the Euro. As all of the Company's transactions are denominated in Canadian dollars, the Company is not significantly exposed to foreign currency exchange risk at this time.

##### ii) *Commodity Price Risk*

Commodity price risk is the risk that the fair value of future cash flows will fluctuate as a result of changes in commodity prices. Commodity prices for production materials are impacted by world economic events that dictate the levels of supply and demand as well as the relationship between the Canadian and United States dollar and Euro, as outlined above. As the Company has not yet developed commercial production, it is not exposed to commodity price risk at this time.

##### iii) *Interest Rate Risk*

The Company is not exposed to significant interest rate risk even though the Company has cash balances, and its current policy is to invest excess cash in certificates of deposit or money market funds of major Canadian chartered banks. The Company's other financial assets and financial liabilities do not comprise any interest rate risk since they do not bear interest.

# Swmbrd Sports Inc.

## Notes to the Financial Statements

For the years ended February 28, 2021 and February 29, 2020

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### 11. FINANCIAL INSTRUMENTS - continued

#### d) Fair Value

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

The following is an analysis of the Company's financial assets measured at fair value as at:

	As at February 28, 2021		
	Level 1	Level 2	Level 3
Cash	\$ 920,318	\$ -	\$ -
	\$ 920,318	\$ -	\$ -

	As at February 29, 2020		
	Level 1	Level 2	Level 3
Cash	\$ 5	\$ -	\$ -
	\$ 5	\$ -	\$ -

#### e) Capital Management

Capital is comprised of the Company's shareholders' equity and any debt it may issue. As at February 28, 2021, the Company's equity was \$1,266,123 (February 29, 2020: \$82,516). The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern and to maintain a flexible capital structure which will allow it to pursue the production of its products. Therefore, the Company monitors the level of risk incurred in its expenditures relative to its capital structure which is comprised of working capital and shareholders' equity.

The Company monitors its capital structure and makes adjustments in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to facilitate the management of capital and the development of its products, the Company prepares annual expenditure budgets which are updated as necessary and are reviewed and periodically approved by the Company's Board of Directors. To maintain or adjust the capital structure, the Company may issue new equity if available on favourable terms, enter into joint venture arrangements, or dispose of assets. The Company is not subject to any externally imposed capital requirements and there were no changes in the Company's approach to capital management during the year.

# Swmbrd Sports Inc.

## Notes to the Financial Statements

For the years ended February 28, 2021 and February 29, 2020

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### 12. CORPORATE INCOME TAXES

The Company is subject to income taxes in Canada. The reconciliation of the income tax provision computed at the statutory rate is as follows:

	February 28, 2021	February 29, 2020
	\$	\$
Net loss before tax	(175,795)	(44,600)
Statutory tax rate	27.00%	27.00%
Expected income tax (recovery)	(47,000)	(12,000)
Net adjustment for deductible and non-deductible amounts	3,000	7,000
Change in valuation allowance	44,000	5,000
<b>Deferred income tax recovery per financial statements</b>	<b>-</b>	<b>-</b>

There are no deferred tax assets/(liabilities) presented in the statement of financial position.

Deductible temporary differences, unused tax losses and unused tax credits for which no deferred tax assets/(liabilities) have been recognized are attributable to the following:

	February 28, 2021	February 29, 2020
	\$	\$
Non-capital loss carryforwards	235,000	87,000
Share issue costs	14,000	-
	249,000	87,000

The Company has non-capital losses available for Canadian income tax purposes which may be carried forward to reduce taxable income in future years. If not utilized, the non-capital losses expire as follows:

Expiry	\$
2036	4,000
2037	12,000
2038	26,000
2039	28,000
2040	18,000
2041	147,000
Total	235,000

### 13. SUBSEQUENT EVENTS

Subsequent to February 28, 2021, 720,000 RSU's were granted to consultants of the Company with 240,000 and 480,000 RSUs vesting on September 15, 2021 and September 30, 2021 respectively. On September 30, 2021, the RSU's were exercised and exchanged for 720,000 common shares of the Company.

On March 16, 2021, the Company closed a private placement of 518,500 units (each, a "Unit") at a price of \$0.05 per Unit for aggregate proceeds of \$25,925. Each Unit consists of one common share and one common share purchase warrant. Each warrant entitles the holder to purchase one common share at a price (as amended on October 27, 2021) of \$0.10 until July 22, 2022, and \$0.15 from July 23, 2022 until July 22, 2023.

# **Swmbrd Sports Inc.**

## **Notes to the Financial Statements**

**For the years ended February 28, 2021 and February 29, 2020**

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### **13. SUBSEQUENT EVENTS - continued**

On June 25, 2021, the Company closed a private placement of 2,427,152 units (each, a “Unit”) at a price of \$0.075 per Unit for aggregate proceeds of \$182,036. Each Unit consists of one common share and one common share purchase warrant. Each warrant entitles the holder to purchase one common share at a price (as amended on October 27, 2021) of \$0.20 until December 25, 2023.

On December 1, 2021, the Company renewed the management agreement with Zimtu for a rate of \$12,500 per month for a period of 12 months. On January 21, 2022, the Company entered into an amended agreement with Zimtu, whereby Zimtu has agreed to defer the amount owing until the earlier of the Company becoming cash flow positive or April 30, 2023.

On January 19, 2022, the Company issued 4,000,000 performance warrants to each of Justin Schroenn, Matthew Schroenn and Gareth Schroenn. The performance warrants are exercisable at a price of \$0.10 and will vest upon the Company entering into an employment agreement with a former senior level executive from a major sporting brand to act as Chief Executive Officer of the Company.

On January 24, 2022, the Company closed a private placement of 655,000 units (each, a “Unit”) at a price of \$0.10 per Unit for aggregate proceeds of \$65,500. Each Unit consists of one common share and one common share purchase warrant. Each warrant entitles the holder to purchase one common share at a price of \$0.20 for 12 months and \$0.30 for 24 months.

**SCHEDULE "B"**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS OF**  
**SWMBRD SPORTS INC. FOR THE YEARS ENDED FEBRUARY 28, 2021 AND FEBRUARY 29, 2020**



## **SWMBRD SPORTS INC.**

### **Management Discussion & Analysis for the Year Ended February 28, 2021**

The following discussion and analysis of the financial position and results of operations for Swmbrd Sports Inc. should be read in conjunction with the audited financial statements for the **year ended February 28, 2021**, which are prepared using accounting policies consistent with International Financial Reporting Standards (“IFRS”).

The effective date of this report is January 26, 2022.

All financial figures presented herein are expressed in Canadian Dollars (CDN\$) unless otherwise specified.

#### **Nature of Business**

The Company is a British Columbia-based sporting goods company focused on developing, manufacturing, marketing, and selling aquatic sports products in the sporting goods and outdoor recreation industries. The Company’s main asset is the 100% ownership of the SWMBRD aquatic sports board (the “Swimboard”) and multiple variants thereof, along with designs covering numerous related accessories. The Company owns a significant array of patents covering the European Union, the United States and Canada, along with the trademark “ZAMBEZI” for Canada, which was granted when the Company’s name was “Zambezi Sports Inc.”. The Company has submitted applications in the European Union, the United Kingdom, the United States, and Canada for the trademark “SWMBRD”.

The Company plans on developing Swimboard into a global aquatic sports and lifestyle brand built around the new sport of Swimboarding. By virtue of its design, the Swimboard is the most versatile, easy to use, and consumer-friendly aquatic sports board in the world.

The head office, principal address and registered and records office of the Company are located at 1450 – 789 West Pender, Vancouver, BC, Canada, V6C 1H2.

## **Corporate Activities**

On December 23, 2020, the Company completed a non-brokered private placement of 15,200,000 common shares at a price of \$0.035 per Common Share for gross proceeds of \$532,000.

On January 12, 2021, the Company appointed Michael Hodge as a director of the Company.

On January 22, 2021, the Company entered into a definitive Original Equipment Manufacturer (OEM) agreement with Tahe for an initial term of three years which commenced on February 1, 2021. The agreement may be extended at the discretion of both parties. During the first two years of the agreement, Tahe has agreed to sell to the Company, and the Company has agreed to purchase, at least 1000 Swimboards per year at a price of 227€ per Swimboard. The Company has also agreed to pay for the hull molds and injection mold tools although it will retain ownership of these tools.

On February 26, 2021, the Company completed a non-brokered private placement of 17,971,000 units at a price of \$0.05 per unit for gross proceeds of \$898,550. Each unit consists of one common share and one warrant, with each warrant entitling the holder thereof to acquire one additional Common Share for 18 months from the date of issuance at a price of: (i) \$0.10 per common share for six months from the date of issuance; and (ii) \$0.15 per common share from seven months to 18 months from the date of issuance.

On March 15, 2021, 720,000 RSU's were granted to consultants of the Company at a deemed price of \$0.05 per share. The vesting date of 240,000 RSU's is September 15, 2021 and the vesting date of the remaining 480,000 RSU's is September 30, 2021.

On March 16, 2021, the Company completed a non-brokered private placement of 518,500 units at a price of \$0.05 per unit for gross proceeds of \$25,925. Each unit consists of one common share and one warrant, with each warrant entitling the holder thereof to acquire one additional common share for 18 months from the date of issuance at a price of: (i) \$0.10 per common share for six months from the date of issuance; and (ii) \$0.15 per Common Share from seven months the date of issuance to 18 months from the date of issuance.

On March 17, 2021, the Company appointed Jody Bellefleur as Chief Financial Officer of the Company.

On June 25, 2021, the Company completed a non-brokered private placement of 2,427,152 units at a price of \$0.075 per unit for gross proceeds of \$182,036. Each unit consists of one common share and one warrant, with each warrant entitling the holder thereof to acquire one additional Common Share for 18 months from the date of issuance at a price of \$0.20 per common share.

On July 9, 2021, the Company changed its name to "SWMBRD Sports Inc.". The Company's name change was due to trademark restrictions involving the name "Zambezi". Trademarks were filed for the name "SWMBRD" in Canada on June 15, 2021; in the United States on June 23, 2021; and in Europe on July 5, 2021.

On October 22, 2021, the Company held a special meeting to appoint Roc Smith as a director of the Company.



On October 27, 2021, the Company amended the terms of the Warrants issued in the three private placement offerings on February 26, 2021, March 16, 2021 and June 25, 2021 to provide for an extension of the expiry dates of the Warrants. The expiry date of the Warrants issued in the private placement on February 26, 2021 were extended such that each Warrant entitles the holder to acquire one Warrant Share at a price of: (i) \$0.10 per Warrant Share until July 1, 2022; and (ii) \$0.15 per Warrant Share from July 2, 2022 until July 1, 2023. The expiry date of the Warrants issued in the private placement on March 16, 2021 were extended such that each Warrant entitles the holder to acquire one Warrant Share at a price of: (i) \$0.10 per Warrant Share until July 22, 2022; and (ii) \$0.15 per Warrant Share from July 23, 2022 until July 22, 2023. The expiry date of the Warrants issued in the private placement on June 25, 2021 were extended such that each Warrant entitles the holder to acquire one Warrant Share at a price of \$0.20 per Warrant Share until December 25, 2023.

On December 1, 2021, the Company renewed the management agreement with Zimtu for a rate of \$12,500 per month for a period of 12 months. On January 21, 2022, the Company entered into an amended agreement with Zimtu, whereby Zimtu has agreed to defer the amount owing until the earlier of the Company becoming cash flow positive or April 30, 2023.

On January 19, 2022, the Company issued 4,000,000 Performance Warrants to each of Justin Schroenn, Matthew Schroenn and Gareth Schroenn. The Performance Warrants are exercisable at a price of \$0.10 and will vest upon the Company entering into an employment agreement with a former senior level executive from a major sporting brand to act as Chief Executive Officer of the Company.

On January 24, 2022, the Company completed a private placement in which it issued 655,000 Unit at a price of \$0.10 per Unit for gross proceeds of \$65,500. Each Unit consists of one Common Share and one Warrant exercisable at \$0.20 for 12 months and \$0.30 for 24 months.

### **Selected Annual Information**

The following is a summary of the financial data of the Company for the last three completed fiscal year ends and are derived from the audited annual financial statements of the Company:

	For the years ended	
	February 28, 2021	February 29, 2020
	\$	\$
Total Revenues	Nil	Nil
Loss from continuing operations	169,902	44,600
Loss from continuing operations (per share, basic and diluted)	0.01	0.00
Net loss	175,795	44,600
Net loss (per share, basic and diluted)	0.01	0.00
Net comprehensive loss for the year	175,795	44,600
Total assets	1,309,790	101,053
Total long-term financial liabilities	Nil	Nil
Cash dividend declared per share	Nil	Nil

The Company has recorded losses in each of its two most recently completed fiscal years, and expects to continue to record losses until such time as the Company is able to move into the manufacturing process, and achieve broad enough market awareness to generate significant sales.

## **Business of the Company**

The principal business carried on and intended to be carried on by the Company is the manufacturing and sale of the Swimboard.

To the date of this report, the Company has raised gross proceeds of \$1,974,029 through the sale of common shares.

## **The Swimboard**

The Swimboard is a human-powered aquatic sports board. The Swimboard is not a just a board – It is an entirely new way for human beings to interact with, and within, every type of aquatic environment, and with each other.

In simplest terms, the physical action of Swimboarding can best be described as an organic synthesis of cycling and swimming. The board, by virtue of the leg motion used is also very similar to running, skating and snorkeling/ scuba. Of great importance, stand up paddling and surfing and bodyboarding are entirely different from these popular sports, and are not natural and organic motions. In short, the Swimboard has the vast advantage of being natural, organic, familiar, and easy to learn, coupled with the previously unknown empowerment the board delivers to the rider.

The Swimboard enables the rider, in a prone or lying-down position, to use their arms and legs in the propulsion of the present invention across the surface of a body of water using natural, intuitive motions similar to a fusion of conventional swimming strokes with the deep rotational leg movement of cycling.

While the Swimboard may also be used to ride waves, it differs from surf boards, body boards, knee boards and the like, in that it is optimized to be propelled by the rider alone, without the help of waves, paddles or sails. This is possible due to the relative narrowness of the Swimboard, particularly in the bow; a wide variety of possible rider positions, ranging from far forward to far back; the bow-to-stern curvature of the hull; the pronounced curve and terminal height of the bow relative to the surface of the water; the round, convex profile of the stern area of the board; the distinctly forward-sloping slip-resistant upper deck; the substantial height, thickness and buoyancy of the stern area; the distinctive v-shaped side-to-side profile of the deck along most of its length; and the relative depth, shape and buoyancy of the keel.

