

NEW WAVE HOLDINGS CORP.

INVESTMENT POLICY 2024

Investment Objective

The investment objective of New Wave Holdings Corp. (the “**Corporation**”) is to provide investors with long-term capital growth by investing in a portfolio of early stage or undervalued companies. It is planned that the Corporation will “unlock” value or “accelerate” growth of investee company as a partner. The Corporation will generally not operate their business; rather the Corporation will strive to complement management as an active participant generally assisting in every aspect of the business including providing board of director and capital market advisory services.

While the Corporation has historically invested in the e-sports, NFT, psychedelics, metaverse and blockchain sectors, the Corporation currently intends to focus on the advancement and innovative excellence in artificial intelligence (“**AI**”). Our investment objectives orbit around nurturing ventures that push the boundaries of technological capabilities and also deeply resonate with humanistic values. This includes a broad spectrum of AI disciplines, including physical or embodied AI systems capable of perceiving, interacting with, and adapting to the physical world—technologies that bridge digital intelligence with real-world presence to enhance human experience and productivity. Our focus intensifies on AI solutions that are not just technologically robust but also ethically sound and user-centric. These investments are envisioned as beacons of innovation, lighting the path for AI to benefit society comprehensively and to cultivate an AI ecosystem that aligns with our vision of harmonizing technology with humanity's broader aspirations.

Investment Strategy

The following shall be the guidelines for the Corporation’s investment strategy:

1. Investments shall be focused on development stage companies in all sectors. Such investee companies may be private or public companies.
2. Although there will be no restrictions as to sector, our current focus will be to seek ventures that clearly understand and demonstrate a clear understanding of AI’s ethical implications and are committed to responsible innovation. This includes adherence to privacy standards, transparency, and fairness in AI algorithms. A strong emphasis is placed on user-centric designs, ensuring that the technology is accessible and beneficial to a diverse user base. The ventures must also exhibit a sustainable business model, with a clear path to scalability and potential market leadership. In essence, our criteria are a blend of technological prowess, ethical integrity, and market viability.
3. Target investments shall encompass companies at all stages of development, including pre-IPO and/or early-stage companies with undeveloped and undervalued high-quality assets requiring start-up or development capital, as well as intermediate and senior companies.

4. Initial investments of debt, equity or a combination thereof may be made through a variety of financial instruments including, but not limited to, private placements, participation in initial public offerings, bridge loans, secured loans, unsecured loans, convertible debentures, warrants and options, royalties, net profit interests and other hybrid instruments, which will be acquired and held both for long-term capital appreciation and shorter-term gains.
5. The nature and timing of the Corporation's investments will depend, in part, on available capital at any particular time and the investment opportunities identified and available to the Corporation.
6. A key aspect of the investment strategy shall be seeking undervalued companies backed by strong management teams and solid business models that can benefit from macro-economic trends. Notwithstanding this requirement, consideration will be given to opportunities where existing management may need the infusion of high level guidance, direction and expertise from the Corporation. In such situations, the Corporation intends to work closely with an investee company's management and board of directors to structure and deliver the strategic and financial resources to help such company best take advantage of its prospective or estimated resources and to mature into a successful commercial enterprise.
7. In general, the Corporation invests with a view to having active control and or management representation and to providing capital markets advisory services, including (as required) board member and management services and capital markets advisory to investee companies. The Corporation may also structure an investment to assume a controlling or joint-controlling interest in a company, which may or may not involve the provision of advice to management and/or board participation. The Corporation may seek equity participation in situations to which the Corporation can potentially add value by its involvement, not only financially but also by the contribution of guidance and additional management expertise. In certain circumstances, the investment activities of the Corporation may be passive.
8. Immediate liquidity shall not be a requirement, but each investment shall be evaluated in terms of a clear exit strategy designed to maximize the relative return in light of changing fundamentals and opportunities.
9. Subject to applicable laws, there are no restrictions on the size or market capitalization with respect to the Corporation's investments in the equity securities of public or private issuers.
10. Cash reserves may, from time to time as appropriate, be placed into high quality money market investments, including Canadian Treasury Bills or corporate notes rated at least R-1 by DBRS Limited, each with a term to maturity of less than one year.
11. The Corporation will not purchase or sell commodities, purchase the securities of any mutual fund, purchase mortgages or sell mortgages or purchase or sell derivatives (except that the Corporation may sell call options to purchase securities owned by the Corporation as a means of locking in gains or avoiding future losses).

12. Subject to the full approval of the Board, the Investment Committee may consider certain special investment situations, including assuming a controlling or joint-controlling interest in an invested company, which may also involve the provision of advice to management and/or board participation.
13. All investments shall be made in full compliance with applicable laws in relevant jurisdictions and shall be made in accordance with and governed by the rules and policies in effect in the regulatory environment. The Corporation will not invest in entities that are involved in U.S. cannabis-related activities as defined in Canadian Securities Administrators Staff Notice 51-352. In the event that an investee company engages in any U.S. cannabis-related activities the Corporation will divest of such investment and shall include such contractual right in its investment agreement.