These features of the Swimboard allow the rider's arms to stroke through the water more closely alongside the body than is the case with traditional surf boards or body boards, while at the same time helping to restrain the rider from pulling themselves off the board. These features also allow for a wide variety of positions to be adopted by the rider, ranging from a position where the rider is very far forward, with their hips on the board and their chest towards the front of the board, to a position where they are far back with their hips mostly off the board. Furthermore, they allow the Swimboard to be tilted in a controllable manner forward and aft, as well as rotated easily from side to side about the stern. In other words, a wide degree of pitch, rotation and yaw is possible. Additionally, these features allow the legs to kick while still providing support for the pelvis, as well as a degree of support to the upper thighs if so desired.

A further advantage is that the Swimboard is very compact in size, making it maneuverable as well as being easier to transport and store than most other boards.

## **Overall Performance**

### **Financings**

No shares were issued during the year ended February 29, 2020.

During the year ended February 28, 2021:

- i. On November 27, 2020, 13,679,137 common shares were issued at \$0.0095 per share for gross proceeds of \$130,000.
- ii. On December 14, 2020, 15,200,000 common shares were issued at \$0.035 per share for gross proceeds of \$532,000.
- iii. On February 26, 2021, the Company closed a private placement of 17,971,000 units (each, a "Unit") at a price of \$0.05 per Unit for aggregate proceeds of \$898,550. Each Unit consists of one common share and one common share purchase warrant. Each warrant entitles the holder to purchase one common share at a price (as amended on October 27, 2021) of \$0.10 until July 1, 2022, and \$0.15 from July 2, 2022 until July 1, 2023. Of the total proceeds received, \$60,000 was received subsequent to February 28, 2021. The Company issued 147,000 finders' warrants exercisable at a price (as amended on October 27, 2021) of \$0.10 until July 1, 2022, and \$0.15 from July 2, 2022 until July 1, 2023. The finders' warrants were valued at \$2,060 using the Black-Scholes option pricing model.

Subsequent to the year ended February 28, 2021:

- i. On March 16, 2021, the Company completed a non-brokered private placement of 518,500 units at a price of \$0.05 per unit for gross proceeds of \$25,925. Each unit consists of one common share and one warrant, with each warrant entitling the holder thereof to acquire one additional common share for 18 months from the date of issuance at a price of: (i) \$0.10 per Common Share for six months from the date of issuance; and (ii) \$0.15 per common share from six months the date of issuance to 18 months from the date of issuance.
- ii. On June 25, 2021, the Company completed a non-brokered private placement of 2,427,152 units at a price of \$0.075 per unit for gross proceeds of \$182,036. Each unit consists of one common share and one warrant, with each warrant entitling the holder thereof to acquire one additional common share for 18 months from the date of issuance at a price of \$0.20 per common share.
- iii. On January 24, 2022, the Company completed a private placement in which it issued 655,000 Unit at a price of \$0.10 per Unit for gross proceeds of \$65,500. Each Unit consists of one Common Share and one Warrant exercisable at \$0.20 for 12 months and \$0.30 for 24 months.

For additional details regarding the Company's recent financings, please refer to Notes 8 and 13 of the Company's audited financial statements for the year ended February 28, 2021.

### **General and Administrative**

Net loss for the year ended February 28, 2021, was \$175,795, compared to a net loss during the year ended February 29, 2020 of \$44,600, for a difference of \$131,195. The significant changes in expenses include:

- Administrative fees (2021: \$65,508, 2020: \$nil);
- Advertising expenses (2021: \$35,669; 2020: \$528);
- Salaries and consulting fees (2021: \$24,450; 2020: \$nil);
- Legal fees (2021: \$13,956, 2020: \$185);
- Office, telephone and miscellaneous (2021: \$4,756, 2020: \$10,383);
- Travel and meals (2021: \$nil, 2020: \$6,904); and
- Impairment of patent expenses (2021: \$5,893, 2020: \$nil).

The main reason for the significant increase in loss for the year is due administrative fees related to a management services agreement with Zimtu that became effective November 1, 2020, advertising expenses related to the ZimtuAdvantage agreement with Zimtu that was initiated on November 1, 2020, and consulting fees and salaries due to the Company's increased business activities.

### **Summary of Quarterly Results**

The following is a summary of the results from the eight previously completed financial quarters:

	<b>February 28, 2021</b>	<b>November 30, 2020</b>	<b>August 31, 2020</b>	<b>May 31, 2020</b>
Revenues	Nil	Nil	Nil	Nil
Net loss from continuing operations	135,059	22,138	6,483	6,222
Net loss and comprehensive loss	140,952	22,138	6,483	6,222
Basic and diluted net loss (per share)	0.01	0.00	0.00	0.00

	<b>February 29, 2020</b>	<b>November 30, 2019</b>	<b>August 31, 2019</b>	<b>May 31, 2019</b>
Revenues	Nil	Nil	Nil	Nil
Net loss from continuing operations	17,988	6,612	7,030	12,970
Net loss and comprehensive loss	17,988	6,612	7,030	12,970
Basic and diluted net loss (per share)	0.00	0.00	0.00	0.00

Over the course of the Company's previously completed eight quarters, the Company's net loss has remained at a consistent level, with the exception of the quarter ended February 28, 2021. Prior to December 1, 2020, the Company had not raised any capital and expenses were kept to a minimum. During the quarter ended February 28, 2021, the Company raised capital and increased their business activities accordingly to complete their product development and move forward to a public listing on the CSE, as detailed below.

Net loss for the three months ended February 28, 2021, was \$140,952, compared to a net loss during the three months ended February 29, 2020 of \$17,988, for a difference of \$122,964. The significant changes in expenses include:

- Administrative fees (2021: \$50,925, 2020: \$nil);
- Advertising expenses (2021: \$35,153; 2020: \$528);
- Salaries and consulting fees (2021: \$24,450; 2020: \$nil);
- Legal fees (2021: \$13,495, 2020: \$nil); and
- Impairment of patent expense (2021: \$5,893, 2020: \$nil).

## **Liquidity and Capital Resources**

As of the date of this report, the Company has raised gross proceeds of \$1,974,029 to further the Company's advancement of the Swimboard and for general working capital.

The Company will continue to require funds to further the advancement of its Swimboard. As a result, the Company may have to continue to rely on equity and debt financing. There can be no assurance that financing, whether debt or equity, will always be available to the Company in the amount required at any particular time or for any particular period or, if available, that it can be obtained on terms satisfactory to the Company.

The Company's financial success will be dependent on the economic viability of its Swimboard and the extent to which it can market and sell the Swimboards. Such development may take time to complete and the amount of resulting income, if any, is difficult to determine.

The Company's revenues, if any, are expected to be in large part derived from the sale of the Swimboard. The price of the Swimboard will be affected by numerous factors beyond the Company's control such as international, economic and political trends, expectations of inflation, currency exchange fluctuations and interest rates.

As at February 28, 2021, the Company has total assets of \$1,309,790 (February 29, 2020: \$101,053). The primary assets of the Company are cash of \$920,318 (February 29, 2020: \$5), sales tax and other receivables of \$11,950 (February 29, 2020: \$63), prepaid expenses of \$306,636 (February 29, 2020: \$2,000), patents of \$70,159 (February 29, 2020: \$97,946), and capital equipment of \$727 (February 29, 2020: \$1,039). The Company has no long-term liabilities and has working capital of \$1,195,237 (February 29, 2020: \$16,459 deficit) as at February 28, 2021.

*Cash Provided by/Used In Operating Activities:* Cash used in operating activities during the year ended February 28, 2021 was \$120,848, compared with \$8,402 provided by operating activities during the year ended February 29, 2020. Cash was mostly spent on administration fees, legal fees, salaries and consulting fees, and prepaid expenses.

*Cash From Financing Activities:* Total cash from financing activities during the year ended February 28, 2021 was \$1,044,402 provided from the issuance of shares (February 29, 2020: \$nil), \$5,850 for share subscriptions received (February 29, 2020: \$nil), and \$16,998 (February 29, 2020: \$nil) used for share issuance costs.

*Cash Used in Investing Activities:* Total cash used in investing activities during the year ended February 28, 2021 was \$3,241, compared to \$8,406 used during the year ended February 29, 2020 for patent expenses.

## **Transactions with Related Parties**

During the year ended February 28, 2021 and February 29, 2020, the Company incurred the following transactions with officers or directors of the Company or companies with common directors:

	Year ended	
	February 28, 2021	February 29, 2020
	\$	\$
<b>Key management compensation*</b>		
Salaries	15,000	-
Rent expenses	3,522	10,346
Total	18,522	10,346

	February 28, 2021	February 29, 2020
	\$	\$
<b>Amounts due to (from) related parties</b>		
Justin Schroenn	3,000	3,000
Matthew Schroenn	3,000	3,000
Gareth Schroenn	3,243	3,866
Total	9,243	9,866

\* Key management includes those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including the Company's executive officers and certain members of its Board of Directors.

As at February 28, 2021, there was \$9,243 (February 29, 2020: \$9,866) due to related parties of the Company.

The terms and conditions of these transactions with key management and their related parties were no more favourable than those available, or which might reasonably be expected to be available, or similar transactions to non-key management related entities on an arm's length basis.

These transactions are in the normal course of operations and have been valued in these financial statements at the exchange amount, which is the amount of consideration established and agreed to by the related parties. The amounts due to related parties are unsecured, non-interest bearing, and have no specific terms of repayment.

## **Commitments**

Zimtu Capital Corp. ("Zimtu") provides key management services to the Company and hold 19% of the Company's shares.

On November 1, 2020, the Company entered into a Management & Administration Agreement ("Agreement") with Zimtu Capital Corp. ("Zimtu"). Under the terms of the agreement, Zimtu will provide the Company with administrative and managerial services, including corporate maintenance, continuous disclosure services, rent, and office space, over a period of 13 months, at a price of \$14,583 per month. On December 1, 2021, the Company renewed the management agreement with Zimtu for a rate of \$12,500 per month for a period of 12 months. On January 21, 2022, the Company entered into an amended agreement with Zimtu, whereby Zimtu has agreed to defer the amount owing until the earlier

of the Company becoming cash flow positive or April 30, 2023.

On December 1, 2020, the Company signed an agreement with Zimtu Capital Corp. whereas Zimtu will provide services under the ZimtuADVANTAGE program. The Company paid \$140,000 up front for the initial 12-month and will expense it evenly over the period.

### **Other MD&A Requirements**

#### **Additional Disclosure for Venture Issuers without Significant Revenue**

As the Company has not had significant revenue from operations in either of its last two financial years, the following is a breakdown of the material costs incurred:

	<b>Year Ended February 28, 2021</b>	<b>Year ended February 29, 2020</b>
Patent expenses	\$3,240	\$8,406
General and Administration Expenses	\$169,902	\$44,600

#### **Disclosure of Outstanding Share Capital**

The following is a breakdown of the share capital of the Company, on an annual basis and the date of this report:

	<b>January 26, 2022</b>	<b>February 28, 2021</b>	<b>February 29, 2020</b>
Common Shares	65,490,872	61,170,220	14,320,083
Broker warrants	147,000	147,000	-
Warrants	21,571,652	17,971,000	-
Performance warrants	12,000,000	-	-
Fully Diluted Shares	99,209,524	79,282,220	14,320,083

For additional details of outstanding share capital, refer to Notes 8 and 13 of the audited financial statements for the year ended February 28, 2021.

### **RISK FACTORS**

*An investment in the Common Shares, in the event that the Common Shares are offered for sale at some time in the future, should be considered highly speculative due to the nature of the Company's business and the present stage of development. An investment in the Common Shares should only be made by knowledgeable and sophisticated investors who are willing to risk and can afford the loss of their entire investment. Potential investors should consult with their professional advisors to assess an investment in the Company. In evaluating the Company and its business, investors should carefully consider, in addition to other information contained in this Prospectus, the risk factors below. These risk factors are not a definitive list of all risk factors associated with an investment in the Company or in connection with its operations and other risks and uncertainties affecting the Company's business could potentially arise or become material in the future.*

### **Limited Operating History and No Assurance of Profitability**

The Company is a start-up business with a limited operating history and no established brand recognition. The Company will be subject to all the business risks and uncertainties associated with any new business enterprise, including the risks that it will not establish a market for its services, achieve its growth objectives or become profitable. The Company anticipates that it may take several years to achieve positive cash flow from operations. There can be no assurance that there will be demand for the Company's services or that the Company will become profitable.

### **Lack of Operating Cash Flow**

The Company currently has no source of operating cash flow and is expected to continue to do so for the foreseeable future. The Company's failure to achieve profitability and positive operating cash flows could have a material adverse effect on its financial condition and results of operations. If the Company sustains losses over an extended period of time, it may be unable to continue its business. It may be several years before the Company may generate any revenues from operations, if at all. There can be no assurance that the Company will realize revenue or achieve profitability.

### **Future Financing Requirements**

The Company is in the development phase and has only generated minimal revenue. It will likely operate at a loss until its business becomes established and may require additional financing to fund future operations and expansion plans. The Company's ability to secure any required financing to sustain its operations will depend in part upon prevailing capital market conditions, as well as the Company's business success. There can be no assurance that the Company will be successful in its efforts to secure any additional financing or additional financing on terms satisfactory to it. If additional financing is raised by issuing Common Shares from treasury, control of the Company may change, and shareholders may suffer additional dilution. If adequate funds are not available, or are not available on acceptable terms, the Company may be required to scale back its business plan or cease operating.

### **Need for Funds**

In the short term, the continued operation of the Company will be dependent upon its ability to procure additional financing. The Company must obtain such financing through equity financing and there can be no assurance that the Company can raise the required capital it needs to build and expand the Company's business. Without this additional financing, the Company may be unable to advance the Company's business model, and the Company may fail. There can be no certainty that the Company can obtain these funds, in which case any investment in the Company may be lost. The raising of equity funding will also result in dilution of the equity position held by the Company's shareholders.

### **Uncertainty of Use of Proceeds**

Although the Company has set out its intended use of available funds in this Prospectus, the uses and figures provided are estimates only and are subject to change. While management does not contemplate any material variation from such estimates, management retains broad discretion in the application of such proceeds. See "*Use of Available Funds*".



## **Operational Risks**

The Company will be affected by several operational risks against which it may not be adequately insured or for which insurance is not available, including: catastrophic accidents; changes in the regulatory environment; impact of non-compliance with laws and regulations; labor disputes; and natural phenomena such as inclement weather conditions. There is no assurance that the foregoing risks and hazards will not result in personal injury or death, costs, monetary losses, potential legal liability and future cash flows, earnings and financial condition. Also, the Company may be subject to or affected by liability or sustain loss for certain risks and hazards against which it cannot insure or which it may elect not to insure because of the cost. This lack of insurance coverage could have an adverse impact on the Company's future cash flows, earnings, results of operations and financial condition.

## **Manufacturing Risks**

In the initial stages of mold manufacturing, which the Company expects to be complete by November 2021, and Swimboard production, SWMBRD will be dependant on one OEM manufacturer, and its suppliers. Therefore, in these initial stages, the Company's strategic plan will be vulnerable to potential disruptions to this manufacturer. Such disruptions to the OEM manufacturer include fire or flood, bankruptcy, labour disputes, regulatory violations, and lock-down due to Covid-19. The Company can mitigate such risk by securing additional OEM manufacturers for the Swimboard; however, the diversification of production will be dependant upon available capital. Until such capital is raised from investors, or generated by Swimboard sales, the Company will be reliant on one OEM manufacturer.

## **Legal and Regulatory Risks**

Aquatic sports boards are not heavily regulated In Canada, the USA, or the European Union. SWMBRD has consulted with the Canadian Coast Guard, as well as local authorities in Vancouver, British Columbia and there is no requirement for SWMBRD to certify the Swimboard at this time. Individual jurisdictions within the Company's target market may ultimately require that the board be certified in some way.

## **Competition**

The aquatic sports industry is highly competitive and although the Swimboard is a novel creation, the Company competes with a substantial number of companies that have greater financial and marketing resources. As such, the Company is exposed to competition which could lead to loss of contracts or reduced margins and could have an adverse effect on the Company's business.

The Company's competitors may offer better value to the Company's customers or substantially increase the resources devoted to the development and marketing of products and services that compete with those of the Company. There can be no assurance that the Company will be able to compete successfully against current or future competitors or that competitive pressures faced by the Company in the markets in which it operates will not have a material adverse effect on the Company's business. If the Company's competitors are successful in offering better pricing, service or products than the Company, this could render the Company's products less desirable to merchant customers, resulting in the loss of merchant customers or a reduction in the price it could earn for its offerings.

## **Trends**

The Company's success depends on the continuation of stock trading and the ability to generate revenue from retail and institutional sales. Changes in media trends which affect consumer adoption and

marketing habits may significantly affect the Company's ability to generate revenue. If potential consumers decide that the Company's products are experimental or unproven, or if adverse legal developments arise relating to the Swimboard's industry, including legislative and regulatory developments and developments in litigation, or if trends for aquatic sports activities change, any potential revenues of the Company could be adversely affected.

### **Adverse General Economic Conditions**

The unprecedented events in global financial markets in the past several years have had a profound impact on the global economy. Many industries were impacted by these market conditions. Some of the key impacts of the financial market turmoil included contraction in credit markets resulting in a widening of credit risk, devaluations, high volatility in global equity, commodity, and foreign exchange markets, a lack of market liquidity, natural disasters, public health crisis (such as the recent global outbreak of COVID-19) and other events outside of the Company's control. A similar slowdown in the financial markets or other economic conditions, including but not limited to, inflation, costs, lack of available credit, the state of the financial markets, and interest rates and tax rates, may adversely affect the Company's operations. Specifically, a global credit/liquidity crisis could impact the cost and availability of financing and our overall liquidity, currency exchange rates would impact costs and the devaluation and volatility of global stock markets would impact the valuation of its equity and other securities. These factors could have a material adverse effect on the Company's financial condition and results of operations.

In recent years, the securities markets in Canada, as well as in other countries around the world, have experienced a high level of price and volume volatility, and the market prices of securities of many companies have experienced wide fluctuations in price that have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that continual fluctuations in price will not occur. It may be anticipated that any quoted market for the Common Shares will be subject to market trends and conditions generally, notwithstanding any potential success of the Company in developing assets, adding additional resources, establishing feasibility of deposits or creating revenues, cash flows or earnings. The value of securities will be affected by market volatility. An active public market for the Common Shares might not develop or be sustained. If an active public market for the Common Shares does not develop or continue, the liquidity of a shareholder's investment may be limited and the price of the Common Shares may decline.

### **Dependence on Personnel**

The Company's future success depends substantially on the continued services of its executive officers and its key development personnel, including the Schroenn brothers. If one or more of its executive officers or key development personnel were unable to or unwilling to continue in their present positions, the Company might not be able to replace them easily or at all. In addition, if any of its executive officers or key employees joins a competitor or forms a competing company, the Company may lose know-how, key professionals and staff members.

### **Management of Growth**

The Company may experience a period of significant growth that will place a strain upon its management systems and resources. Its future will depend in part on the ability of its officers and other key employees to implement and improve financial and management controls, reporting systems and procedures on a timely basis and to expand, train motivate and manage the workforce. The Company's current and planned personnel, systems, procedures and controls may be inadequate to support its future operations.

## **No Established Market**

The Company has applied to list its Common Shares on the CSE. Listing will be subject to the Company fulfilling all the listing requirements of the CSE. There is currently no market through which the Company's securities may be sold.

## **Volatility of Common Share price**

It is anticipated that the Common Shares will be listed for trading on the CSE in the near future. As such, factors such as announcements of quarterly variations in operating results, revenues, costs and market conditions in similar industries may have a significant impact on the market price of the Common Shares. Global stock markets, including the CSE, have from time to time experienced extreme price and volume fluctuations that have often been unrelated to the operations of particular companies. There can be no assurance that an active or liquid market will develop or be sustained for the Common Shares.

## **Dilution**

Common Shares, including warrants and options and other securities to purchase, to convert into or to exchange into Common Shares, may be created, issued, sold and delivered on such terms and conditions and at such times as the Board of Directors may determine. In addition, the Company may issue additional Common Shares from time to time pursuant to Common Share purchase warrants and the options to purchase Common Shares issued from time to time by the Board. The issuance of these Common Shares could result in dilution to holders of Common Shares.

## **Dividends**

The Company has not paid dividends to shareholders in the past and does not anticipate paying dividends in the foreseeable future. The Company expects to retain its earnings to finance growth.

## **Conflicts of Interest**

Because directors and officers of the Company are or may become directors or officers of other reporting companies or have significant shareholdings in other companies, the directors and officers of the Company may have a conflict of interest in conducting their duties. There can be no assurance such conflicts of interests will be resolved to the benefit of the Company

## **Intellectual Property**

The Company's ability to protect its intellectual property affects the success of its business. SWMBRD relies on patent and trademark laws. The steps that the Company has taken to protect its proprietary rights may not be adequate to preclude misappropriation of SWMBRD's proprietary information or infringement of the Company's intellectual property rights, and the Company's ability to police such misappropriation or infringement is uncertain. The intellectual property rights granted to SWMBRD, if any, may not provide it with proprietary protection or competitive advantages, and, as with any product, competitors may be able to develop similar or superior technologies to SWMBRD's now, or in the future.

Third parties could claim that SWMBRD's products infringe their proprietary rights. Any claim of infringement by a third party, even one without merit, could cause the Company to incur substantial costs defending against the claim, and could distract management from the Company's business. Furthermore, a party making such a claim, if successful, could secure a judgment that requires SWMBRD to pay

substantial damages. A judgment could also include an injunction or other court order that could prevent SWMBRD from offering its products.

### **The Impact of the Covid-19 Pandemic**

The Covid-19 pandemic and associated lockdowns has impacted resorts and hotels in SWMBRD's target market throughout the summer of 2020. It is important to understand, however, that SWMBRD has great flexibility in how it responds to the duration of the current situation.

While tourism in resort areas has been impacted, local populations have continued to use beaches and lakes in great numbers, albeit under greater regulation. These often-large local populations do not yet have the Swimboard – an ideal way to enjoy the beach or lake away from the crowd. Organized beach rentals remain in operation and indications are that board-sports participation and sales have actually improved under Covid, as people seek ways to exercise and recreate outdoors safely.

This phenomenon is clearly evident in industries such as cycling which, as we have discussed, bear strong similarities of motion, convenience and experience to Swimboarding. Numerous articles and reports have illustrated a dramatic increase in demand for bicycles as a consequence of the Covid-19 situation<sup>1 2</sup>. In addition to bicycles, sales of kayaks, camping equipment, golf equipment, and other outdoor recreational equipment increased significantly as a result of the Covid-19 pandemic<sup>3</sup>.

The Covid-19 situation will end. SWMBRD's strategy does not incorporate revenues from board sales for at least 2 years following the production of the first mold. Instead SWMBRD's priority in this period is to build awareness and demand, while increasing production capacity and forging strategic partnerships.

### **Forward Looking Statements**

This Management Discussion & Analysis may contain forward-looking information and is subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ from those projected in the forward-looking statements.

*Readers can identify many of these statements by looking for words such as "believes", "expects", "will", "intends", "projects", "anticipates", "estimates", "continues" or similar words or the negative thereof.*

Forward-looking information is based on the opinions and estimates of management and its consultants at the date the information is given. It is subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking information. The information is based on reasonable assumptions which include but are not limited to those regarding actual costs for mining and processing and their impact on the cut-off grade established, actual capital costs, forecasts of mine production rates, the timing and content of upcoming work programs, geological interpretations, potential process methods and mineral recoveries, the availability of markets for the products produced, market pricing for the products produced, etc.

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<sup>1</sup> CBC News, "Bike sales spike as Vancouverites look for fitness and travel alternatives during COVID-19," 2020. [Online]. Available: <https://www.cbc.ca/news/canada/british-columbia/bike-sales-spike-vancouver-covid-travel-1.5572344>.

<sup>2</sup> Forbes "677% Year-On-Year Sales Uplift Of £500+ Bicycles Due To Lockdown, Reports U.K. Bike Shop Sigma Sports," 2020. [Online]. Available: <https://www.forbes.com/sites/carltonreid/2020/05/19/677-year-on-year-sales-uplift-of-500-bicycles-due-to-lockdown-reports-uk-bike-shop-sigma-sports/?sh=263a1dd6a207>.

<sup>3</sup> NPR, "Amid A Deep Recession, Outdoor Equipment Is FI

Factors that could cause actual results to differ materially from those in forward-looking statements include market prices for metals, the conclusions of detailed feasibility and technical analyses, lower than expected grades and quantities of resources, mining rates and recovery rates and the lack of availability of necessary capital, which may not be available to the Company on terms acceptable to it or at all.

Forward-looking statements address future events and conditions and therefore involve inherent risks and uncertainties. Actual results may differ materially from those currently anticipated in such statements. There can be no assurance that the plan, intentions or expectations upon which these forward-looking statements are based will occur. Forward looking statements are subject to risks, uncertainties and assumptions. Although the Company believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements should not be in any way construed as guarantees of future performance and actual results or developments may differ materially from those in the forward-looking statements.

Readers are cautioned not to put undue reliance on forward-looking statements. The Company does not undertake to update any forward-looking statements that are contained herein, except in accordance with applicable securities laws.

### **Approval**

The Board of Directors of Swmbrd Sports Inc. has approved the disclosure contained in this MD&A.

### **Additional Information**

Additional information related to the Company can be found on the Company's website at **Error! Hyperlink reference not valid.**[www.swmbrd.com](http://www.swmbrd.com) or on SEDAR at [www.sedar.com](http://www.sedar.com).

**SCHEDULE "C"**  
**INTERIM FINANCIAL STATEMENTS OF**  
**SWMBRD SPORTS INC. FOR THE THREE AND SIX MONTH PERIOD ENDED AUGUST 31, 2021**



## **SWMBRD SPORTS INC.**

Condensed Interim Financial Statements

For the Three and Six Months Ended August 31, 2021

Unaudited – prepared by management

(Expressed in Canadian Dollars)

## Swmbrd Sports Inc.

### Condensed Interim Statements of Financial Position

As expressed in Canadian dollars

(Unaudited – prepared by management)

	August 31, 2021	February 28, 2021
<b>Assets</b>		
<b>Current</b>		
Cash	\$ 706,770	\$ 920,318
GST receivable	7,067	11,950
Prepaid expenses and deposits (Note 5)	193,035	306,636
	<b>906,872</b>	1,238,904
Patents (Note 6)	120,566	70,159
Capital equipment (Note 7)	5,969	727
	<b>\$ 1,033,407</b>	<b>\$ 1,309,790</b>
<b>Liabilities</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	\$ 31,894	\$ 34,424
Due to related parties (Note 9)	572	9,243
	<b>32,466</b>	43,667
<b>Equity</b>		
Share capital (Note 8)	1,880,367	1,681,510
Reserves (Note 8)	31,560	2,060
Share subscriptions received (Note 8)	-	5,850
Share subscriptions receivable (Note 8)	-	(60,000)
Deficit	(910,986)	(363,297)
	<b>1,000,941</b>	1,266,123
	<b>\$ 1,033,407</b>	<b>\$ 1,309,790</b>

Approved and authorized by the Board of Directors on January 26, 2022:

*“Justin Schroenn”*

Director

*“Matthew Schroenn”*

Director

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



**Swmbrd Sports Inc.**

Condensed Interim Statements of Operations and Comprehensive Loss

As expressed in Canadian dollars

(Unaudited – prepared by management)

	<b>Three Months Ended</b>		<b>Six Months Ended</b>	
	<b>August 31,</b>		<b>August 31,</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
<b>Expenses</b>				
Depreciation (Note 7)	\$ 997	\$ -	\$ 1,053	\$ -
Administration fees (Note 10)	43,750	-	87,500	-
Advertising and travel expenses	50,480	163	101,739	263
Legal fees	16,236	-	73,655	-
Office and miscellaneous	568	36	929	36
Patent depreciation (Note 6)	6,542	6,284	10,270	12,406
Product development	56,027	-	60,403	-
Salaries and consulting fees (Note 9)	68,501	-	121,839	-
Share-based compensation	14,750	-	29,500	-
Travel and meals	43,802	-	60,801	-
<b>Net loss and comprehensive loss for the period</b>	<b>301,653</b>	<b>6,483</b>	<b>547,689</b>	<b>12,705</b>
<b>Basic and diluted loss per share</b>	<b>\$ 0.00</b>	<b>\$ 0.00</b>	<b>\$ 0.01</b>	<b>\$ 0.00</b>
<b>Weighted average number of common shares outstanding – basic and diluted</b>	<b>63,456,320</b>	<b>14,320,083</b>	<b>62,527,433</b>	<b>14,320,083</b>

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

## Swmbrd Sports Inc.

Condensed Interim Statements of Changes in Equity

For the six months ended August 31, 2021 and 2020

As expressed in Canadian dollars

(Unaudited – prepared by management)

	Number of Shares	Share Capital	Reserves	Subscription Receivable	Shares Subscribed	Deficit	Total
<b>Balance, February 29, 2020</b>	<b>14,320,083</b>	<b>\$ 140,018</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 130,000</b>	<b>\$ (187,502)</b>	<b>\$ 82,516</b>
Net loss for the period	-	-	-	-	-	(12,705)	(12,705)
<b>Balance, August 31, 2020</b>	<b>14,320,083</b>	<b>\$ 140,018</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 130,000</b>	<b>\$ (200,207)</b>	<b>\$ 69,811</b>
<b>Balance, February 28, 2021</b>	<b>61,170,220</b>	<b>\$ 1,681,510</b>	<b>\$ 2,060</b>	<b>\$ (60,000)</b>	<b>\$ 5,850</b>	<b>\$ (363,297)</b>	<b>\$ 1,266,123</b>
Shares issued for private placements (Note 8)	2,945,652	207,961	-	-	(5,850)	-	202,111
Share issuance costs	-	(9,104)	-	-	-	-	(9,104)
Share subscriptions received	-	-	-	60,000	-	-	60,000
Share based compensation	-	-	29,500	-	-	-	29,500
Net loss for the period	-	-	-	-	-	(547,689)	(547,689)
<b>Balance, August 31, 2021</b>	<b>64,115,872</b>	<b>\$ 1,880,367</b>	<b>\$ 31,560</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (910,986)</b>	<b>\$ 1,000,941</b>

\*For purposes of presentation, the number of shares has been presented on a post subdivided basis. See Note 8.