From time to time, the Board may authorize such additional investments outside of the guidelines described herein as it sees fit for the benefit of the Corporation and its shareholders.

Asset Allocation

In determining the sector weighting of the investment portfolio, an investment committee (the “**Investment Committee**”) established by the Corporation shall analyze the current economic conditions and trends in North American and global economies and shall seek to respond quickly to such changes. The investment portfolio shall be positioned in accordance with the market view of the Investment Committee from time to time. Sector allocations may vary significantly over time.

Rebalancing

Asset allocations will be reviewed by the Investment Committee as needed and in context of the capital markets and as opportunities may arise. Reallocations are anticipated to be required in context of the capital markets, especially during extremely volatile market periods.

Implementation

The officers, directors and management of the Corporation shall work jointly and severally to uncover appropriate investment opportunities. These individuals have a broad range of business experience and their own networks of business partners, financiers, venture capitalists and finders through whom potential investments may be identified.

Prospective investments will be channelled through the Investment Committee. The Investment Committee shall make an assessment of whether the proposal fits with the investment and corporate strategy of the Corporation in accordance with the investment evaluation process below, and then proceed with preliminary due diligence, leading to a decision to reject or move the proposal to the next stage of detailed due diligence. This process may involve the participation of outside professional consultants.

Once a decision has been reached to invest in a particular situation, a short summary of the rationale behind the investment decision should be prepared by the Investment Committee and

submitted to the Board. The summary should also highlight any finder's or agents' fees payable by the Corporation on the transaction.

All investments shall be submitted to the Board for final approval. The Investment Committee will select all investments for submission to the Board and monitor the Corporation's investment portfolio on an ongoing basis, and will be subject to the direction of the Board. One member of the Investment Committee may be designated and authorized to handle the day-to-day trading decisions in keeping with the directions of the Board and the Investment Committee.

Negotiation of terms of participation is a key determinant of the ultimate value of any opportunity to the Corporation. Negotiations may be on-going before and after the performance of due diligence. The representative(s) of the Corporation involved in these negotiations will be determined in each case by the circumstances.

Investment Evaluation Process

The Investment Committee shall use both a top-down and bottom-up approach in identifying and submitting investments to the Board for approval. The investment approach will be to develop a macro view of a sector, build a position consistent with such view by identifying micro-cap opportunities within that sector, and devise an exit strategy designed to maximize the relative return in light of changing fundamentals and opportunities.

In selecting securities for the investment portfolio of the Corporation, the Investment Committee will consider various factors in relation to any particular issuer, including:

- (a) inherent value of its assets;
- (b) proven management, clearly-defined management objectives and strong technical and professional support;
- (c) future capital requirements to develop the full potential of its business and the expected ability to raise the necessary capital;
- (d) anticipated rate of return and the level of risk;
- (e) financial performance;
- (f) exit strategies and criteria; and
- (g) capital market appetite for the sector being invested in.

Conflicts of Interest

The Corporation has assembled a strong Board and management team, with diverse backgrounds and significant business expertise and experience. In assembling a Board with these characteristics, the Corporation has two primary goals:

- (a) to gain exposure to a wide variety of potential investments, including investments that Board members may already be familiar with or that come to their attention through other business dealings; and
- (b) where a Board member has a personal interest in a potential investment, to ensure that the Corporation has independent, qualified directors available to conduct an independent assessment.

The Corporation has no restrictions with respect to investing in companies in which a Board member may already have an interest. Any potential investments where there is a material conflict of interest involving an employee, officer or director of the Corporation may only proceed after receiving approval from disinterested directors of the Board. The Corporation is also subject to the “related party” transaction policies of the Canadian Securities Exchange, which mandates disinterested shareholder approval to certain transactions.

Management Participation

The Corporation may, from time to time, seek a more active role in the companies in which it invests, and provide such companies with financial and personnel resources, as well as strategic counsel. The Corporation may also ask for board representation in cases where it makes a significant investment in the business of an investee company. The Corporation’s nominee(s) shall be determined by the Board as appropriate in such circumstances.

Monitoring and Reporting

The Corporation’s Chief Financial Officer shall be primarily responsible for the reporting process whereby the performance of each of the Corporation’s investments is monitored. Quarterly financial and other progress reports shall be gathered from each corporate entity, and these shall form the basis for a quarterly review of the Corporation’s investment portfolio by the Investment Committee. Any deviations from expectation are to be investigated by the Investment Committee, and if deemed to be significant, reported to the Board.

With public company investments, the Corporation is not likely to have any difficulty accessing financial information relevant to its investment. In the event the Corporation invests in private enterprises, it shall endeavour in each case to obtain a contractual right to be provided with timely access to all books and records it considers necessary to monitor and protect its investment in such private enterprises and to be informed of any material changes in the private enterprises.

A full report of the status and performance of the Corporation’s investments is to be prepared by the Investment Committee and presented to the Board at the end of each fiscal year.