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

## Swmbrd Sports Inc.

Condensed Interim Statements of Cash Flows

For the six months ended August 31, 2021 and 2020

As expressed in Canadian dollars

(Unaudited – prepared by management)

	2021	2020
<b>CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES:</b>		
Net loss for the period	\$ (547,689)	\$ (12,705)
Items not affecting cash:		
Depreciation	1,053	-
Patent depreciation	10,270	12,406
Share-based compensation	29,500	-
Changes in non-cash working capital items related to operations:		
GST receivable	4,883	(19)
Prepaid expenses and deposits	113,601	2,000
Due to related parties	(8,671)	312
Accounts payable and accrued liabilities	(2,530)	1,272
<b>Net cash flows (used in) from operating activities</b>	<b>(399,583)</b>	<b>3,266</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Share subscriptions received	60,000	-
Issue of common shares	202,111	-
Share issuance costs	(9,104)	-
<b>Net cash flows from financing activities</b>	<b>253,007</b>	<b>-</b>
<b>CASH FLOWS (USED IN) INVESTING ACTIVITIES:</b>		
Equipment	(6,295)	-
Patent expenses	(60,677)	(3,252)
<b>Net cash flows (used in) investing activities</b>	<b>(66,972)</b>	<b>(3,252)</b>
<b>Increase (decrease) in cash</b>	<b>(213,548)</b>	<b>14</b>
<b>Cash, beginning of period</b>	<b>920,318</b>	<b>5</b>
<b>Cash, end of period</b>	<b>\$ 706,770</b>	<b>\$ 19</b>

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

**Swmbrd Sports Inc.**  
**Notes to the Condensed Interim Financial Statements**  
**For the six months ended August 31, 2021**  
**Expressed in Canadian dollars**  
**(Unaudited – prepared by management)**

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**1. NATURE OF OPERATIONS AND CONTINUANCE OF OPERATIONS**

Swmbrd Sports Inc. (“Swmbrd” or the “Company”) was incorporated on September 15, 2015, under the Company Act of British Columbia and is in the business of developing, manufacturing, marketing, and selling aquatic sports products in the sporting goods and outdoor recreation industries. The head office, principal address and registered and records office of the Company are located at 1450 – 789 West Pender, Vancouver, BC, Canada, V6C 1H2.

These financial statements were authorized for issue by the Audit Committee and Board of Directors on January 26, 2022.

The Company has no source of operating cash flows, has not yet achieved profitable operations, has working capital of \$874,406 at August 31, 2021 (February 28, 2021: \$1,195,237), has accumulated losses since its inception, expects to incur further losses in the development of its business, and has no assurance that sufficient funding will be available to conduct further development of its products. These material uncertainties cast significant doubt about the Company’s ability to continue as a going concern and, accordingly, the appropriateness of the use of generally accepted accounting principles applicable to a going concern. In recognition of these circumstances, management is pursuing various financial alternatives to fund the Company’s development stages. There is no assurance that these initiatives will be successful.

In the future, the Company may raise additional financing through the issuance of share capital or shareholder loans, however, there can be no assurance that it will be successful in its efforts to do so and that the terms will be favourable to the Company. These financial statements do not include any adjustments to the carrying values of assets and liabilities, the reported expenses and statement of financial position classifications that might be necessary should the Company be unable to realize its assets and settle its liabilities as a going concern in the normal course of operations. Management is actively seeking to raise the necessary capital to meet its funding requirements. There can be no assurance that management’s plan will be successful. If the going concern assumption were not appropriate for these financial statements, then adjustments would be necessary in the carrying value of assets and liabilities, the reported expenses and the statement of financial position classifications used. Such adjustments could be material.

In early 2020, there was a global outbreak of COVID-19 (coronavirus), which has had a significant impact on businesses through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders. At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the Company as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus.

**2. BASIS OF PRESENTATION**

Statement of Compliance

These condensed interim statements are prepared in accordance with International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board (“IASB”), applicable to the presentation of interim financial statements, including IAS 34, Interim Financial Reporting.

Basis of Measurement

These financial statements have been prepared on a historical costs basis except for financial instruments classified as financial instruments at fair value through profit or loss, which are stated at their fair value. In addition, this financial statement has been prepared using the accrual basis of accounting.

**Swmbrd Sports Inc.**  
**Notes to the Condensed Interim Financial Statements**  
**For the six months ended August 31, 2021**  
**Expressed in Canadian dollars**  
**(Unaudited – prepared by management)**

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**2. BASIS OF PRESENTATION – continued.**

Basis of Measurement - continued

The preparation of these financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

**3. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS**

The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual outcomes could differ from these estimates. These financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout these financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and further periods if the revision affects both current and future periods.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the statement of financial position date that could result in a material adjustment to the carrying amounts of assets and liabilities in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

- (i) The assessment of the ultimate collectability of due from related parties.

Critical judgments

- i. Going concern - Evaluation of the ability of the Company to realize its strategy for funding its future needs for working capital involves making judgments.
- ii. Provision for credit losses - Judgment is required as to the timing of establishing a provision for credit losses and the amount of the required provision, taking into consideration factors such as counterparty creditworthiness, the fair value of the underlying collateral, current economic trends and past experience.
- iii. Fair value and useful life of intangible assets - The value of the intangible assets was determined based on the fair value of the consideration exchanged. Management judgementally used five years as the useful life of the intangible assets for purposes of amortization.
- iv. Impairment of intangible assets – The determination that there are no indicators of impairment indicating that the carrying amount exceeds the recoverable amount.

Judgment is required in assessing whether certain factors would be considered an indicator of impairment or impairment reversal. Management considers both internal and external information to determine whether there is an indicator of impairment or impairment reversal present and, accordingly, whether impairment testing is required.

**Swmbrd Sports Inc.**  
**Notes to the Condensed Interim Financial Statements**  
**For the six months ended August 31, 2021**  
**Expressed in Canadian dollars**  
**(Unaudited – prepared by management)**

**4. SIGNIFICANT ACCOUNTING POLICIES**

The policies applied in these condensed interim financial statements are consistent with policies disclosed in Note 4 of the financial statements for the year ended February 28, 2021. These condensed interim financial statements should be read in conjunction with the Company's audited financial statements for the year ended February 28, 2021.

Certain new standards, interpretations and amendments to existing standards issued by the IASB or IFRIC may have become mandatory or have been issued subsequent to the year ended February 28, 2021. However, none have been identified as applicable or are consequential to the Company.

**5. PREPAID EXPENSES AND DEPOSITS**

	<b>August 31, 2021</b>	<b>February 28, 2021</b>
	<b>\$</b>	<b>\$</b>
Legal retainers	17,367	3,468
Administrative agreements	29,167	116,667
Marketing agreements	35,000	105,000
Production deposits	81,501	81,501
Security deposit	30,000	-
<b>Total prepaid expenses</b>	<b>193,035</b>	<b>306,636</b>

**6. PATENT EXPENSES**

	<b>Patents</b>	
<b>Cost:</b>		
At February 29, 2020	\$	122,433
Additions for the year		3,240
Impairment		(5,893)
At February 28, 2021	\$	119,780
Additions for the period		60,677
At August 31, 2021	\$	180,457
<b>Accumulated amortization</b>		
At February 29, 2020	\$	24,487
Amortization for the year		25,134
At February 28, 2021	\$	49,621
Amortization for the period		10,270
At August 31, 2021	\$	59,891
<b>Net book value:</b>		
At February 28, 2021	\$	70,159
At August 31, 2021	\$	120,566

**Swmbrd Sports Inc.**  
**Notes to the Condensed Interim Financial Statements**  
**For the six months ended August 31, 2021**  
**Expressed in Canadian dollars**  
**(Unaudited – prepared by management)**

**6. PATENT EXPENSES - continued**

The Company invested in patenting their product in the following priority jurisdictions: Canada, the United States, the European Union, and Bosnia and Herzegovina. As funds permit, the Company will continue to increase the breadth of its patent holdings as well as pursuing a variety of trademarks in these jurisdictions.

During the six months ended August 31, 2021, the Company incurred \$60,677 (February 28, 2021 - \$3,240) in patent costs for the development of the aquatic swim board.

**7. CAPITAL EQUIPMENT**

	<b>Computer Equipment</b>
<b>Cost:</b>	
At February 28, 2021	\$ 2,496
Change for the period	6,295
At August 31, 2021	\$ 8,791
<b>Depreciation:</b>	
At February 28, 2021	\$ 1,769
Change for the period	1,053
At August 31, 2021	\$ 2,822
<b>Net book value:</b>	
At February 28, 2021	\$ 727
At August 31, 2021	\$ 5,969

**8. SHARE CAPITAL**

a) Authorized: Unlimited common shares with no par value.

Issued and outstanding: The total issued and outstanding shares of the Company total 64,115,872 as at August 31, 2021 (February 28, 2021: 61,170,220).

**During the six months ended August 31, 2021:**

- i. On March 16, 2021, the Company closed a private placement of 518,500 units (each, a “Unit”) at a price of \$0.05 per Unit for aggregate proceeds of \$25,925. Each Unit consists of one common share and one common share purchase warrant. Each warrant entitles the holder to purchase one common share at a price (as amended on October 27, 2021) of \$0.10 until July 22, 2022, and \$0.15 from July 23, 2022 until July 22, 2023.
- ii. On June 25, 2021, the Company closed a private placement of 2,427,152 units (each, a “Unit”) at a price of \$0.075 per Unit for aggregate proceeds of \$182,036. Each Unit consists of one common share and one common share purchase warrant. Each warrant entitles the holder to purchase one common share at a price (as amended on October 27, 2021) of \$0.20 until December 25, 2023.

**Swmbrd Sports Inc.**  
**Notes to the Condensed Interim Financial Statements**  
**For the six months ended August 31, 2021**  
**Expressed in Canadian dollars**  
**(Unaudited – prepared by management)**

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**8. SHARE CAPITAL - continued**

**During the year ended February 28, 2021:**

- i. On November 27, 2020, 811 shares were issued at \$160.30 per share for gross proceeds of \$130,000. Also on November 27, 2020, all existing shares were subdivided at a rate of 15,469:1, leaving a total of 27,999,220 shares outstanding.
- ii. On December 14, 2020, 15,200,000 common shares were issued at \$0.035 per share for gross proceeds of \$532,000.
- iii. On February 26, 2021, the Company closed a private placement of 17,971,000 units (each, a “Unit”) at a price of \$0.05 per Unit for aggregate proceeds of \$898,550. Each Unit consists of one common share and one common share purchase warrant. Each warrant entitles the holder to purchase one common share at a price (as amended on October 27, 2021) of \$0.10 until July 1, 2022, and \$0.15 from July 2, 2022 until July 1, 2023. Of the total proceeds received, \$60,000 was received subsequent to February 28, 2021. The Company issued 147,000 finders’ warrants exercisable at a price (as amended on October 27, 2021) of \$0.10 until July 1, 2022, and \$0.15 from July 2, 2022 until July 1, 2023. The finders’ warrants were valued at \$2,060 using the Black-Scholes option pricing model.

b) Long-term Incentive Plans

Stock Option Plan

The Company adopted an incentive stock option plan (“the Plan”) which provides that the number of shares issuable under the plan may not exceed 10% of the issued and outstanding common shares of the Company. Options granted under the Plan may have a maximum term of 10 years. The exercise price of options granted under the Plan may not be less than the discounted market price of the shares on grant date, or such other price as may be agreed to by the Company and accepted by the Canadian Securities Exchange.

Restricted Share Unit Plan

On March 15, 2021, the board of directors approved a restricted share unit (“RSU”) plan for the purpose of securing for the Company and its shareholders the benefits of incentive inherent in share ownership by the employees and directors of the Company and its affiliates who, in the judgment of the Board and the Compensation Committee, will be largely responsible for the Company’s future growth and success. Subject to the specific provisions of the RSU plan, eligibility, vesting period, terms of the RSUs and the number of RSUs granted are to be determined by the Board or the Compensation Committee at the time of the grant. Each award granted entitles the participant to receive one RSU. Within two business days of the award grant, the participant must send a written settlement election to the Company choosing whether it wishes the awards to be subject to cash or share settlement procedures.

On March 15, 2021, 720,000 RSUs were granted to consultants of the Company at a deemed price of \$0.05 per share. The vesting date of 240,000 RSUs is September 15, 2021 and the vesting date of the remaining 480,000 RSUs is September 30, 2021. During the period ended August 31, 2021, the Company recognized share-based compensation expense related to the RSUs in the amount of \$29,500. On September 30, 2021, the RSU’s were exercised and exchanged for 720,000 common shares of the Company.



**Swmbrd Sports Inc.**  
**Notes to the Condensed Interim Financial Statements**  
**For the six months ended August 31, 2021**  
**Expressed in Canadian dollars**  
**(Unaudited – prepared by management)**

**8. SHARE CAPITAL - continued**

c) Warrants

The following is a summary of share purchase warrant transactions for the six months ended August 31, 2021 and the year ended February 28, 2021:

	<b>August 31, 2021</b>		<b>February 28, 2021</b>	
	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
Balance, beginning of period	17,971,000	\$ 0.10	-	\$ -
Issued	2,945,652	0.18	17,971,000	0.10
Balance, end of period	20,916,652	\$ 0.15	17,971,000	\$ 0.10

The following share purchase warrants were outstanding and exercisable as at August 31, 2021 and February 28, 2021:

Expiry Date	Weighted Average Remaining Contractual Life (Years)	Exercise Price	August 31, 2021 Number of Warrants	February 28, 2021 Number of Warrants
August 26, 2022*	0.99	\$0.15	17,971,000	17,971,000
September 16, 2022*	1.04	\$0.10	518,500	-
December 25, 2022	1.32	\$0.20	2,427,152	-
Total Outstanding and exercisable	1.03	\$0.15	20,916,652	17,971,000

\*Warrant exercise price is \$0.10 until July 1, 2022, and \$0.15 from July 2, 2022 until July 1, 2023.

The following is a summary of agents' warrant transactions for the six months ended August 31, 2021 and the year ended February 28, 2021:

	<b>August 31, 2021</b>		<b>February 28, 2021</b>	
	Number of Agents' Warrants	Weighted Average Exercise Price	Number of Agents' Warrants	Weighted Average Exercise Price
Balance, beginning of period**	147,000	\$ 0.10	-	\$ -
Issued**	-	-	147,000	0.10
Balance, end of period	147,000	\$ 0.15	147,000	\$ 0.10

**Swmbrd Sports Inc.**  
**Notes to the Condensed Interim Financial Statements**  
**For the six months ended August 31, 2021**  
**Expressed in Canadian dollars**  
**(Unaudited – prepared by management)**

**8. SHARE CAPITAL - continued**

c) Warrants - continued

The following agents' warrants were outstanding and exercisable as at August 31, 2021 and February 28, 2021:

Expiry Date	Weighted Average Remaining Contractual Life (Years)	Exercise Price	August 31, 2021 Number of Warrants	February 28, 2021 Number of Warrants
August 26, 2022**	0.99	\$0.15/0.10	147,000	147,000
Total Outstanding and exercisable	0.99	\$0.15/0.10	147,000	147,000

\*\*Warrant exercise price is \$0.10 until July 1, 2022, and \$0.15 from July 2, 2022 until July 1, 2023.

The following assumptions were used for the Black-Scholes pricing model calculations:

	February 26, 2021
Risk-free interest rate	0.30%
Expected stock price volatility	100.00%
Expected option life in years	1.5 years
Dividend rate	Nil

**9. RELATED PARTY TRANSACTIONS**

During the six months ended August 31, 2021 and 2020, the Company incurred the following transactions with officers or directors of the Company or companies with common directors:

	Six months ended August 31,	
	2021	2020
	\$	\$
<b>Key management compensation*</b>		
Salaries	106,000	-
Total	106,000	-

	August 31, 2021	February 28, 2021
	\$	\$
<b>Amounts due to (from) related parties</b>		
Justin Schroenn	-	3,000
Matthew Schroenn	-	3,000
Gareth Schroenn	572	3,243
Total	572	9,243

\* Key management includes those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including the Company's executive officers and certain members of its Board of Directors.

**Swmbrd Sports Inc.**  
**Notes to the Condensed Interim Financial Statements**  
**For the six months ended August 31, 2021**  
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**(Unaudited – prepared by management)**

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**9. RELATED PARTY TRANSACTIONS - continued**

The terms and conditions of these transactions with key management and their related parties were no more favourable than those available, or which might reasonably be expected to be available, or similar transactions to non-key management related entities on an arm's length basis.

These transactions are in the normal course of operations and have been valued in these financial statements at the exchange amount, which is the amount of consideration established and agreed to by the related parties. The amounts due to related parties are unsecured, non-interest bearing, and have no specific terms of repayment.

**10. COMMITMENTS**

On November 1, 2020, the Company entered into a Management & Administration Agreement (“Agreement”) with Zimtu Capital Corp. (“Zimtu”). Under the terms of the agreement, Zimtu will provide the Company with administrative and managerial services, including corporate maintenance, continuous disclosure services, rent, and office space, over a period of 13 months, at a price of \$14,583 per month. See Note 12.

On December 1, 2020, the Company signed an agreement with Zimtu Capital Corp. whereas Zimtu will provide services under the ZimtuADVANTAGE program. The Company paid \$140,000 up front for the initial 12-month and will expense it evenly over the period.

**11. FINANCIAL INSTRUMENTS**

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to market conditions and the Company's activities. The Company has exposure to credit risk, liquidity risk and market risk as a result of its use of financial instruments. This note presents information about the Company's exposure to each of the above risks and the Company's objectives, policies and processes for measuring and managing these risks. Further quantitative disclosures are included throughout these financial statements.

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board has implemented and monitors compliance with risk management policies as set out herein.

a) Credit Risk

The Company is not exposed to significant credit risk on its cash due to its cash is placed with major financial institutions and investments are placed with a Canadian chartered bank or with independent investment dealer member of the Canadian Investor Protection Fund. All transactions executed by the Company in listed securities are settled or paid for upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities sold is only made once the broker has received payment.

At August 31, 2021, the Company held cash of \$706,770 (February 28, 2021: \$920,318) with Canadian chartered banks.

b) Liquidity Risk

Liquidity risk is the risk that the Company will incur difficulties meeting its financial obligations as they are due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions without incurring unacceptable losses or risking harm to the Company's reputation.

As at August 31, 2021, the Company has total current liabilities of \$32,466 (February 28, 2021: \$43,667).

**Swmbrd Sports Inc.**  
**Notes to the Condensed Interim Financial Statements**  
**For the six months ended August 31, 2021**  
**Expressed in Canadian dollars**  
**(Unaudited – prepared by management)**

11. FINANCIAL INSTRUMENTS - continued

c) Market Risk

Market risk consists of currency risk, commodity price risk and interest rate risk. The objective of market risk management is to manage and control market risk exposures within acceptable limits, while maximizing returns.

i) *Currency Risk*

Foreign currency exchange rate risk is the risk that the fair value or future cash flows will fluctuate as a result of changes in foreign exchange rates. Although the Company is in the development stage and has not yet developed commercial production, the underlying commodity price for materials and services is impacted by changes in the exchange rate between the Canadian dollar, the United States dollar, and the Euro. As all of the Company's transactions are denominated in Canadian dollars, the Company is not significantly exposed to foreign currency exchange risk at this time.

ii) *Commodity Price Risk*

Commodity price risk is the risk that the fair value of future cash flows will fluctuate as a result of changes in commodity prices. Commodity prices for production materials are impacted by world economic events that dictate the levels of supply and demand as well as the relationship between the Canadian and United States dollar and Euro, as outlined above. As the Company has not yet developed commercial production, it is not exposed to commodity price risk at this time.

iii) *Interest Rate Risk*

The Company is not exposed to significant interest rate risk even though the Company has cash balances, and its current policy is to invest excess cash in certificates of deposit or money market funds of major Canadian chartered banks. The Company's other financial assets and financial liabilities do not comprise any interest rate risk since they do not bear interest.

d) Fair Value

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

The following is an analysis of the Company's financial assets measured at fair value as at:

	As at August 31, 2021		
	Level 1	Level 2	Level 3
Cash	\$ 706,770	\$ -	\$ -
	\$ 706,770	\$ -	\$ -
	As at February 28, 2021		
	Level 1	Level 2	Level 3
Cash	\$ 920,318	\$ -	\$ -
	\$ 920,318	\$ -	\$ -

**Swmbrd Sports Inc.**  
**Notes to the Condensed Interim Financial Statements**  
**For the six months ended August 31, 2021**  
**Expressed in Canadian dollars**  
**(Unaudited – prepared by management)**

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**11. FINANCIAL INSTRUMENTS - continued**

e) Capital Management

Capital is comprised of the Company's shareholders' equity and any debt it may issue. As at August 31, 2021, the Company's equity was \$1,000,941 (February 29, 2020: \$1,266,123). The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern and to maintain a flexible capital structure which will allow it to pursue the production of its products. Therefore, the Company monitors the level of risk incurred in its expenditures relative to its capital structure which is comprised of working capital and shareholders' equity.

The Company monitors its capital structure and makes adjustments in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to facilitate the management of capital and the development of its products, the Company prepares annual expenditure budgets which are updated as necessary and are reviewed and periodically approved by the Company's Board of Directors. To maintain or adjust the capital structure, the Company may issue new equity if available on favourable terms, enter into joint venture arrangements, or dispose of assets. The Company is not subject to any externally imposed capital requirements and there were no changes in the Company's approach to capital management during the year.

**12. SUBSEQUENT EVENTS**

On December 1, 2021, the Company renewed the management agreement with Zimtu for a rate of \$12,500 per month for a period of 12 months. On January 21, 2022, the Company entered into an amended agreement with Zimtu, whereby Zimtu has agreed to defer the amount owing until the earlier of the Company becoming cash flow positive or April 30, 2023.

On January 19, 2022, the Company issued 4,000,000 performance warrants to each of Justin Schroenn, Matthew Schroenn and Gareth Schroenn. The performance warrants are exercisable at a price of \$0.10 and will vest upon the Company entering into an employment agreement with a former senior level executive from a major sporting brand to act as Chief Executive Officer of the Company.

On January 24, 2022, the Company closed a private placement of 655,000 units (each, a "Unit") at a price of \$0.10 per Unit for aggregate proceeds of \$65,500. Each Unit consists of one common share and one common share purchase warrant. Each warrant entitles the holder to purchase one common share at a price of \$0.20 for 12 months and \$0.30 for 24 months.

**SCHEDULE "D"**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS OF**  
**SWMBRD SPORTS INC. FOR THE THREE AND SIX MONTH PERIOD ENDED AUGUST 31, 2021**



## **SWMBRD SPORTS INC.**

### **Management Discussion & Analysis for the Six Months Ended August 31, 2021**

The following discussion and analysis of the financial position and results of operations for Swmbrd Sports Inc. should be read in conjunction with the condensed interim financial statements for the **six months ended August 31, 2021**, which are prepared using accounting policies consistent with International Financial Reporting Standards (“IFRS”).

The effective date of this report is January 26, 2022.

All financial figures presented herein are expressed in Canadian Dollars (CDN\$) unless otherwise specified.

#### **Nature of Business**

The Company is a British Columbia-based sporting goods company focused on developing, manufacturing, marketing, and selling aquatic sports products in the sporting goods and outdoor recreation industries. The Company’s main asset is the 100% ownership of the SWMBRD aquatic sports board (the “Swimboard”) and multiple variants thereof, along with designs covering numerous related accessories. The Company owns a significant array of patents covering the European Union, the United States and Canada, along with the trademark “ZAMBEZI” for Canada, which was granted when the Company’s name was “Zambezi Sports Inc.”. The Company has submitted applications in the European Union, the United Kingdom, the United States, and Canada for the trademark “SWMBRD”.

The Company plans on developing Swimboard into a global aquatic sports and lifestyle brand built around the new sport of Swimboarding. By virtue of its design, the Swimboard is the most versatile, easy to use, and consumer-friendly aquatic sports board in the world.

The head office, principal address and registered and records office of the Company are located at 1450 – 789 West Pender, Vancouver, BC, Canada, V6C 1H2.

## **Corporate Activities**

On December 23, 2020, the Company completed a non-brokered private placement of 15,200,000 common shares at a price of \$0.035 per Common Share for gross proceeds of \$532,000.

On January 12, 2021, the Company appointed Michael Hodge as a director of the Company.

On January 22, 2021, the Company entered into a definitive Original Equipment Manufacturer (OEM) agreement with Tahe for an initial term of three years which commenced on February 1, 2021. The agreement may be extended at the discretion of both parties. During the first two years of the agreement, Tahe has agreed to sell to the Company, and the Company has agreed to purchase, at least 1000 Swimboards per year at a price of 227€ per Swimboard. The Company has also agreed to pay for the hull molds and injection mold tools although it will retain ownership of these tools.

On February 26, 2021, the Company closed a private placement of 17,971,000 units (each, a "Unit") at a price of \$0.05 per Unit for aggregate proceeds of \$898,550. Each Unit consists of one common share and one common share purchase warrant. Each warrant entitles the holder to purchase one common share at a price (as amended on October 27, 2021) of \$0.10 until July 1, 2022, and \$0.15 from July 2, 2022 until July 1, 2023. Of the total proceeds received, \$60,000 was received subsequent to February 28, 2021. The Company issued 147,000 finders' warrants exercisable at a price (as amended on October 27, 2021) of \$0.10 until July 1, 2022, and \$0.15 from July 2, 2022 until July 1, 2023. The finders' warrants were valued at \$2,060 using the Black-Scholes option pricing model.

On March 15, 2021, 720,000 RSU's were granted to consultants of the Company at a deemed price of \$0.05 per share. The vesting date of 240,000 RSU's is September 15, 2021 and the vesting date of the remaining 480,000 RSU's is September 30, 2021.

On March 16, 2021, the Company closed a private placement of 518,500 units (each, a "Unit") at a price of \$0.05 per Unit for aggregate proceeds of \$25,925. Each Unit consists of one common share and one common share purchase warrant. Each warrant entitles the holder to purchase one common share at a price (as amended on October 27, 2021) of \$0.10 until July 22, 2022, and \$0.15 from July 23, 2022 until July 22, 2023.

On March 17, 2021, the Company appointed Jody Bellefleur as Chief Financial Officer of the Company.

On June 25, 2021, the Company closed a private placement of 2,427,152 units (each, a "Unit") at a price of \$0.075 per Unit for aggregate proceeds of \$182,036. Each Unit consists of one common share and one common share purchase warrant. Each warrant entitles the holder to purchase one common share at a price (as amended on October 27, 2021) of \$0.20 until December 25, 2023.

On July 9, 2021, the Company changed its name to "SWMBRD Sports Inc.". The Company's name change was due to trademark restrictions involving the name "Zambezi". Trademarks were filed for the name "SWMBRD" in Canada on June 15, 2021; in the United States on June 23, 2021; and in Europe on July 5, 2021.

On October 22, 2021, the Company held a special meeting to appoint Roc Smith as a director of the Company.



On October 27, 2021, the Company amended the terms of the Warrants issued in the three private placement offerings on February 26, 2021, March 16, 2021 and June 25, 2021 to provide for an extension of the expiry dates of the Warrants. The expiry date of the Warrants issued in the private placement on February 26, 2021 were extended such that each Warrant entitles the holder to acquire one Warrant Share at a price of: (i) \$0.10 per Warrant Share until July 1, 2022; and (ii) \$0.15 per Warrant Share from July 2, 2022 until July 1, 2023. The expiry date of the Warrants issued in the private placement on March 16, 2021 were extended such that each Warrant entitles the holder to acquire one Warrant Share at a price of: (i) \$0.10 per Warrant Share until July 22, 2022; and (ii) \$0.15 per Warrant Share from July 23, 2022 until July 22, 2023. The expiry date of the Warrants issued in the private placement on June 25, 2021 were extended such that each Warrant entitles the holder to acquire one Warrant Share at a price of \$0.20 per Warrant Share until December 25, 2023.

On December 1, 2021, the Company renewed the management agreement with Zimtu for a rate of \$12,500 per month for a period of 12 months. On January 21, 2022, the Company entered into an amended agreement with Zimtu, whereby Zimtu has agreed to defer the amount owing until the earlier of the Company becoming cash flow positive or April 30, 2023.

On January 19, 2022, the Company issued 4,000,000 Performance Warrants to each of Justin Schroenn, Matthew Schroenn and Gareth Schroenn. The Performance Warrants are exercisable at a price of \$0.10 and will vest upon the Company entering into an employment agreement with a former senior level executive from a major sporting brand to act as Chief Executive Officer of the Company.

On January 24, 2022, the Company completed a private placement in which it issued 655,000 Unit at a price of \$0.10 per Unit for gross proceeds of \$65,500. Each Unit consists of one Common Share and one Warrant exercisable at \$0.20 for 12 months and \$0.30 for 24 months.

### **Selected Annual Information**

The following is a summary of the financial data of the Company for the last three completed fiscal year ends and are derived from the audited annual financial statements of the Company:

	For the years ended	
	February 28, 2021	February 29, 2020
	\$	\$
Total Revenues	Nil	Nil
Loss from continuing operations	169,902	44,600
Loss from continuing operations (per share, basic and diluted)	0.01	0.00
Net loss	175,795	44,600
Net loss (per share, basic and diluted)	0.01	0.00
Net comprehensive loss for the year	175,795	44,600
Total assets	1,309,790	101,053
Total long-term financial liabilities	Nil	Nil
Cash dividend declared per share	Nil	Nil

The Company has recorded losses in each of its two most recently completed fiscal years, and expects to continue to record losses until such time as the Company is able to move into the manufacturing process, and achieve broad enough market awareness to generate significant sales.

## **Business of the Company**

The principal business carried on and intended to be carried on by the Company is the manufacturing and sale of the Swimboard.

To the date of this report, the Company has raised gross proceeds of \$1,974,029 through the sale of common shares.

## **The Swimboard**

The Swimboard is a human-powered aquatic sports board. The Swimboard is not a just a board – It is an entirely new way for human beings to interact with, and within, every type of aquatic environment, and with each other.

In simplest terms, the physical action of Swimboarding can best be described as an organic synthesis of cycling and swimming. The board, by virtue of the leg motion used is also very similar to running, skating and snorkeling/ scuba. Of great importance, stand up paddling and surfing and bodyboarding are entirely different from these popular sports, and are not natural and organic motions. In short, the Swimboard has the vast advantage of being natural, organic, familiar, and easy to learn, coupled with the previously unknown empowerment the board delivers to the rider.

The Swimboard enables the rider, in a prone or lying-down position, to use their arms and legs in the propulsion of the present invention across the surface of a body of water using natural, intuitive motions similar to a fusion of conventional swimming strokes with the deep rotational leg movement of cycling.

While the Swimboard may also be used to ride waves, it differs from surf boards, body boards, knee boards and the like, in that it is optimized to be propelled by the rider alone, without the help of waves, paddles or sails. This is possible due to the relative narrowness of the Swimboard, particularly in the bow; a wide variety of possible rider positions, ranging from far forward to far back; the bow-to-stern curvature of the hull; the pronounced curve and terminal height of the bow relative to the surface of the water; the round, convex profile of the stern area of the board; the distinctly forward-sloping slip-resistant upper deck; the substantial height, thickness and buoyancy of the stern area; the distinctive v-shaped side-to-side profile of the deck along most of its length; and the relative depth, shape and buoyancy of the keel.

These features of the Swimboard allow the rider's arms to stroke through the water more closely alongside the body than is the case with traditional surf boards or body boards, while at the same time helping to restrain the rider from pulling themselves off the board. These features also allow for a wide variety of positions to be adopted by the rider, ranging from a position where the rider is very far forward, with their hips on the board and their chest towards the front of the board, to a position where they are far back with their hips mostly off the board. Furthermore, they allow the Swimboard to be tilted in a controllable manner forward and aft, as well as rotated easily from side to side about the stern. In other words, a wide degree of pitch, rotation and yaw is possible. Additionally, these features allow the legs to kick while still providing support for the pelvis, as well as a degree of support to the upper thighs if so desired.

A further advantage is that the Swimboard is very compact in size, making it maneuverable as well as being easier to transport and store than most other boards.

## **Overall Performance**

### **Financings**

During the six months ended August 31, 2021:

- i. On March 16, 2021, the Company closed a private placement of 518,500 units (each, a "Unit") at a price of \$0.05 per Unit for aggregate proceeds of \$25,925. Each Unit consists of one common share and one common share purchase warrant. Each warrant entitles the holder to purchase one common share at a price (as amended on October 27, 2021) of \$0.10 until July 22, 2022, and \$0.15 from July 23, 2022 until July 22, 2023.
- ii. On June 25, 2021, the Company closed a private placement of 2,427,152 units (each, a "Unit") at a price of \$0.075 per Unit for aggregate proceeds of \$182,036. Each Unit consists of one common share and one common share purchase warrant. Each warrant entitles the holder to purchase one common share at a price (as amended on October 27, 2021) of \$0.20 until December 25, 2023.

During the year ended February 28, 2021:

- i. On November 27, 2020, 13,679,137 common shares were issued at \$0.0095 per share for gross proceeds of \$130,000.
- ii. On December 14, 2020, 15,200,000 common shares were issued at \$0.035 per share for gross proceeds of \$532,000.
- iii. On February 26, 2021, the Company closed a private placement of 17,971,000 units (each, a "Unit") at a price of \$0.05 per Unit for aggregate proceeds of \$898,550. Each Unit consists of one common share and one common share purchase warrant. Each warrant entitles the holder to purchase one common share at a price (as amended on October 27, 2021) of \$0.10 until July 1, 2022, and \$0.15 from July 2, 2022 until July 1, 2023. Of the total proceeds received, \$60,000 was received subsequent to February 28, 2021. The Company issued 147,000 finders' warrants exercisable at a price (as amended on October 27, 2021) of \$0.10 until July 1, 2022, and \$0.15 from July 2, 2022 until July 1, 2023. The finders' warrants were valued at \$2,060 using the Black-Scholes option pricing model.

For additional details regarding the Company's recent financings, please refer to Notes 8 and 12 of the Company's condensed interim financial statements for the six months August 31, 2021.

### **General and Administrative**

Net loss for the six months ended August 31, 2021, was \$547,689, compared to a net loss during the six months ended August 31, 2020 of \$12,705, for a difference of \$534,984. The significant changes in expenses include:

- Administrative fees (2021: \$87,500, 2020: \$nil);
- Advertising expenses (2021: \$101,739; 2020: \$263);
- Legal fees (2021: \$73,665, 2020: \$nil);
- Product development (2021: \$60,403, 2020: \$nil);
- Salaries and consulting fees (2021: \$121,839; 2020: \$nil);

- Share-based payments (2021: \$29,500, 2020: \$nil); and
- Travel and meals (2021: \$60,801, 2020: \$nil).

The main reason for the significant increase in loss for the six months ended August 31, 2021 is due to the Company's increased business activities to complete the development of the Swimboard and take the Company public.

### **Summary of Quarterly Results**

The following is a summary of the results from the eight previously completed financial quarters:

	<b>August 31, 2021</b>	<b>May 31, 2021</b>	<b>February 28, 2021</b>	<b>November 30, 2020</b>
Revenues	Nil	Nil	Nil	Nil
Net loss from continuing operations	301,653	246,036	135,059	22,138
Net loss and comprehensive loss	301,653	246,036	140,952	22,138
Basic and diluted net loss (per share)	0.01	0.00	0.01	0.00

	<b>August 31, 2020</b>	<b>May 31, 2020</b>	<b>February 29, 2020</b>	<b>November 30, 2019</b>
Revenues	Nil	Nil	Nil	Nil
Net loss from continuing operations	6,483	6,222	17,988	6,612
Net loss and comprehensive loss	6,483	6,222	17,988	6,612
Basic and diluted net loss (per share)	0.00	0.00	0.00	0.00

Over the course of the Company's previously completed eight quarters, the Company's net loss remained at a consistent level until the quarter ended February 28, 2021. Prior to that time, the Company had not raised any capital and expenses were kept to a minimum. During the quarter ended February 28, 2021, the Company raised capital and increased their business activities accordingly to complete their product development and move forward to a public listing on the CSE.

Net loss for the three months ended August 31, 2021, was \$301,653, compared to a net loss during the three months ended August 31, 2020 of \$6,483, for a difference of \$295,170. The significant changes in expenses include:

- Administrative fees (2021: \$43,750, 2020: \$nil);
- Advertising expenses (2021: \$50,480; 2020: \$163);
- Legal fees (2021: \$16,236, 2020: \$nil);
- Product development (2021: \$56,027, 2020: \$nil);
- Salaries and consulting fees (2021: \$68,501; 2020: \$nil);
- Share-based payments (2021: \$14,750, 2020: \$nil); and
- Travel and meals (2021: \$43,802, 2020: \$nil).

### **Liquidity and Capital Resources**

As of the date of this report, the Company has raised gross proceeds of \$1,974,029 to further the Company's advancement of the Swimboard and for general working capital.

The Company will continue to require funds to further the advancement of its Swimboard. As a result, the Company may have to continue to rely on equity and debt financing. There can be no assurance that financing, whether debt or equity, will always be available to the Company in the amount required at any particular time or for any particular period or, if available, that it can be obtained on terms satisfactory to the Company.

The Company's financial success will be dependent on the economic viability of its Swimboard and the extent to which it can market and sell the Swimboards. Such development may take time to complete and the amount of resulting income, if any, is difficult to determine.

The Company's revenues, if any, are expected to be in large part derived from the sale of the Swimboard. The price of the Swimboard will be affected by numerous factors beyond the Company's control such as international, economic and political trends, expectations of inflation, currency exchange fluctuations and interest rates.

As at August 31, 2021, the Company has total assets of \$1,033,407 (February 28, 2021: \$1,309,790). The primary assets of the Company are cash of \$736,770 (February 28, 2021: \$920,318), sales tax and other receivables of \$7,067 (February 28, 2021: \$11,950), prepaid expenses of \$163,035 (February 28, 2021: \$306,636), patents of \$120,566 (February 28, 2021: \$70,159), and capital equipment of \$5,969 (February 28, 2021: \$727). The Company has no long-term liabilities and has working capital of \$874,406 (February 28, 2021: \$1,195,237) as at August 31, 2021.

*Cash Provided by/Used In Operating Activities:* Cash used in operating activities during the six months ended August 31, 2021 was \$399,583, compared with \$3,266 provided by operating activities during the six months ended August 31, 2020. Cash was mostly spent on administration fees, advertising expenses, legal fees, product development, salaries and consulting fees, and prepaid expenses.

*Cash From Financing Activities:* Total cash from financing activities during the six months ended August 31, 2021 was \$202,111 provided from the issuance of shares (August 31, 2020: \$nil), \$60,000 for share subscriptions received (August 31, 2020: \$nil), and \$9,104 (August 31, 2020: \$nil) used for share issuance costs.

*Cash Used in Investing Activities:* Total cash used in investing activities during the six months ended August 31, 2021 was \$60,677 (August 31 2020: \$3,252) for patent expenses and \$6,295 (August 31, 2020: \$nil) for equipment purchases.

### **Transactions with Related Parties**

During the six months ended August 31, 2021 and 2020, the Company incurred the following transactions with officers or directors of the Company or companies with common directors:

	<b>Six months ended August 31,</b>	
	<b>2021</b>	<b>2020</b>
<b>Key management compensation*</b>	<b>\$</b>	<b>\$</b>
Salaries	106,000	-
Total	106,000	-

	August 31, 2021	February 28, 2021
<b>Amounts due to (from) related parties</b>	<b>\$</b>	<b>\$</b>
Justin Schroenn	-	3,000
Matthew Schroenn	-	3,000
Gareth Schroenn	572	3,243
<b>Total</b>	<b>572</b>	<b>9,243</b>

\* Key management includes those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including the Company's executive officers and certain members of its Board of Directors.

As at August 31, 2021, there was \$572 (February 28, 2021: \$9,243) due to related parties of the Company.

The terms and conditions of these transactions with key management and their related parties were no more favourable than those available, or which might reasonably be expected to be available, or similar transactions to non-key management related entities on an arm's length basis. These transactions are in the normal course of operations and have been valued in these financial statements at the exchange amount, which is the amount of consideration established and agreed to by the related parties. The amounts due to related parties are unsecured, non-interest bearing, and have no specific terms of repayment.

### **Commitments**

Zimtu Capital Corp. ("Zimtu") provides key management services to the Company and hold 19% of the Company's shares.

On November 1, 2020, the Company entered into a Management & Administration Agreement ("Agreement") with Zimtu Capital Corp. ("Zimtu"). Under the terms of the agreement, Zimtu will provide the Company with administrative and managerial services, including corporate maintenance, continuous disclosure services, rent, and office space, over a period of 13 months, at a price of \$14,583 per month. On December 1, 2021, the Company renewed the management agreement with Zimtu for a rate of \$12,500 per month for a period of 12 months. On January 21, 2022, the Company entered into an amended agreement with Zimtu, whereby Zimtu has agreed to defer the amount owing until the earlier of the Company becoming cash flow positive or April 30, 2023.

On December 1, 2020, the Company signed an agreement with Zimtu Capital Corp. whereas Zimtu will provide services under the ZimtuADVANTAGE program. The Company paid \$140,000 up front for the initial 12-month and will expense it evenly over the period.

## **Other MD&A Requirements**

### **Additional Disclosure for Venture Issuers without Significant Revenue**

As the Company has not had significant revenue from operations in either of its last two financial years, the following is a breakdown of the material costs incurred:

	<b>Year Ended February 28, 2021</b>	<b>Year ended February 29, 2020</b>
Patent expenses	\$3,240	\$8,406
General and Administration Expenses	\$169,902	\$44,600

### **Disclosure of Outstanding Share Capital**

The following is a breakdown of the share capital of the Company, on an annual basis and the date of this report:

	<b>January 26, 2022</b>	<b>August 31, 2021</b>	<b>February 28, 2021</b>
Common Shares	65,490,872	64,115,872	61,170,220
Broker warrants	147,000	147,000	147,000
Warrants	21,571,652	20,916,652	17,971,000
Performance warrants	12,000,000	-	-
Fully Diluted Shares	99,209,524	85,179,524	79,282,220

For additional details of outstanding share capital, refer to Notes 8 and 12 of the condensed interim financial statements for the six months ended August 31, 2021.

## **RISK FACTORS**

*An investment in the Common Shares, in the event that the Common Shares are offered for sale at some time in the future, should be considered highly speculative due to the nature of the Company's business and the present stage of development. An investment in the Common Shares should only be made by knowledgeable and sophisticated investors who are willing to risk and can afford the loss of their entire investment. Potential investors should consult with their professional advisors to assess an investment in the Company. In evaluating the Company and its business, investors should carefully consider, in addition to other information contained in this Prospectus, the risk factors below. These risk factors are not a definitive list of all risk factors associated with an investment in the Company or in connection with its operations and other risks and uncertainties affecting the Company's business could potentially arise or become material in the future.*

### **Limited Operating History and No Assurance of Profitability**

The Company is a start-up business with a limited operating history and no established brand recognition. The Company will be subject to all the business risks and uncertainties associated with any new business enterprise, including the risks that it will not establish a market for its services, achieve its growth objectives or become profitable. The Company anticipates that it may take several years to achieve positive cash flow from operations. There can be no assurance that there will be demand for the Company's services or that the Company will become profitable.

### **Lack of Operating Cash Flow**

The Company currently has no source of operating cash flow and is expected to continue to do so for the foreseeable future. The Company's failure to achieve profitability and positive operating cash flows could have a material adverse effect on its financial condition and results of operations. If the Company sustains losses over an extended period of time, it may be unable to continue its business. It may be several years before the Company may generate any revenues from operations, if at all. There can be no assurance that the Company will realize revenue or achieve profitability.

### **Future Financing Requirements**

The Company is in the development phase and has only generated minimal revenue. It will likely operate at a loss until its business becomes established and may require additional financing to fund future operations and expansion plans. The Company's ability to secure any required financing to sustain its operations will depend in part upon prevailing capital market conditions, as well as the Company's business success. There can be no assurance that the Company will be successful in its efforts to secure any additional financing or additional financing on terms satisfactory to it. If additional financing is raised by issuing Common Shares from treasury, control of the Company may change, and shareholders may suffer additional dilution. If adequate funds are not available, or are not available on acceptable terms, the Company may be required to scale back its business plan or cease operating.

### **Need for Funds**

In the short term, the continued operation of the Company will be dependent upon its ability to procure additional financing. The Company must obtain such financing through equity financing and there can be no assurance that the Company can raise the required capital it needs to build and expand the Company's business. Without this additional financing, the Company may be unable to advance the Company's business model, and the Company may fail. There can be no certainty that the Company can obtain these funds, in which case any investment in the Company may be lost. The raising of equity funding will also result in dilution of the equity position held by the Company's shareholders.

### **Uncertainty of Use of Proceeds**

Although the Company has set out its intended use of available funds in this Prospectus, the uses and figures provided are estimates only and are subject to change. While management does not contemplate any material variation from such estimates, management retains broad discretion in the application of such proceeds. See "*Use of Available Funds*".

### **Operational Risks**

The Company will be affected by several operational risks against which it may not be adequately insured or for which insurance is not available, including: catastrophic accidents; changes in the regulatory environment; impact of non-compliance with laws and regulations; labor disputes; and natural phenomena such as inclement weather conditions. There is no assurance that the foregoing risks and hazards will not result in personal injury or death, costs, monetary losses, potential legal liability and future cash flows, earnings and financial condition. Also, the Company may be subject to or affected by liability or sustain loss for certain risks and hazards against which it cannot insure or which it may elect not to insure because of the cost. This lack of insurance coverage could have an adverse impact on the Company's future cash flows, earnings, results of operations and financial condition.



## **Manufacturing Risks**

In the initial stages of mold manufacturing, which the Company expects to be complete by November 2021, and Swimboard production, SWMBRD will be dependant on one OEM manufacturer, and its suppliers. Therefore, in these initial stages, the Company's strategic plan will be vulnerable to potential disruptions to this manufacturer. Such disruptions to the OEM manufacturer include fire or flood, bankruptcy, labour disputes, regulatory violations, and lock-down due to Covid-19. The Company can mitigate such risk by securing additional OEM manufacturers for the Swimboard; however, the diversification of production will be dependant upon available capital. Until such capital is raised from investors, or generated by Swimboard sales, the Company will be reliant on one OEM manufacturer.

## **Legal and Regulatory Risks**

Aquatic sports boards are not heavily regulated In Canada, the USA, or the European Union. SWMBRD has consulted with the Canadian Coast Guard, as well as local authorities in Vancouver, British Columbia and there is no requirement for SWMBRD to certify the Swimboard at this time. Individual jurisdictions within the Company's target market may ultimately require that the board be certified in some way.

## **Competition**

The aquatic sports industry is highly competitive and although the Swimboard is a novel creation, the Company competes with a substantial number of companies that have greater financial and marketing resources. As such, the Company is exposed to competition which could lead to loss of contracts or reduced margins and could have an adverse effect on the Company's business.

The Company's competitors may offer better value to the Company's customers or substantially increase the resources devoted to the development and marketing of products and services that compete with those of the Company. There can be no assurance that the Company will be able to compete successfully against current or future competitors or that competitive pressures faced by the Company in the markets in which it operates will not have a material adverse effect on the Company's business. If the Company's competitors are successful in offering better pricing, service or products than the Company, this could render the Company's products less desirable to merchant customers, resulting in the loss of merchant customers or a reduction in the price it could earn for its offerings.

## **Trends**

The Company's success depends on the continuation of stock trading and the ability to generate revenue from retail and institutional sales. Changes in media trends which affect consumer adoption and marketing habits may significantly affect the Company's ability to generate revenue. If potential consumers decide that the Company's products are experimental or unproven, or if adverse legal developments arise relating to the Swimboard's industry, including legislative and regulatory developments and developments in litigation, or if trends for aquatic sports activities change, any potential revenues of the Company could be adversely affected.

## **Adverse General Economic Conditions**

The unprecedented events in global financial markets in the past several years have had a profound impact on the global economy. Many industries were impacted by these market conditions. Some of the key impacts of the financial market turmoil included contraction in credit markets resulting in a widening of credit risk, devaluations, high volatility in global equity, commodity, and foreign exchange markets, a

lack of market liquidity, natural disasters, public health crisis (such as the recent global outbreak of COVID-19) and other events outside of the Company's control. A similar slowdown in the financial markets or other economic conditions, including but not limited to, inflation, costs, lack of available credit, the state of the financial markets, and interest rates and tax rates, may adversely affect the Company's operations. Specifically, a global credit/liquidity crisis could impact the cost and availability of financing and our overall liquidity, currency exchange rates would impact costs and the devaluation and volatility of global stock markets would impact the valuation of its equity and other securities. These factors could have a material adverse effect on the Company's financial condition and results of operations.

In recent years, the securities markets in Canada, as well as in other countries around the world, have experienced a high level of price and volume volatility, and the market prices of securities of many companies have experienced wide fluctuations in price that have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that continual fluctuations in price will not occur. It may be anticipated that any quoted market for the Common Shares will be subject to market trends and conditions generally, notwithstanding any potential success of the Company in developing assets, adding additional resources, establishing feasibility of deposits or creating revenues, cash flows or earnings. The value of securities will be affected by market volatility. An active public market for the Common Shares might not develop or be sustained. If an active public market for the Common Shares does not develop or continue, the liquidity of a shareholder's investment may be limited and the price of the Common Shares may decline.

#### **Dependence on Personnel**

The Company's future success depends substantially on the continued services of its executive officers and its key development personnel, including the Schroenn brothers. If one or more of its executive officers or key development personnel were unable to or unwilling to continue in their present positions, the Company might not be able to replace them easily or at all. In addition, if any of its executive officers or key employees joins a competitor or forms a competing company, the Company may lose know-how, key professionals and staff members.

#### **Management of Growth**

The Company may experience a period of significant growth that will place a strain upon its management systems and resources. Its future will depend in part on the ability of its officers and other key employees to implement and improve financial and management controls, reporting systems and procedures on a timely basis and to expand, train motivate and manage the workforce. The Company's current and planned personnel, systems, procedures and controls may be inadequate to support its future operations.

#### **No Established Market**

The Company has applied to list its Common Shares on the CSE. Listing will be subject to the Company fulfilling all the listing requirements of the CSE. There is currently no market through which the Company's securities may be sold.

#### **Volatility of Common Share price**

It is anticipated that the Common Shares will be listed for trading on the CSE in the near future. As such, factors such as announcements of quarterly variations in operating results, revenues, costs and market conditions in similar industries may have a significant impact on the market price of the Common Shares. Global stock markets, including the CSE, have from time to time experienced extreme price and volume

fluctuations that have often been unrelated to the operations of particular companies. There can be no assurance that an active or liquid market will develop or be sustained for the Common Shares.

### **Dilution**

Common Shares, including warrants and options and other securities to purchase, to convert into or to exchange into Common Shares, may be created, issued, sold and delivered on such terms and conditions and at such times as the Board of Directors may determine. In addition, the Company may issue additional Common Shares from time to time pursuant to Common Share purchase warrants and the options to purchase Common Shares issued from time to time by the Board. The issuance of these Common Shares could result in dilution to holders of Common Shares.

### **Dividends**

The Company has not paid dividends to shareholders in the past and does not anticipate paying dividends in the foreseeable future. The Company expects to retain its earnings to finance growth.

### **Conflicts of Interest**

Because directors and officers of the Company are or may become directors or officers of other reporting companies or have significant shareholdings in other companies, the directors and officers of the Company may have a conflict of interest in conducting their duties. There can be no assurance such conflicts of interests will be resolved to the benefit of the Company

### **Intellectual Property**

The Company's ability to protect its intellectual property affects the success of its business. SWMBRD relies on patent and trademark laws. The steps that the Company has taken to protect its proprietary rights may not be adequate to preclude misappropriation of SWMBRD's proprietary information or infringement of the Company's intellectual property rights, and the Company's ability to police such misappropriation or infringement is uncertain. The intellectual property rights granted to SWMBRD, if any, may not provide it with proprietary protection or competitive advantages, and, as with any product, competitors may be able to develop similar or superior technologies to SWMBRD's now, or in the future.

Third parties could claim that SWMBRD's products infringe their proprietary rights. Any claim of infringement by a third party, even one without merit, could cause the Company to incur substantial costs defending against the claim, and could distract management from the Company's business. Furthermore, a party making such a claim, if successful, could secure a judgment that requires SWMBRD to pay substantial damages. A judgment could also include an injunction or other court order that could prevent SWMBRD from offering its products.

### **The Impact of the Covid-19 Pandemic**

The Covid-19 pandemic and associated lockdowns has impacted resorts and hotels in SWMBRD's target market throughout the summer of 2020. It is important to understand, however, that SWMBRD has great flexibility in how it responds to the duration of the current situation.

While tourism in resort areas has been impacted, local populations have continued to use beaches and lakes in great numbers, albeit under greater regulation. These often-large local populations do not yet have the Swimboard – an ideal way to enjoy the beach or lake away from the crowd. Organized beach

rentals remain in operation and indications are that board-sports participation and sales have actually improved under Covid, as people seek ways to exercise and recreate outdoors safely.

This phenomenon is clearly evident in industries such as cycling which, as we have discussed, bear strong similarities of motion, convenience and experience to Swimboarding. Numerous articles and reports have illustrated a dramatic increase in demand for bicycles as a consequence of the Covid-19 situation<sup>1 2</sup>. In addition to bicycles, sales of kayaks, camping equipment, golf equipment, and other outdoor recreational equipment increased significantly as a result of the Covid-19 pandemic<sup>3</sup>.

The Covid-19 situation will end. SWMBRD's strategy does not incorporate revenues from board sales for at least 2 years following the production of the first mold. Instead SWMBRD's priority in this period is to build awareness and demand, while increasing production capacity and forging strategic partnerships.

### **Forward Looking Statements**

This Management Discussion & Analysis may contain forward-looking information and is subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ from those projected in the forward-looking statements.

*Readers can identify many of these statements by looking for words such as "believes", "expects", "will", "intends", "projects", "anticipates", "estimates", "continues" or similar words or the negative thereof.*

Forward-looking information is based on the opinions and estimates of management and its consultants at the date the information is given. It is subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking information. The information is based on reasonable assumptions which include but are not limited to those regarding actual costs for mining and processing and their impact on the cut-off grade established, actual capital costs, forecasts of mine production rates, the timing and content of upcoming work programs, geological interpretations, potential process methods and mineral recoveries, the availability of markets for the products produced, market pricing for the products produced, etc.

Factors that could cause actual results to differ materially from those in forward-looking statements include market prices for metals, the conclusions of detailed feasibility and technical analyses, lower than expected grades and quantities of resources, mining rates and recovery rates and the lack of availability of necessary capital, which may not be available to the Company on terms acceptable to it or at all.

Forward-looking statements address future events and conditions and therefore involve inherent risks and uncertainties. Actual results may differ materially from those currently anticipated in such statements. There can be no assurance that the plan, intentions or expectations upon which these forward-looking statements are based will occur. Forward looking statements are subject to risks, uncertainties and assumptions. Although the Company believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements should not be in any way construed as guarantees of future performance and actual results or developments may differ materially from those in the forward-looking statements.

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<sup>1</sup> CBC News, "Bike sales spike as Vancouverites look for fitness and travel alternatives during COVID-19," 2020. [Online]. Available: <https://www.cbc.ca/news/canada/british-columbia/bike-sales-spike-vancouver-covid-travel-1.5572344>.

<sup>2</sup> Forbes "677% Year-On-Year Sales Uplift Of £500+ Bicycles Due To Lockdown, Reports U.K. Bike Shop Sigma Sports," 2020. [Online]. Available: <https://www.forbes.com/sites/carltonreid/2020/05/19/677-year-on-year-sales-uplift-of-500-bicycles-due-to-lockdown-reports-uk-bike-shop-sigma-sports/?sh=263a1dd6a207>.

<sup>3</sup> NPR, "Amid A Deep Recession, Outdoor Equipment Is FI

Readers are cautioned not to put undue reliance on forward-looking statements. The Company does not undertake to update any forward-looking statements that are contained herein, except in accordance with applicable securities laws.

**Additional Information**

Additional information related to the Company can be found on the Company's website at **Error! Hyperlink reference not valid.**[www.swmbrd.com](http://www.swmbrd.com) or on SEDAR at [www.sedar.com](http://www.sedar.com).

**Approval**

The Board of Directors of Swmbrd Sports Inc. has approved the disclosure contained in this MD&A.

**SCHEDULE "E"**  
**AUDIT COMMITTEE CHARTER**

**SWMBRD SPORTS INC.  
(the "Company")**

**AUDIT COMMITTEE CHARTER**

**1. Mandate**

The audit committee will assist the board of directors (the "Board") in fulfilling its financial oversight responsibilities. The audit committee will review and consider in consultation with the auditors the financial reporting process, the system of internal control and the audit process. In performing its duties, the committee will maintain effective working relationships with the Board, management, and the external auditors. To effectively perform his or her role, each committee member must obtain an understanding of the principal responsibilities of committee membership as well and the company's business, operations and risks.

**2. Composition**

The Board will appoint from among their membership an audit committee after each annual general meeting of the shareholders of the Company. The audit committee will consist of a minimum of three directors.

*2.1 Independence*

A majority of the members of the audit committee must not be officers, employees or control persons of the Company. If the Company ceases to be a "venture issuer" as that term is defined in National Instrument 52-110 entitled "Audit Committees" ("NI 52-110"), then all of the members of the audit committee shall be free from any material relationship with the Company within the meaning of NI 52-110.

*2.2 Financial Literacy of Committee Members*

Each member of the audit committee must be financially literate or must become financially literate within a reasonable period of time after his or her appointment to the committee. A person is generally considered "financially literate" if he or she has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company's financial statements.

**3. Meetings**

The audit committee shall meet at least annually with the Company's Chief Financial Officer and external auditors in separate executive sessions.

**4. Roles and Responsibilities**

The audit committee shall fulfill the following roles and discharge the following responsibilities:

#### 4.1 *External Audit*

The audit committee shall be directly responsible for overseeing the work of the external auditors in preparing or issuing the auditor's report, including the resolution of disagreements between management and the external auditors regarding financial reporting and audit scope or procedures. In carrying out this duty, the audit committee shall:

- a) recommend to the Board the external auditor to be nominated by the shareholders for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Company;
- b) review (by discussion and enquiry) the external auditors' proposed audit scope and approach;
- c) review the performance of the external auditors and recommend to the Board the appointment or discharge of the external auditors;
- d) review and recommend to the Board the compensation to be paid to the external auditors; and
- e) review and confirm the independence of the external auditors by reviewing the non-audit services provided and the external auditors' assertion of their independence in accordance with professional standards.

#### 4.2 *Internal Control*

The audit committee shall consider whether adequate controls are in place over annual and interim financial reporting as well as controls over assets, transactions and the creation of obligations, commitments and liabilities of the Company. In carrying out this duty, the audit committee shall:

- a) evaluate the adequacy and effectiveness of management's system of internal controls over the accounting and financial reporting system within the Company;
- b) and ensure that the external auditors discuss with the audit committee any event or matter which suggests the possibility of fraud, illegal acts or deficiencies in internal controls.

#### 4.3 *Financial Reporting*

The audit committee shall review the financial statements and financial information prior to its release to the public. In carrying out this duty, the audit committee shall:

##### *General*

- a) review significant accounting and financial reporting issues, especially complex, unusual and related party transactions; and
- b) review and ensure that the accounting principles selected by management in preparing financial statements are appropriate.



*Annual Financial Statements*

- a) review the draft annual financial statements and provide a recommendation to the Board with respect to the approval of the financial statements;
- b) meet with management and the external auditors to review the financial statements and the results of the audit, including any difficulties encountered; and
- c) review management's discussion & analysis respecting the annual reporting period prior to its release to the public.

*Interim Financial Statements*

- a) review and approve the interim financial statements prior to their release to the public; and
- b) review management's discussion & analysis respecting the interim reporting period prior to its release to the public.

*Release of Financial Information*

- a) where reasonably possible, review and approve all public disclosure, including news releases, containing financial information, prior to its release to the public.

**4.4 Non-Audit Services**

All non-audit services (being services other than services rendered for the audit and review of the financial statements or services that are normally provided by the external auditor in connection with statutory and regulatory filings or engagements) which are proposed to be provided by the external auditors to the Company or any subsidiary of the Company shall be subject to the prior approval of the audit committee.

*Delegation of Authority*

- a) The audit committee may delegate to one or more independent members of the audit committee the authority to approve non-audit services, provided any non-audit services approved in this manner must be presented to the audit committee at its next scheduled meeting.

*De-Minimis Non-Audit Services*

- a) The audit committee may satisfy the requirement for the pre-approval of nonaudit services if:
  - i. the aggregate amount of all non-audit services that were not pre-approved is reasonably expected to constitute no more than five per cent of the total amount of fees paid by the Company and its subsidiaries to the external auditor during the fiscal year in which the services are provided; or

- ii. the services are brought to the attention of the audit committee and approved, prior to the completion of the audit, by the audit committee or by one or more of its members to whom authority to grant such approvals has been delegated.

#### *Pre-Approval Policies and Procedures*

- a) The audit committee may also satisfy the requirement for the pre-approval of nonaudit services by adopting specific policies and procedures for the engagement of nonaudit services, if:
  - i. the pre-approval policies and procedures are detailed as to the particular service;
  - ii. the audit committee is informed of each non-audit service; and
  - iii. the procedures do not include delegation of the audit committee's responsibilities to management.

#### *4.5 Other Responsibilities*

The audit committee shall:

- a) establish procedures for the receipt, retention and treatment of complaints received by the company regarding accounting, internal accounting controls, or auditing matters;
- b) establish procedures for the confidential, anonymous submission by employees of the company of concerns regarding questionable accounting or auditing matters;
- c) ensure that significant findings and recommendations made by management and external auditor are received and discussed on a timely basis;
- d) review the policies and procedures in effect for considering officers' expenses and perquisites;
- e) perform other oversight functions as requested by the Board; and
- f) review and update this Charter and receive approval of changes to this Charter from the Board.

#### *4.6 Reporting Responsibilities*

The audit committee shall regularly update the Board about committee activities and make appropriate recommendations.

**CERTIFICATE OF THE COMPANY**

Dated: January 26, 2022

This Prospectus constitutes full, true and plain disclosure of all material facts relating to the securities previously issued by the issuer as required by the securities legislation of the Province of British Columbia.

*"Justin Schroenn"*

JUSTIN SCHROENN

President, Chief Executive Officer and Director

*"Jody Bellefleur"*

JODY BELLEFLEUR

Chief Financial Officer

On Behalf of the Board of Directors

*"Michael Hodge"*

MICHAEL HODGE

Director

*"Roc Smith"*

ROC SMITH

Director

## CERTIFICATE OF THE PROMOTERS

Dated: January 26, 2022

This Prospectus constitutes full, true and plain disclosure of all material facts relating to the securities previously issued by the issuer as required by the securities legislation of the Province of British Columbia.

*"Justin Schroenn"*

JUSTIN SCHROENN

*"Matthew Schroenn"*

MATTHEW SCHROENN

**ZIMTU CAPITAL CORP.**

*"Gareth Schroenn"*

GARETH SCHROENN

*"David Hodge"*

Authorized Signatory  
Name: David Hodge

**SCHEDULE B**

**FORM 2A LISTING STATEMENT DISCLOSURE – ADDITIONAL INFORMATION**

**14. CAPITALIZATION**

**14.1 Issued Capital**

The following tables provide information about the capitalization of the Company as of the date of this Listing Statement:

Issued Capital <sup>(1)</sup>	Number of Securities (non-diluted)	Number of Securities (fully-diluted)	% of Issued (non-diluted)	% of Issued (fully diluted)
<b>Public Float</b>				
Total Outstanding (A)	65,490,872	99,209,524	100%	100%
Held by Related Persons or employees of the Company or Related Person of the Company, or by persons or companies who beneficially own or control, directly or indirectly, more than a 5% voting position in the Company (or who would beneficially own or control, directly or indirectly, more than a 5% voting position in the Company upon exercise or conversion of other securities held) (B)	35,634,148	44,545,083		
<b>Total Public Float (A-B)</b>	<b>29,856,724</b>	<b>54,664,441</b>	<b>45.59%</b>	<b>55.10%</b>
<b>Freely-Tradeable Float</b>				
Number of outstanding securities subject to resale restrictions, including restrictions imposed by pooling or other arrangements or in shareholder agreement and securities held by control block holders (C)	27,445,083	40,445,083		
<b>Total Tradeable Float (A-C)</b>	<b>38,045,789</b>	<b>58,764,441</b>	<b>58.19%</b>	<b>59.23%</b>

<sup>(1)</sup> Figures are reported to the best of the knowledge of management of the Company.

***Public Securityholders (Registered)***

The following table sets forth information regarding the number of registered “public securityholders” of the Company, being persons other than persons enumerated in section (B) of the *Issued Capital* table above:

Size of Holding	Number of Holders	Total Number of Securities
1 – 99 securities	0	0
100 – 499 securities	0	0
500 – 999 securities	2	1,000
1,000 – 1,999 securities	15	21,502
2,000 – 2,999 securities	13	26,000

3,000 – 3,999 securities	1	3,000
4,000 – 4,999 securities	2	8,000
5,000 or more securities	136	29,797,222
<b>TOTAL:</b>	<b>169</b>	<b>29,856,724</b>

**Public Securityholders (Beneficial)**

The following table sets forth information regarding the number of beneficial “public securityholders” of the Company<sup>(1)</sup>, being persons other than persons enumerated in section (B) of the *Issued Capital* table above who either: (i) hold securities in their own name as registered Shareholders; or (ii) hold securities through an intermediary where the Company has been given written confirmation of shareholdings:

Size of Holding	Number of Holders	Total Number of Securities
1 – 99 securities	0	0
100 – 499 securities	0	0
500 – 999 securities	2	1,000
1,000 – 1,999 securities	15	21,502
2,000 – 2,999 securities	13	26,000
3,000 – 3,999 securities	1	3,000
4,000 – 4,999 securities	2	8,000
5,000 or more securities	137	29,797,222
<b>TOTAL:</b>	<b>170</b>	<b>29,856,724</b>

**Non-Public Securityholders (Registered)**

For the purposes of this chart, “non-public securityholders” are persons enumerated under (B) in the *Issued Capital* table above.

Size of Holding	Number of Holders	Total Number of Securities
1 – 99 securities	0	0
100 – 499 securities	0	0
500 – 999 securities	0	0
1,000 – 1,999 securities	0	0
2,000 – 2,999 securities	0	0
3,000 – 3,999 securities	0	0
4,000 – 4,999 securities	0	0

5,000 or more securities	10	35,634,148
<b>TOTAL:</b>	<b>10</b>	<b>35,634,148</b>

### ***Convertible Securities***

#### **14.2 Convertible / Exchangeable Securities**

The following table summarizes the outstanding securities convertible into common shares in the Company's authorized capital as of the date of this Listing Statement:

<b>Description of Security (include conversion/exercise terms, including conversion/exercise price)</b>	<b>Number of convertible/exchangeable securities outstanding</b>	<b>Number of listed securities issuable upon conversion/exercise</b>
Warrants <sup>(1)</sup>	21,718,652	21,718,652
Stock Options	Nil	Nil
Performance Warrants <sup>(2)</sup>	12,000,000	12,000,000

<sup>(1)</sup> Comprised of: (a) 17,971,000 Warrants exercisable at a price of (i) \$0.10 per Warrant Share until July 1, 2022 and (ii) \$0.15 per Warrant Share from July 2, 2022 to July 1, 2023, (b) 518,500 Warrants exercisable at a price of (i) \$0.10 per Warrant Share until July 22, 2022 and (ii) \$0.15 per Warrant Share from July 23, 2022 until July 22, 2023, (c) 2,427,152 Warrants exercisable at a price of \$0.20 per Warrant Share until December 25, 2023, (d) 655,000 Warrants exercisable at \$0.20 until January 24, 2023 and \$0.30 from January 25, 2023 to January 24, 2024, and (e) 147,000 finders' Warrants exercisable at a price (as amended on October 27, 2021) of \$0.10 until July 1, 2022, and \$0.15 from July 2, 2022 until July 1, 2023.

<sup>(2)</sup> Each Performance Warrant is exercisable at a price of \$0.10 until January 19, 2032 and will vest upon the Company entering into an employment agreement with a former senior level executive from a major sporting brand to act as Chief Executive Officer of the Company.

#### **14.3 Other Listed Securities**

The Company has no other listed securities reserved for issuance that are not included in items 14.1 or 14.2.

**SCHEDULE C**  
**CERTIFICATE OF THE ISSUER**

Pursuant to a resolution duly passed by its Board of Directors, SWMBRD Sports Inc. hereby applies for the listing of the above mentioned securities on the Exchange. The foregoing contains full, true and plain disclosure of all material information relating to SWMBRD Sports Inc. It contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to prevent a statement that is made from being false or misleading in light of the circumstances in which it was made.

Dated at Vancouver, British Columbia this 10th day February, 2022.

*"Justin Schroenn"*  
**JUSTIN SCHROENN**  
Chief Executive Officer and Director

*"Jody Bellefleur"*  
**JODY BELLEFLEUR**  
Chief Financial Officer and Corporate Secretary

*"Matthew Schroenn"*  
**MATTHEW SCHROENN**  
Director

*"Gareth Schroenn"*  
**GARETH SCHROENN**  
Director

*"Roc Smith"*  
**ROC SMITH**  
Director

*"Michael Hodge"*  
**MICHAEL HODGE**  
Director

*"Frances Petryshen"*  
**FRANCES PETRYSHEN**  
Director

10th  
February